

KS-Derivatives

Thailand Strategy
06 October 2009

Actions:

- Hold on to all of the Long position in S50Z09. If the barrier at 524 pts is broken, the next profit-taking point will be at 530 pts for the most recently added portion of the position. Stop-loss will be updated.
- Figure 1: Hold the long position on a high-risk/high-return basis, with an aim to breach the 524 pts barrier and take profit at 530-536 pts in the chart. But the stop-loss line needs to be updated again at the close.
- Figure 2: Upside of the SET50 is 526 pts.
- The SET50 is expected to surge in line with regional markets as US and Euro zone economic data were better than expected yesterday. Goldman Sachs also revised up its recommendation on the financial sector, which helped drive the DJ higher. Domestically, investors are waiting to see the result of the appeal against the Administrative Court's suspension of 76 industrial projects in Map Ta Phut, which we consider good news for PTT. Further, the Thai-Kem-Kank stimulus package will be injected into the local system this month, leading to positive momentum for the construction material and banking sectors. These factors will push the SET to test 800 pts by the end of the year.

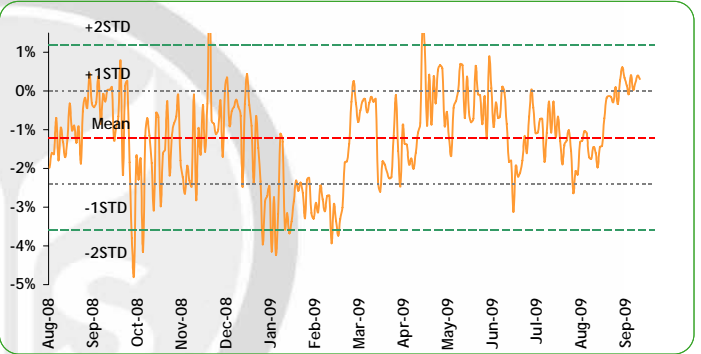
Figure 1: Technical Analysis



Figure 2: SET50 Top 10 Movers

Top 10 (Bt)	Current price (A)	%Mkt Cap	Direction	S-T Target (B)	Up/Downside (B-A)	Impact on SET50
PTT	258.0	16.4%	Up	269.0	11.0	3.2
PTTEP	143.5	10.7%	Up	150.0	6.5	2.2
ADVANC	94.0	6.3%	Up	97.0	3.0	0.9
BBL	126.5	5.4%	Up	127.0	0.5	0.1
SCC	218.0	5.9%	Up	236.0	18.0	2.2
SCB	85.8	6.5%	Up	88.0	2.3	0.8
BAY	19.3	2.6%	Up	19.8	0.5	0.3
DTAC	41.5	2.2%	Up	45.0	3.5	0.9
PTTCH	68.5	2.3%	Up	82.8	14.3	2.2
TOP	44.3	2.0%	Up	47.0	2.8	0.6
(Sum)		60.3%				13.5
Last	512.6		Up	526.0		

Figure 3: SET50 Futures Premium



*SD = Standard Deviation

TECHNICAL VIEW ON STOCK FUTURES

Figure 4: PTTEP vs Energy Sector



Figure 5: PTTU09 Futures

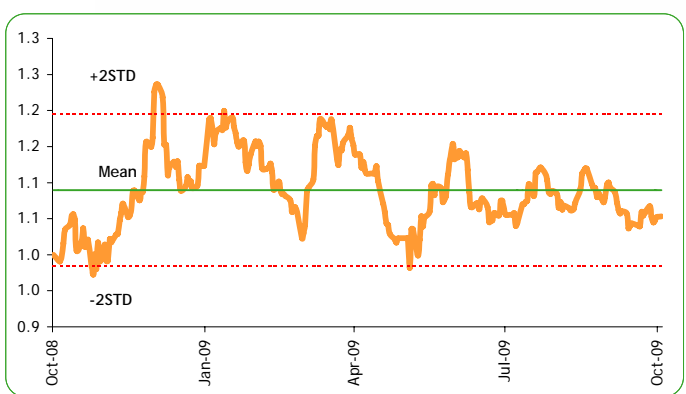


- Figure 4: Hold on to Long PTTEPZ09 through the volatility and aim for a rebound from the oversold zone in the chart. Set a stop-loss for half the position if PTTEP spot closes below 141 pts.

