Election Rally Meets January Effect: Accumulate on Weakness

- Thai politics and rate decisions keep SET range-bound near term.
- Election dynamics favor selective domestic sectors over broad market exposure.
- We recommend **Commerce, Media, and Finance.**

Disinflation Intact, but Yields Still Restrictive

Global risk sentiment remains cautiously constructive heading into year-end. The November U.S. CPI printed at 2.7% YoY, reinforcing the disinflation trend and supporting expectations of gradual Fed easing in 2026. However, financial conditions remain tight, with the U.S. 10-Year Treasury yield at 4.16%, reflecting elevated real yields and term premium. This caps aggressive risk-on positioning in emerging markets. As holiday liquidity thins, Thai equities are likely to be driven more by domestic catalysts than global beta.

SET Defends Valuation Support

The SET Index closed last Friday at 1,252.2, continuing to consolidate above a key valuation support zone. Market turnover declined to THB 34bn, reflecting year-end positioning and reduced foreign participation. Despite limited upside momentum, downside risk appears contained, with valuations approaching -1SD P/BV. Foreign investors were marginal net buyers (THB 83m), suggesting selling pressure is easing. We view the 1,230–1,250 range as a floor-building phase ahead of January liquidity normalization.

Feb 8 Confirms the Campaign Spending Window

With the election date officially set for February 8, 2026, political uncertainty has shifted from “if” to “when,” improving visibility on the near-term policy and spending timeline. Historically, the 45-day pre-election period marks the peak phase of campaign activity, particularly outside Bangkok. Based on prior election cycles, we estimate THB 40–50bn in incremental campaign-related spending building through late December into mid-January. This spending enters the economy directly via ground-level channels, offering near-term support to domestic activity.

Rotation into Election Beta, Not Defensives

Market behavior suggests investors are now responding to this clearer political timeline through sector rotation rather than index-level risk-taking. With downside supported near 1,250, positioning is shifting toward stocks with high sensitivity to short-cycle earnings uplift, while defensives are seeing relative underperformance. Thin year-end liquidity is magnifying price moves, favoring selective accumulation over momentum chasing. We expect domestic consumption and advertising-linked names to attract incremental flows during this window, while globally exposed cyclicals remain constrained by external rate dynamics.

Recommendations: Non-Bank, Tourism, and Election Plays

We recommend a focused portfolio to capture the campaign spending multiplier ahead of the February election. In Commerce, we favor **CPALL** and **BJC**, with CPALL preferred for resilient cash flow and leverage to provincial consumption. In Media, **PLANB** remains our top pick as election-driven ad demand tightens inventory and supports pricing power. In Finance, we prefer **MTC** on relative valuation and defensive asset quality. In addition, **large-cap banks** are attractive as 2026 strategic holdings, offering ~7% dividend yield versus ~3% market yield, providing carry and quality despite near-term margin pressure from the recent rate cut.

Analyst

Suwat Sinsadok, CFA, FRM, ERP
suwat.s@globlex.co.th,
+662 687 7026

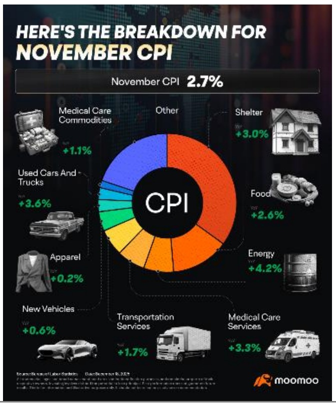
Assistant Analyst

Peerayu Sirivorawong

Exhibit 1: Thailand's Political Landscape Under a Feb 8

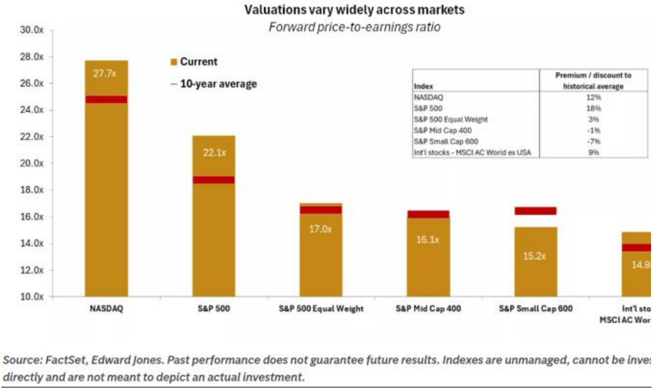
Sources: Dusit Poll

Exhibit 2: US November 2025 CPI Breakdown



Sources: moomoo

Exhibit 3: US Market Valuations (Forward PE Ratio)



Sources: edwardjones

GENERAL DISCLAIMER
Analyst Certification

Suwat Sinsadok, Register No. 020799, Globlex Securities Public Company Limited

The opinions and information presented in this report are those of the Globlex Securities Co. Ltd. Research Department. No representation or warranty in any form regarding the accuracy, completeness, correctness or fairness of opinions and information of this report is offered by Globlex Securities Co. Ltd. Globlex Securities Co. Ltd. Accepts no liability whatsoever for any loss arising from the use of this report or its contents. This report (in whole or in part) may not be reproduced or published without the express permission of Globlex Securities Co. Ltd.

RECOMMENDATION STRUCTURE
Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.