

Harvesting the Q1 Peak: Dividend Season Meets High Season

- Thai equities enter a Q1 seasonal window, driven by tourism and dividends.
- Focus on rate cyclical, tourism, and yield plays; monetize post-Q1 strength.
- We recommend **MTC, AOT, TISCO, and CPALL**.

Waiting for the Payrolls Signal

Global markets reopen with attention centered on Friday's U.S. Non-Farm Payrolls (NFP) report, which will shape near-term expectations for the Fed's easing trajectory. Consensus points to a modest job gain with unemployment broadly stable, consistent with a soft-landing narrative. However, with the U.S. 10-Year Treasury yield still elevated around 4.1–4.2%, aggressive capital inflows into emerging markets remain constrained. As a result, global trading is likely to stay cautious early in the week, leaving the Thai market driven primarily by domestic rotation rather than broad foreign participation.

Positioning for the Q1 Seasonal Window

We view Q1 2026 as the most constructive period for Thai equities this year, supported by a combination of seasonal demand and income-driven positioning. The market currently benefits from two finite tailwinds: the tourism high season and dividend yield capture. With Chinese New Year in mid-February, we expect early positioning ahead of tourism earnings previews. However, this should be treated as a monetization window rather than a structural re-rating, as visibility on growth catalysts beyond Q1 remains limited once seasonal and election-related support fades.

Subdued Inflation Reinforces Easing Bias

Domestically, attention turns to Wednesday's CPI release from the Ministry of Commerce, where inflation is expected to remain subdued. While negative inflation reflects weak underlying demand, equity markets typically interpret such prints as supportive for valuation by reinforcing expectations of further BOT accommodation in Q1. With real interest rates still elevated, this environment favors rate-sensitive sectors, particularly Finance and Property, as investors position ahead of potential policy easing rather than immediate economic acceleration.

Dividend Positioning Provides the Floor

At the same time, the annual dividend positioning phase is beginning to provide near-term support for the index. With TISCO set to kick off the banking earnings season, capital is rotating toward high-yield large caps as investors seek income visibility. This seasonal pattern typically favors Banking offering 5–7% dividend yields, helping anchor downside risk during periods of external uncertainty. We view dividend capture and tourism-related positioning as the key drivers of January performance, while advising increased selectivity as XD dates approach later in Q1.

Recommendations: Harvesting Q1 Seasonality with Discipline

We recommend concentrating exposure on Q1-specific themes rather than broad market beta. In Finance, **MTC** remains our preferred rate-cyclical exposure given improving risk-reward as easing expectations build. In Tourism, **AOT** offers a tactical opportunity to capture high-season earnings momentum and Chinese New Year traffic. In Banking, **TISCO** stands out as a defensive yield play ahead of earnings, supported by attractive dividend carry. **CPALL** remains a core holding, benefiting from election-related liquidity and domestic consumption resilience.

Analyst

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

Assistant Analyst

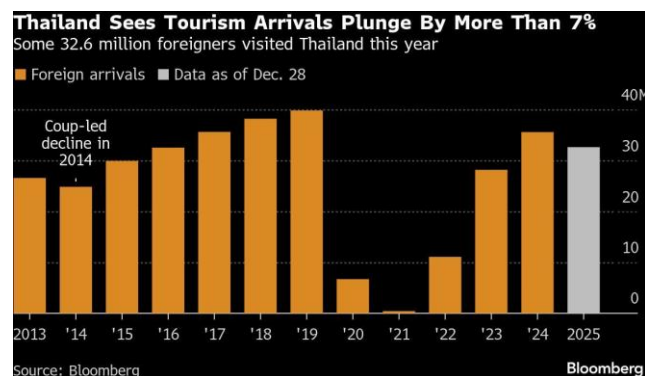
Peerayu Sirivorawong

Exhibit 1: Key Stocks (SET100) Yielding Above 4%

Symbol	Price	Div yield % TTM
PTTEP PTT Exploration & Production Plc ^D	113.0 THB	8.16%
SCB SCB X Public Company Limited ^D	139.0 THB	7.51%
CPF Charoen Pokphand Foods Public Co. Ltd. ^D	21.8 THB	7.11%
TISCO TISCO Financial Group Public Co. Ltd. ^D	110.5 THB	7.01%
KTB Krung Thai Bank Public Co., Ltd. ^D	28.25 THB	6.99%
TTB TMBThanachart Bank Public Company Limited ^D	2.02 THB	6.49%
KKP Kiatnakin Phatra Bank Public Co. Ltd. ^D	68.00 THB	6.25%
HMPRO Home Product Center Public Co., Ltd. ^D	6.65 THB	6.17%
TCAP Thanachart Capital Public Co., Ltd. ^D	58.25 THB	5.75%
EGCO Electricity Generating Public Co., Ltd. ^D	114.0 THB	5.70%
RATCH Ratch Group Public Co. Ltd. ^D	29.50 THB	5.42%
KBANK Kasikornbank Public Co. Ltd. ^D	194.5 THB	5.14%
TLI Thai Life Insurance Public Co. Ltd. ^D	9.95 THB	5.03%
BBL Bangkok Bank Public Company Limited ^D	169.5 THB	5.01%
TOP Thai Oil Public Co. Ltd. ^D	36.00 THB	4.17%

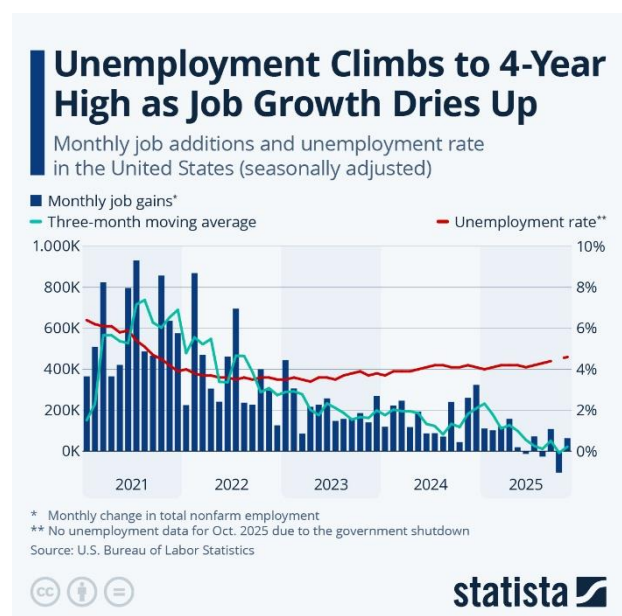
Sources: Tradingview

Exhibit 2: Tourism Momentum Slows in 2025, Making Q1 2026 the Key Monetization Window



Sources: Bloomberg

Exhibit 3: Rising US Unemployment Confirms 2026 Rate Cut Path



Sources: Statista

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Analyst Certification

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

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- 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.