AI Aftershock: Oil Relief Meets SET Earnings

- SET fell 3.48% w-w as global AI de-rating and foreign selling overwhelmed defensive support
- Brent's reversal offers potential relief, but Thailand's 3.90% inflation and earnings divergence demand selective positioning.
- We recommend **ADVANC GULF, KKP, CPALL,** and **CPF.**

Market Outlook: SET Suffers a Risk-Off Reset

SET closed at 1,465.70 on Friday, falling 3.48% w-w and 2.16% on the final session, as global AI selling hit DELTA (-5.35%) and KCE (-12.08%). Foreign investors sold THB4.79bn net on Friday and THB5.00bn in November to date, reversing the brief improvement in flows seen late October. Friday turnover reached THB79.44bn. While Friday's Nasdaq rebound offers some near-term relief, the SET's narrow leadership and weak foreign participation argue against treating the decline as a confirmed bottom. We favour earnings-supported names over index-level exposure.

US Midterms: AI Regulation Meets the Inflation Test

Democrats' sweep of both US chambers has raised the prospect of tighter oversight of data-centre construction, adding policy risk to concerns over AI monetisation and leverage. Thursday's Nasdaq 5.5% fall underscores the speed of de-rating; Friday's rebound does not resolve financing or demand questions. US October CPI is due Tuesday, 10 November, with consensus at +0.3% m-m; Friday's PPI provides another inflation test. A hotter print could reinforce expectations for a December Fed hike and pressure rate-sensitive technology valuations. Thai electronics warrant selectivity until order visibility and investor sentiment stabilise.

Oil Reversal: Falling Crude Meets Thailand's Inflation Shock

Brent futures settled at US$98.32/bbl on 6 November, down 13.3% from the prior Friday's US$113.43, as US election results raised hopes of de-escalation in the Iran conflict. Yet tanker attacks show that supply risks persist. Thailand's October headline CPI rose to 3.90% y-y from 2.82% in September, driven principally by fuel inflation; core CPI was 1.58%. Lower crude prices could gradually ease import costs and household budgets, but domestic price adjustments may lag. PTTEP faces lower price realisations; airlines could benefit, while refiners remain exposed to pricing policy.

Thailand Outlook: Uneven Recovery, Selective Restructuring

Thai 3Q26 earnings show why underlying quality matters. GULF posted THB9.29bn net profit (+28% y-y), with core profit up 24% on power and AIS. KKP reported roughly THB2.44bn net profit, supported by non-interest income and its capital-markets franchise. OR's THB5.14bn profit partly reflected inventory write-down reversals. CPAXT recorded THB2.01bn normalized profit but a THB563m reported net loss following one-off charges. CPALL's expected results this week and PTT's scheduled 12 November release will test consumer and energy earnings. We prioritise recurring cash flows and forward guidance over headline surprises.

Strategy and Recommendations: Beyond AI – Resilience and Earnings

We recommend **GULF** for rising core profit, renewable additions and contracted power cash flows; **ADVANC** for recurring mobile and broadband earnings; **KKP** for stronger 3Q26 non-interest income, capital-markets franchises and dividend support; **CPALL** for government consumption stimulus and defensive consumption exposure; and **CPF** for recovering livestock prices and diversified food operations. The basket emphasises domestic cash flow and earnings visibility amid global AI volatility. Risks include gas costs and data-centre exposure for GULF, credit costs for KKP, weak purchasing power for CPALL, and livestock-price and feed-cost volatility for CPF.

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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.