

KS-Derivatives

Thailand Strategy 07 October 2009

Actions:

- Hold on to all of the Long position in S50Z09. If the barrier at 524 is broken, the next profit-taking point will be at 536-538 pts. Stop-loss will be updated.
- Figure 1: Having added to the long position on a high-risk/high-return basis, aim to breach the 524 barrier and to take some profit at 536-538 pts in the chart (adjusted from 530-536 pts). Maintain the remaining position with a higher target. Stop-loss line will be updated, based on the closing price.
- Figure 2: Upside for the SET50 is 531 pts.
- The SET50 is expected to jump after the DJ surged more than 100 pts and Australia's central bank increased its policy rate, fueling hopes the world economic recovery is gaining steam. The Australian rate hike also pushed the US dollar lower. Consequently, commodities prices are gaining momentum. Domestic factors, such as the appeal against the court-ordered suspension of 76 industrial projects in Map Ta Phut (which could be good news for PTT) and the Thai-Kem-Kang stimulus package, which will be injected into the system this month, will lend support the market. Combined, these factors will push the SET to test 800 pts by the end of the year.

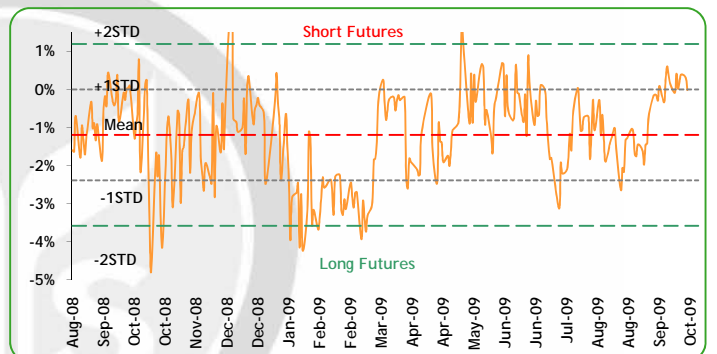
Figure 2: SET50 Top 10 Movers

Top 10 (Bt)	Current price (A)	%Mkt Cap	Direction	S-T Target (B)	Up/Downside (B-A)	Impact on SET50
PTT	264.0	16.5%	Up	269.0	5.0	1.4
PTTEP	145.0	10.6%	Up	150.0	5.0	1.7
ADVANC	94.0	6.1%	Up	97.0	3.0	0.9
BBL	128.5	5.4%	Neutral	128.5	0.0	0.3
SCC	224.0	5.9%	Up	236.0	12.0	1.5
SCB	87.5	6.5%	Up	88.0	0.5	0.2
BAY	20.1	2.7%	Neutral	20.1	0.0	-0.0
DTAC	42.8	2.2%	Up	45.0	2.3	0.5
PTTCH	73.0	2.4%	Up	82.8	9.8	1.5
TOP	45.0	2.0%	Up	47.0	2.0	0.4
(Sum)		60.4%				8.4
Last	522.7		Up	531.1		

Figure 1: Technical Analysis



Figure 3: SET50 Futures Premium



*SD = Standard Deviation

TECHNICAL VIEW ON STOCK FUTURES

Figure 4: PTTEP09 Futures



- Figure 4. Hold on to the long position in PTTEPZ09 through the volatility and aim for it rebound from the oversold zone. If PTTEP futures breaks out above 150, aim to take some profit at 161-162 in the chart. But set a stop-loss for half the position if PTTEP spot closes below 143.50.

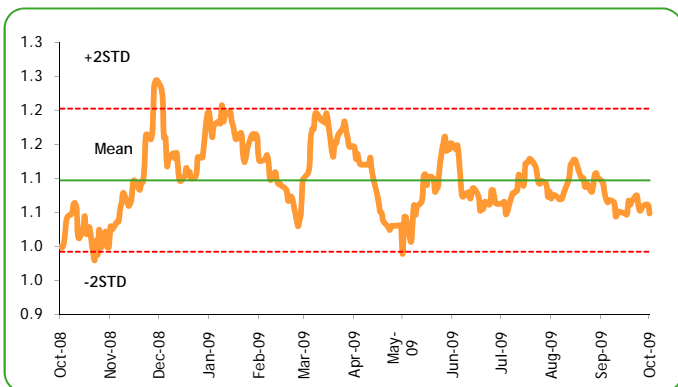
Figure 5: PTT09 Futures



- 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	522.7		151	1,316	-1,467
			Cumulative Net Long / Short Contracts		
-2D	512.6	2.0%	-1,410	87	1,323
-1W	510.9	2.3%	-2,983	2,684	299
-1M	477.0	9.6%	-8,888	5,237	3,651
YTD	316.5	65.2%	-5,019	16,929	-11,910
Estimated Outstanding			-11,243	24,936	-13,711

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	523.2	8.5	1.7%	17,047	6,589	525.4	-0.4%	
S50H10	31-Mar-10	522.0	7.8	1.5%	704	372	527.5	-1.0%	
S50M10	30-Jun-10	521.0	7.0	1.4%	169	34	529.8	-1.7%	
S50U10	30-Sep-10	520.5	7.5	1.5%	7	4	532.7	-2.3%	
Call Option	Strike Price	Premium	Volume	Open Int.	Put Option	Strike Price	Premium	Volume	Open Int.
Z09	480	54.5	18	58	Z09	480	9.4	31	30
Z09	490	45.0	1	24	Z09	490	12.0	23	18
Z09	500	36.0	5	90	Z09	500	15.0	27	64
Z09	510	33.0	14	60	Z09	510	19.5	32	52
Z09	520	28.0	6	89	Z09	520	26.0	39	63
Z09	530	22.5	70	141	Z09	530	29.0	8	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	264.0									
PTTZ09		264.0	0.0%	0.003	13	3.1	37	0	266.6	-1.0%
PTTEP	145.0									
PTTEPZ09		147.0	-1.4%	0.014	98	1.2	369	37	148.6	-1.1%
ADVANC	94.0									
ADVANCZ09		94.6	-0.6%	0.000	5	0.3	112	2	94.9	-0.3%
BANPU	438.0									
BANPUZ09		440.0	-0.5%	-	-	-	3	0	-	-
BBL	128.5									
BBLZ09		98.5	30.5%	-	-	-	-	-	-	-
ITD	3.8									
ITDZ09		3.9	-1.5%	0.100	349	0.1	3733	23	-	-
KBANK	87.3									
KBANKZ09		86.0	1.5%	14.362	98	1.2	369	37	-	-
KTB	9.7									
KTBZ09		9.9	-2.0%	2.390	245	0.5	1421	169	-	-
LH	6.6									
LHZ09		6.7	-1.5%	3.645	544	-	919	516	-	-
QH	2.5									
QHZ09		2.4	2.5%	-	90	-	269	-24	-	-
SCB	87.5									
SCBZ09		73.3	19.4%	-	-	-	-	-	-	-
SCC	224.0									
SCCZ09		223.0	0.4%	5.000	5	5.0	31	-1	-	-
TTA	28.3									
TTAZ09		28.6	-1.2%	7.890	278	0.5	660	36	-	-

Susheel Narula (susheel.n@kasikornsecurities.com; Tel +662 696-0021)