The "Asian Vacuum" Play

- Asia leads this week as China GDP sets risk tone early.

- Jan 19 policy deadline drives rotation into staples and media.

- We recommend **BBL, CPALL, MINT and MTC.**

Asia Takes the Wheel (MLK & China GDP)

With U.S. markets closed on Monday for Martin Luther King Jr. Day, early-week price discovery temporarily shifts to Asia. The week opens with China's Q4 GDP and activity data, which will set the tone for regional risk appetite before U.S. liquidity fully returns. In this "Asia-led" setup, a stronger China print would support cyclicals and tourism-linked sentiment, while disappointment could pressure Asian FX and high-beta positioning. Attention later shifts to Flash PMIs and U.S. inflation signals for confirmation of the soft-landing narrative.

Fiscal Catalyst: The "Jan 19" Policy Deadline

Domestically, Monday (Jan 19) is a key political milestone, marking the deadline for parties to submit budget-related campaign policies to the Election Commission. This shifts the narrative from election noise to fiscal reality, as investors begin evaluating both the scale and funding credibility of policy pledges. The market's immediate focus will be whether proposed measures support near-term consumption without triggering bond-market concerns. This setup favors domestic beneficiaries—particularly Consumer Staples and Media—as policy clarity improves and spending narratives become more concrete.

Lowflation + Strong Baht = Rotation, Not Beta

Thailand's latest inflation print remains soft, reinforcing the view that monetary conditions will stay accommodative into early 2026. While weak inflation reflects sluggish demand, it is typically supportive for valuation and rate-sensitive sectors, keeping Non-Bank Finance in focus as a tactical beneficiary of easing expectations. At the same time, the BOT's concern over a strong baht adds a practical stock-selection filter, favoring domestic plays over FX-sensitive exporters. We recommend treating this as a rotation market, where sector selection matters more than index direction.

Banking Earnings vs Credit Cost

After TISCO's early signal, attention turns to the larger banks, with KBANK and BBL expected to report midweek. The market is already positioned for slow loan growth; the tradable variable is Expected Credit Loss (ECL) and any evidence that asset quality pressure is stabilizing. If credit costs peak, the narrative can shift from "dividend safety" toward selective confidence in recovery, supporting a re-rating in quality banks. We prefer BBL as the balance-sheet anchor given its defensive characteristics, helping stabilize portfolios through macro headline risk.

Recommendations

We recommend a barbell portfolio skewed toward domestic beneficiaries, balancing tactical upside with defensive carry. **CPALL** remains the cleanest expression of fiscal clarity and essential spending resilience, accumulated on weakness. **MTC** offers higher beta to easing expectations and rotation into rate cyclicals, but should be sized appropriately given volatility. **BBL** serves as the defensive core, supported by dividend yield and balance-sheet strength. In tourism, **MINT** provides selective upside into the seasonal window, though positions should be managed tactically as FX and China headlines can drive sentiment swings.

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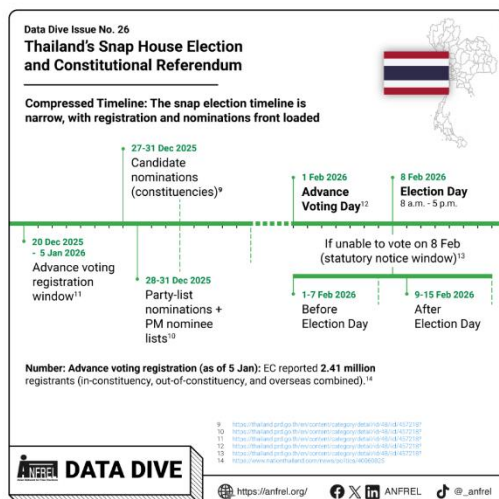+662 687 7026

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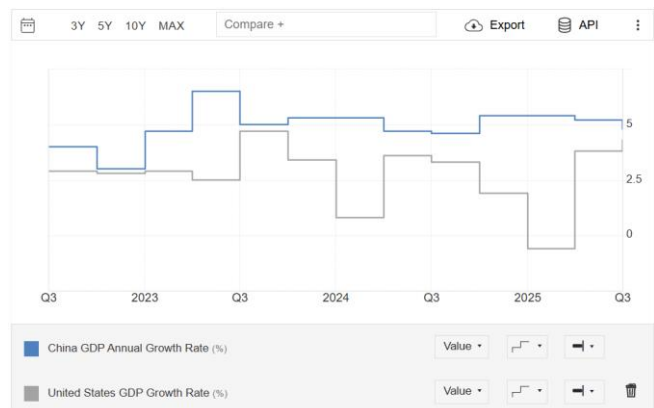## Exhibit 1: The Welfare Race: Thailand 2026

Sources: Dailynews

Exhibit 2: Thailand 2026: Snap Election Timeline

Sources: anfrel.org

Exhibit 3: The Growth Gap: China vs. the U.S.

Sources: Tradingeconomics

GENERAL DISCLAIMER
Analyst Certification

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.