



# US-CHINA TRADE TALKS PREOCCUPY INVESTORS, SET LITTLE CHANGED

**RECAP:** Concerns over US-China trade negotiations pressured global bourses this week, while the US dollar weakened after the Federal Reserve left its interest rate unchanged. Thai shares were little changed in a week that included a holiday on Tuesday.

The SET index moved in a range of 1,771.65 and 1,797.56 points before closing at 1,779.87, up 0.1% from the previous week, in moderate turnover averaging 54.69 billion baht a day.

Foreign investors were net sellers of 11.25 billion baht. Institutional investors were net buyers of 5.15 billion, brokers bought 1.9 billion and retail investors 4.2 billion baht worth of shares.

**NEWSMAKERS:** Chinese and American officials yesterday agreed to set up a mechanism to work through their trade dispute at the end of two days of generally cordial talks in Beijing, but Chinese state media said "big differences" remain on some matters.

- The US government has extended negotiations on steel and aluminium tariffs for 30 days with Canada, the EU and Mexico. It has also reached deals in principle on exemption for Argentina, Brazil and Australia. In March, President Donald Trump imposed worldwide tariffs of 25% on imports of steel and 10% on aluminium.
- South Korea, China and Japan will hold a trilateral summit in Tokyo on Wednesday, the latest



\* From the previous week BANGKOK POST GRAPHICS

move in the diplomatic whirlwind gathering momentum since the historic summit between the leaders of the two Koreas last week.

- The Chinese smartphone maker Xiaomi has filed to list on the Hong Kong stock exchange, with an initial public offering expected to raise up to US\$10 billion, the biggest this year and the largest since Alibaba raised \$25 billion on Wall Street in 2014.
- The European Union economy slowed in the first quarter with growth of 0.4%, compared with 0.7% in the previous quarter. GDP expansion in the 19-country single currency bloc was 2.5% year-on-year.
- Facebook is getting ready to introduce a dating service "soon", says chief executive Mark Zuckerberg. The announcement comes at a time of

growing public anger about poor privacy protection, but Mr Zuckerberg promised the new service would not suffer from that problem.

- Two-thirds of the country's richest people saw their wealth swell, with the top four alone adding close to US\$25 billion, according to *Forbes Asia*. Among the big gainers were the top-ranked Chearavanont family of CP Group fame, who re now worth \$30 billion.
- Investment in the SET has become less attractive this month as the earnings gap between domestic stocks and the 10-year US bond yield, now at 3%, is the lowest since 2007, says Trinity Securities.
- Energy analysts are anxious about the possibility of further delays in the upcoming auction for two gas blocks in the Gulf of Thailand, which authorities confirmed on April 23 after two years of delays. Analysts are worried the winning operators will not have time to prepare production facilities, as the current concessions will expire in just three years.
- Headline inflation in April reached a 14-month high of 1.07%, driven by rising prices for fresh vegetables, tobacco, alcoholic drinks, fuel, housing and furnishings, the Commerce Ministry said.
- Consumer sentiment rose for a second straight month in April to a 40-month high, boosted by strong exports and tourism, but global trade tensions and low farm prices remained a concern.
- Industrial output rose less than expected in March, but capital utilisation was the highest in five years, boosted by higher production of cars, engines and petroleum, the Industry Ministry said.
- Infrastructure investment over the next few years to prepare for digital transformation is expected to continue to eat into Siam Commercial Bank's earnings. The bank's 2018 infrastructure investment is expected to be higher than last year's sum of 4-5 billion baht, said chief executive Arthid Nanthawithaya.
- The Japan Bank for International Cooperation has pledged to extend soft loans for a 225-billion-baht high-speed railway linking three major airports and other infrastructure projects in the Eastern Economic Corridor.
- JFin Coin's maiden trading day in the secondary market ended on a sour note, with the price dropping over 50% from February's initial coin offering launch.

**COMING UP:** Minutes of the most recent Bank of Japan policy meeting will be released on Monday, and Australia will update business confidence for April. Due the same day are Indonesian first-quarter GDP, German factory orders and construction purchasing managers index (PMI).

- China will release April trade figures on Tuesday, Germany will release March trade and industrial production data and Japan will announce March household spending.
- Malaysia will hold its general election on Wednesday, Thailand will update foreign reserves and the US will announce March producer prices.
- The New Zealand central bank will meet on Thursday, while Japan will announce March current account figures and the US will release April inflation. China will release inflation, producer and consumer price indices and data on and new yuan loans for April. The Bank of England also meets on Thursday. The US will update consumer sentiment on Friday.

**STOCKS TO WATCH:** DBS Vickers Securities

Thailand suggests stocks that could record new highs including ORI, CKP, CENTEL, BLA, UTP, GOLD and CHOW. Tisco Securities recommends export- and tourism-focused firms that could benefit from a weaker baht, among them DELTA, HANA, SAPPE, ERW, MINT, BEAUTY, BTS, CPN, HMPRO, PLANB and QH.

**TECHNICAL VIEW:** DBS Vickers Securities Thai-

land sees support at 1,785 points and resistance at 1,820. Maybank Kim Eng Securities Thailand sees support at 1,775 and resistance at 1,815.