

The Dovish Pivot and Emerging Market Inflows

- A dovish Fed weakens the dollar, boosting emerging market equities.
- Strong foreign capital inflows pushed the SET Index above 1,600.
- We recommend **BH**, **BDMS**, **KBANK**, **KTB**, **MTC**, **SAWAD** and **GULF**.

The Early NFP & The Sintra Forum

The global macroeconomic environment is defined by a dovish repricing following weak US jobs data. As the Federal Reserve softens its stance, the US Dollar Index is facing negative pressure. This structurally weakens the dollar and actively unlocks vital liquidity channels for emerging markets. This dynamic provides a highly favorable external backdrop for Southeast Asian equities. Global capital is rotating into emerging market value plays as investors seek better yields outside the volatile US tech sector, positioning regional indices for sustained near-term momentum.

Surpassing the 1,600 Threshold

The Thai equity market has successfully absorbed these external tailwinds, with the SET Index decisively surpassing the psychological 1,600-point threshold to close at 1,611.28. Forward-looking projections remain highly optimistic, with the benchmark to trade within the 1,620 to 1,650 range throughout July. This breakout is strongly supported by renewed confidence and significant foreign fund inflows. The index is currently thriving on improving domestic stability and easing energy risks.

Navigating the Economic Recovery

The fundamental backdrop for this equity rally is rooted in a stabilizing domestic economy, though the recovery trajectory remains somewhat uneven. The Bank of Thailand recently projected the Thai economy to expand by 2.3 percent in 2026, driven by a resilient manufacturing base and gradual improvements in tourism. However, some government departments maintain a slightly more conservative outlook, expecting 1.9 percent growth due to sluggish private consumption and persistent household debt constraints. Despite these structural headwinds, targeted government stimulus measures scheduled for the second half of the year are expected to provide a crucial buffer for aggregate domestic demand.

Anchoring in Banking and Domestic Value

Given the prevailing domestic and macroeconomic trends, sector rotation must aggressively focus on domestic value and structural growth pillars. The banking sector remains a primary focus, supported by expectations of aggregate loan growth and attractive dividend yields. Furthermore, defensive healthcare operators are highly attractive as safe havens against external market volatility. Power utilities are also strategically positioned to benefit directly from stabilized energy costs and structural expansions. Investors should maintain a strict avoidance of highly volatile electronics and tech proxies to ensure the portfolio remains securely insulated.

Strategy and Recommendations: The Top-Down Capital Preservation Playbook

We recommend executing a targeted allocation strategy heavily weighted toward the domestic play theme. Investors should accumulate premier banking stocks like **KBANK** and **KTB** to directly monetize anticipated loan growth and secure highly attractive dividend yields. Within consumer finance, **MTC** and **SAWAD** offers a strong opportunity to capture the stabilizing credit cycle. Anchor the portfolio with dominant healthcare operators such as **BDMS** and **BH** to ensure highly resilient, defensive earnings. Finally, include **GULF** to capitalize on the structural infrastructure pivot while strictly avoiding volatile tech proxies.

