The "Policy Transmission Lag" Phase

- Post-election policy lag limits liquidity, keeping Thai equities range-bound near term.
- Lowflation and easing bias support finance and defensive yield sectors through transition.
- We recommend **BDMS, BGRIM, and MTC**.

NFP Confirms "Soft Landing," Now CPI Watch

Global markets open the week digesting Friday's US Non-Farm Payrolls (Feb 6), which delivered a "Goldilocks" print of +80,000 jobs (vs consensus 71k) with unemployment steady at 4.4%. This data was strong enough to banish recession fears but too cool to reignite wage inflation, keeping the US 10-Year Yield sticky at 3.9–4.0%. However, this "relief sigh" is not a "risk-on" signal. Global allocators will remain in a holding pattern until the US CPI (Friday, Feb 13) confirms the disinflation trend. We expect flows to be neutral-to-light early in the week, with risk appetite capped until the inflation print clears the deck.

The "Policy Transmission Lag" Begins

With the Feb 8 election concluded, Thailand enters a "Policy Transmission Lag." While the bureaucracy continues to function, the timeline for a new administration is protracted: the Election Commission has up to 60 days to certify results, followed by the opening of Parliament and Cabinet formation, likely pushing full executive authority to May or June. Markets are efficient: they have already priced the election excitement and will now discount this interim friction. We anticipate the SET Index will trade sideways-to-down as it digests this period where fiscal disbursement continues on autopilot, but new policy initiatives are paused.

Commerce "Consolidation," Not Collapse

We advise tactical rotation in the Commerce Sector (CPALL). Historically, consumption stocks rally into the election on liquidity hopes and consolidate afterwards as the "peak campaign spend" evaporates. This is not a fundamental reversal—the businesses remain strong—but a removal of the short-term liquidity premium. We recommend trimming overweight positions to lock in "Event Alpha" and rotating capital into sectors less correlated with the immediate political transition.

The "Easing Bias"

While we cannot guarantee the timing of new stimulus, the macro backdrop of "Lowflation" (-0.66% Jan CPI) creates a structural "Easing Bias" that favors Non-Bank Finance (MTC, TIDLOR). Regardless of the coalition's final shape, the economic necessity will force a policy mix of debt restructuring and liquidity support. We view Finance not as a political bet, but as a macro beneficiary of the inevitable lower-rate environment required to jumpstart the economy during this transition lag.

Recommendations: The "Election & Yield"

To navigate this "Policy Transmission Lag," we recommend building a portfolio resilient to political friction and focused on structural compounding. Our top pick is Healthcare (**BDMS**) as a structural defensive anchor, supported by strong earnings visibility and low political correlation. We advise accumulating Finance (**MTC**) on dips as a policy-bias play aligned with easing trends. For cash parking, Power (**BGRIM**) offers attractive bond-proxy yield. Fund these positions by trimming Commerce (**CPALL**) on post-election strength and avoid Electronics until U.S. CPI risk clears.

Analyst

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

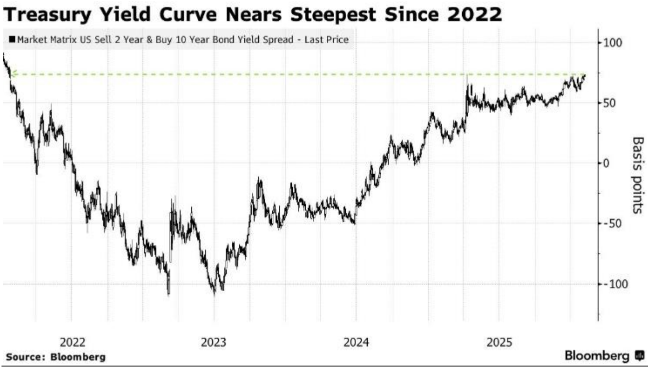
Assistant Analyst

Peerayu Sirivorawong

Exhibit 1: Thailand Post-Election Government Formation Timeline 2026

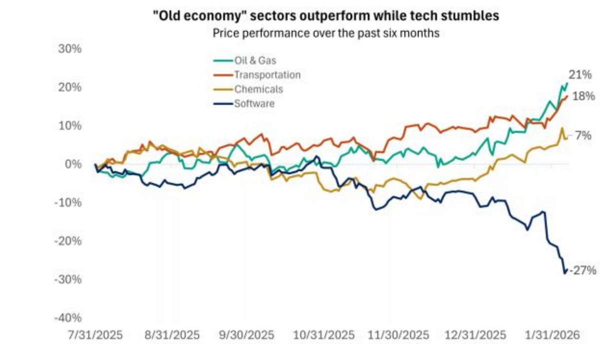
Sources: Thansettakij

Exhibit 2: 2Y–10Y Treasury Spread Approaches Cycle Steepest Level



Sources: Bloomberg

Exhibit 3: Cyclical Sectors Lead as Technology Momentum Fades



Sources: NIDA

GENERAL DISCLAIMER

Analyst Certification

Suwat Sinsadok, Register No. 020799, Globlex Securities Public Company Limited

The opinions and information presented in this report are those of the Globlex Securities Co. Ltd. Research Department. No representation or warranty in any form regarding the accuracy, completeness, correctness or fairness of opinions and information of this report is offered by Globlex Securities Co. Ltd. Globlex Securities Co. Ltd. Accepts no liability whatsoever for any loss arising from the use of this report or its contents. This report (in whole or in part) may not be reproduced or published without the express permission of Globlex Securities Co. Ltd.

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.