- Figure 5: Hold on to the long position in PTTZ09 and ride the zigzag up the chart to take some profit at 280 pts. But set a stop loss on the remaining position if PTT futures closes below 251 pts.

PAIR TRADE ACTION

Figure 6: Price Relative Between PTTEP / PTT



- Figure 6: Based purely on fundamentals, we recommended holding Long PTTEPZ09 and Short PTTZ09 after PTT and many of its subsidiaries were forced to suspend operations in Map Ta Phut following a legal challenge from an environmental NGO. PTTEP does not operate in that area.

The information, statements, forecasts and projections contained herein, including any expression of opinion, are based upon sources believed to be reliable, but their accuracy, completeness or correctness are not guaranteed. Expressions of opinion herein were arrived at after due and careful consideration and they were based upon the best information known to us then, and in our opinion are fair and reasonable in the circumstances prevailing at the time. Expressions of opinion contained herein are subject to change without notice.

SET50 CHANGE & OPEN INTERESTS

Figure 7: SET50 Change & Open Interests

	Index	Change %	Net Long / Short Contracts		
			Institutions	Foreign	Retail
LAST	512.6		-1,092	-5	1,097
			Cumulative Net Long / Short Contracts		
-2D	517.8	-1.0%	-1,410	87	1,323
-1W	505.4	1.4%	-2,983	2,684	299
-1M	477.0	7.4%	-8,888	5,237	3,651
YTD	316.5	62.0%	-5,170	15,613	-10,443
Estimated Outstanding			-11,394	23,620	-12,244

STATISTICS

Figure 8: SET50 Futures & Options Prices

Series	Exp Date	Last Price	1 Day Chg	1 Day %Chg	Open Int.	Volume	Fair Value	Fair/Spot(%)	
S50Z09	31-Dec-09	514.7	-3.3	-0.6%	16,721	6,389	516.8	-0.4%	
S50H10	31-Mar-10	514.2	-2.9	-0.6%	667	325	519.5	-1.0%	
S50M10	30-Jun-10	514.0	-2.1	-0.4%	169	15	522.5	-1.6%	
S50U10	30-Sep-10	513.0	-3.8	-0.7%	4	3	524.7	-2.2%	
Call Option	Strike Price	Premium	Volume	Open Int.	Put Option	Strike Price	Premium	Volume	Open Int.
Z09	480	53.7	2	56	Z09	480	9.7	0	30
Z09	490	45.0	1	23	Z09	490	13.1	0	18
Z09	500	36.1	20	86	Z09	500	20.0	7	68
Z09	510	22.2	0	60	Z09	510	23.5	20	35
Z09	520	25.8	7	88	Z09	520	32.0	1	62
Z09	530	18.2	3	138	Z09	530	33.8	0	13

Figure 9: Stock Futures Snapshot

Products	Stock Price	Settlement Price	Stock/ Settlement(%)	Trade Volume		Chg in Price	Open Int.	Chg in OI	Fair Value	Fair/Spot(%)
				Value (Btmn)	Contracts					
PTT	258.0									
PTTZ09		260.9	-1.1%	-	32	1.9	37	12	260.6	0.1%
PTTEP	143.5									
PTTEPZ09		145.8	-1.6%	0.007	50	-0.9	332	4	147.0	-0.8%
ADVANC	94.0									
ADVANCZ09		94.3	-0.3%	0.003	29	-2.3	110	14	94.9	-0.7%
BANPU	428.0									
BANPUZ09		440.0	-2.7%	-	1	-	3	-1	-	-
BBL	126.5									
BBLZ09		98.5	28.4%	-	-	-	-	-	-	-
ITD	3.7									
ITDZ09		3.8	-2.6%	-0.100	663	-0.1	3710	555	-	-
KBANK	83.8									
KBANKZ09		85.0	-1.5%	7.315	50	-0.9	332	4	-	-
KTB	9.3									
KTBZ09		9.4	-1.1%	2.421	256	-0.1	1252	165	-	-
LH	6.5									
LHZ09		6.7	-3.0%	0.309	46	-0.1	403	32	-	-
QH	2.4									
QHZ09		2.4	-0.8%	-	150	-	293	48	-	-
SCB	85.8									
SCBZ09		73.3	17.0%	-	-	-	-	-	-	-
SCC	218.0									
SCCZ09		218.0	0.0%	-2.000	3	-2.0	32	1	-	-
TTA	28.0									
TTAZ09		28.1	-0.4%	10.905	387	0.2	624	-55	-	-

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