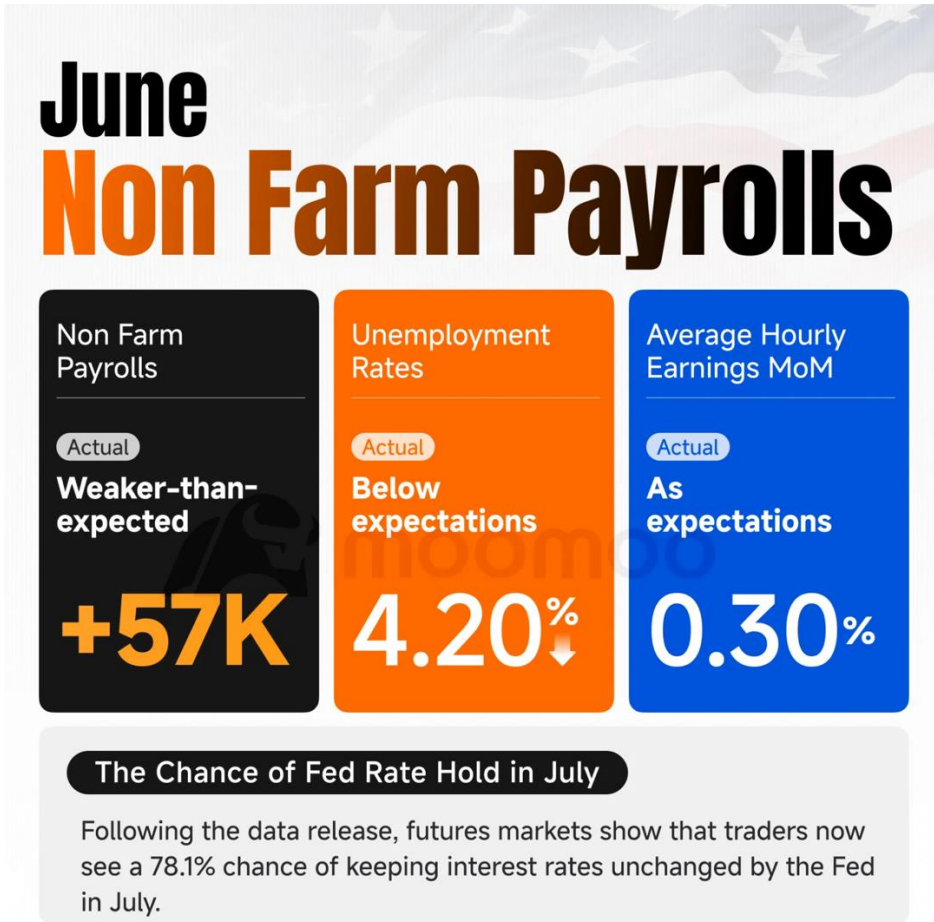
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Exhibit 1: June Nonfarm Payrolls Miss and Implied July Fed Policy Paths



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Source: moomoo Production date: July 2, 2026
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Sources: Moomoo

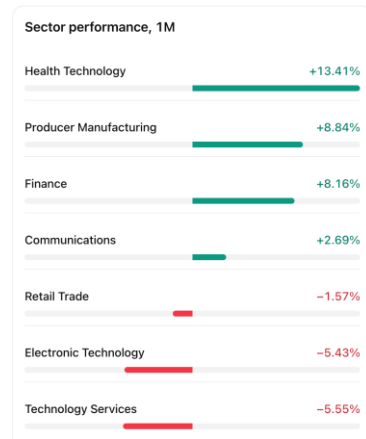
Exhibit 2: Tracking Market Turnover Values by Investor Category

Type	03 Jul 2026				01 Jul 2026 - 03 Jul 2026			
	Value	%	Value	%				
Local Institutions	6,421.47	7.98	6,198.43	7.84				
Proprietary Trading	7,210.54	8.96	6,042.01	7.65				
Foreign Investors	99,201.58	48.70	41,236.50	52.18				
Local Individuals	27,659.29	34.36	25,548.74	32.33				

Type	01 Jul 2026 - 03 Jul 2026				01 Jan 2026 - 03 Jul 2026				
	Buy	%	Sell	%	Buy	%	Sell	%	
Local Institutions	16,921.31	7.14	20,269.28	8.55	-3,347.97	606,794.00	7.61	675,572.96	8.48
Proprietary Trading	19,022.38	8.02	17,229.68	7.27	1,792.71	562,492.97	7.06	548,987.93	6.89
Foreign Investors	130,084.58	54.87	117,334.43	49.49	12,750.15	4,276,102.83	53.66	4,236,178.99	53.16
Local Individuals	71,048.76	29.97	82,243.85	34.69	-11,194.89	2,523,731.00	31.67	2,508,380.93	31.48

Sources: Set.or.th

Exhibit 3: Sector Rotation Performance: The Health Tech Surge and Electronic Technology Unwind



Sources: Tradingview

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Analyst Certification

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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.