

US Tech Pullback & Semiconductor Rout

- Global tech pullbacks drive capital into defensive emerging market value assets.
- Robust foreign inflows pushed the SET Index near multi-year highs at 1,640.
- We recommend **KBANK**, **GPSC** and **PTTEP**.

The Tech Rebound and Inflation Watch

The US equity market is experiencing intense volatility, triggered by a massive semiconductor sell-off and AI spending anxieties. The tech-heavy Nasdaq recently plummeted over 2%, weighing down the broader S&P 500. As capital aggressively rotates out of crowded technology and memory hardware names, global investors are seeking refuge in underperforming sectors. This structural shift in US market breadth indicates that buying the tech dip requires extreme caution, providing a strong external catalyst for capital to flow into Southeast Asian value assets.

SET Impact: Sustaining Momentum Near 1,640

Domestically, the Thai equity market has powerfully decoupled from the global tech downturn. The SET Index continues to climb, recently touching multi-year highs near 1,640 with robust daily trading volumes exceeding THB 91 billion. This aggressive upward trajectory, marking a year-to-date gain of over 28%, is heavily supported by continuous foreign capital inflows seeking stable value. The index's resilience confirms that the domestic market is currently thriving on internal fundamental stabilization rather than fragile global tech proxies.

The Value and Energy Rotation

The internal breadth of the Thai market reflects a healthy, tactical rotation. While domestic electronic components face profit-taking sympathy with the global Nasdaq rout, capital is aggressively shifting into defensive and value pillars. Power plant operators and energy heavyweights are seeing massive buying volume, directly benefiting from elevated global oil prices stemming from Middle East tensions. Additionally, speculative positioning is accelerating within the banking sector as investors brace for the highly anticipated Q2 earnings season, solidifying the market's fundamental floor.

Avoiding Tech, Accumulating Value

Addressing the current market altitude, this is a time for strategic sector rotation rather than outright selling. We explicitly advise reducing exposure to electronic components, as they remain highly vulnerable to further global tech profit-taking. Instead, investors must actively rotate capital into the sectors absorbing these buying forces. The banking sector offers superior momentum ahead of earnings, while energy and power utilities provide a robust risk-to-reward ratio. This tactical shift allows investors to lock in profits while maintaining exposure to the SET's ongoing foreign inflows.

Strategy and Recommendations: The Rotation Playbook

We recommend a tactical reallocation strategy to capture domestic momentum safely. Accumulate **KBANK** on weakness; its standout +6.3% QoQ loan growth and upward earnings revisions provide superior momentum. Shift capital into **GPSC** to leverage its 2,000 MW Direct PPA and data center upside, offering strong risk-reward due to limited legacy IPP exposure. Finally, accumulate **PTTEP** before Q2 earnings to capture high visibility from rising prices and hedging reversals, avoiding chasing the price post-announcement due to upcoming Q3 maintenance shutdown risks.

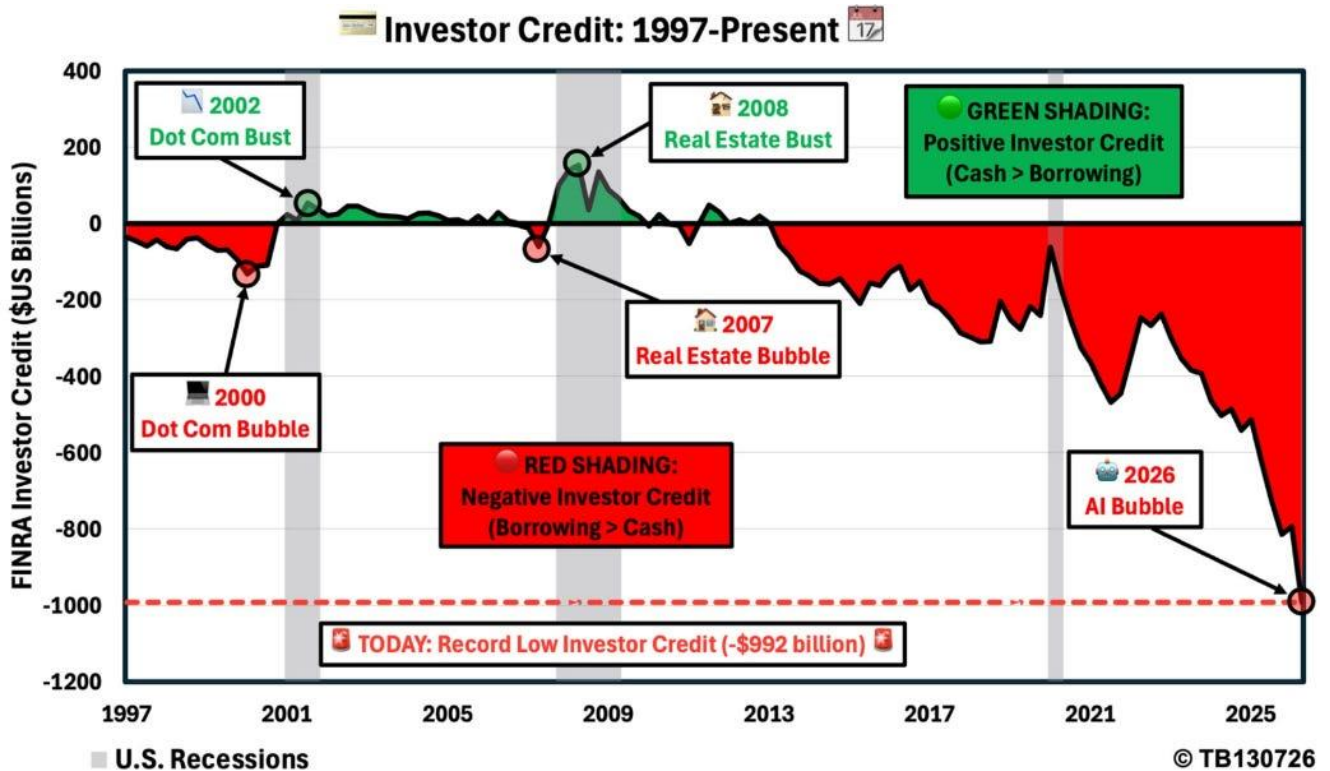
Analyst

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

Assistant Analyst

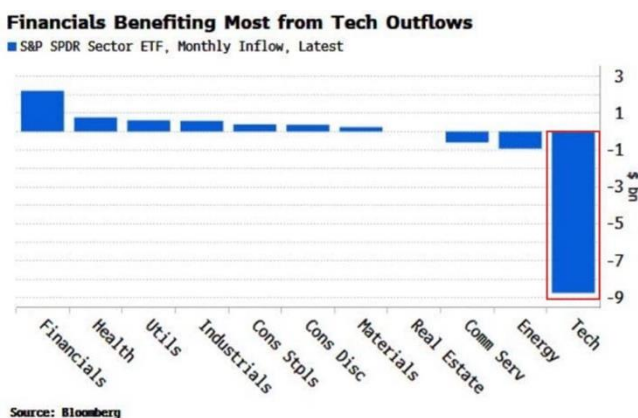
Peerayu Sirivorawong

Exhibit 1: Debt-Fueled Speculation: Tracking Cash Reserves Versus Borrowing Behaviors Across Market Bubbles



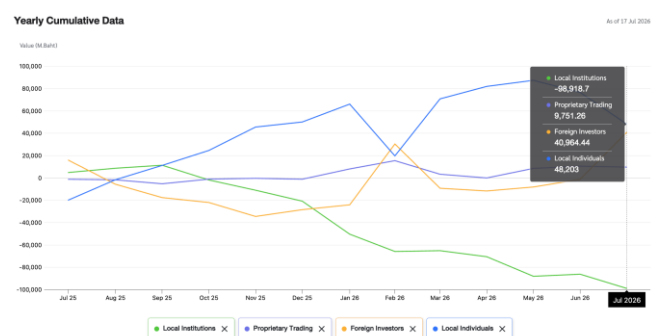
Sources: Tradingeconomics

Exhibit 2: Financial and Value Inflows Countering Mega-Cap Tech Outflows



Sources: Bloomberg

Exhibit 3: Thai Capital Demographics: Yearly Cumulative Buying Trajectories by Investor Type



Sources: Set.or.th

GENERAL DISCLAIMER

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.