

The Geopolitical Chokehold & Export Reality

- Middle East tensions drive foreign outflows and sustain \$90+ oil.
- Expensive energy imports drain Thai fiscal space for infrastructure stimulus.
- We recommend **PTTEP, PTT, TOP, SPRC** and **BBL**.

Middle East Tensions & Fund Flow Starvation

Global markets remain hostage to the Middle East geopolitical chokehold, dictating a harsh fund flow reality for Emerging Markets. With the "war premium" entrenched, global allocators are aggressively rotating capital into US-dollar safe havens, effectively starving Asian equities of foreign liquidity. This capital flight is not a reflection of local corporate fundamentals, but a mechanical, macro-level de-risking against the threat of oil-driven stagflation. Until the geopolitical friction decisively cools, we expect foreign outflows from the SET Index to persist, structurally capping any broad market rallies.

The Violent Oil/Gold Divergence

In the commodities complex, we are witnessing a violent divergence. While Brent crude remains stubbornly anchored above the \$90 threshold due to physical supply-side risks, Gold suffered a significant liquidation last week. The catalyst for this sharp drop is the "higher for longer" rate reality. As the Middle East energy shock forces the Fed into a hawkish corner, the surging US Dollar (DXY) and elevated real yields are aggressively crushing zero-yield assets. This proves that while geopolitical fear is high, the macroeconomic gravity of expensive capital ultimately dictates pricing.

The Parliament's Oil Squeeze

Domestically, the Bhumjaithai-Pheu Thai coalition faces a harsh baptism by fire as the new parliament settles into session. The sustained \$90+ crude reality is hemorrhaging the state's Oil Fuel Fund, forcing the government to prioritize defensive retail diesel subsidies over aggressive infrastructure disbursement. This fiscal drain effectively paralyzes the coalition's immediate growth agenda. The market is rapidly repricing the domestic political narrative: the "stability premium" of a unified government has been achieved, but the anticipated "stimulus premium" is being heavily delayed by the sheer cost of imported inflation.

The Customs Export Data Preview

We expect this week's upcoming Thai Customs Export data to confirm the necessity of rotating away from trade-reliant sectors. The numbers will likely carry forward the exports' momentum. While a structurally weaker Baht—driven by Thailand's bloated energy import bill and current account deficit—theoretically aids translation gains, it cannot offset the sheer volume contraction in global demand. This soft export outlook validates our structural underweight stance on the manufacturing and export sectors.

Strategy and Recommendations: The Energy & Yield Fortress

We recommend a strictly defensive portfolio to navigate this flow-starved environment. Maintain maximum overweight positions in Upstream Energy and Complex Refining (**PTTEP, PTT, TOP, SPRC, BCP**) to continuously monetize the \$90+ Brent crude reality and secure inventory stock-gains. We advise accumulating large-cap Banking (**BBL**) as a high-yield, defensive anchor shielded from global trade friction. Given the fiscal delays caused by the oil squeeze and ongoing tariff risks, we reiterate a strict avoid on Mega-Contractors (STEC, CK).

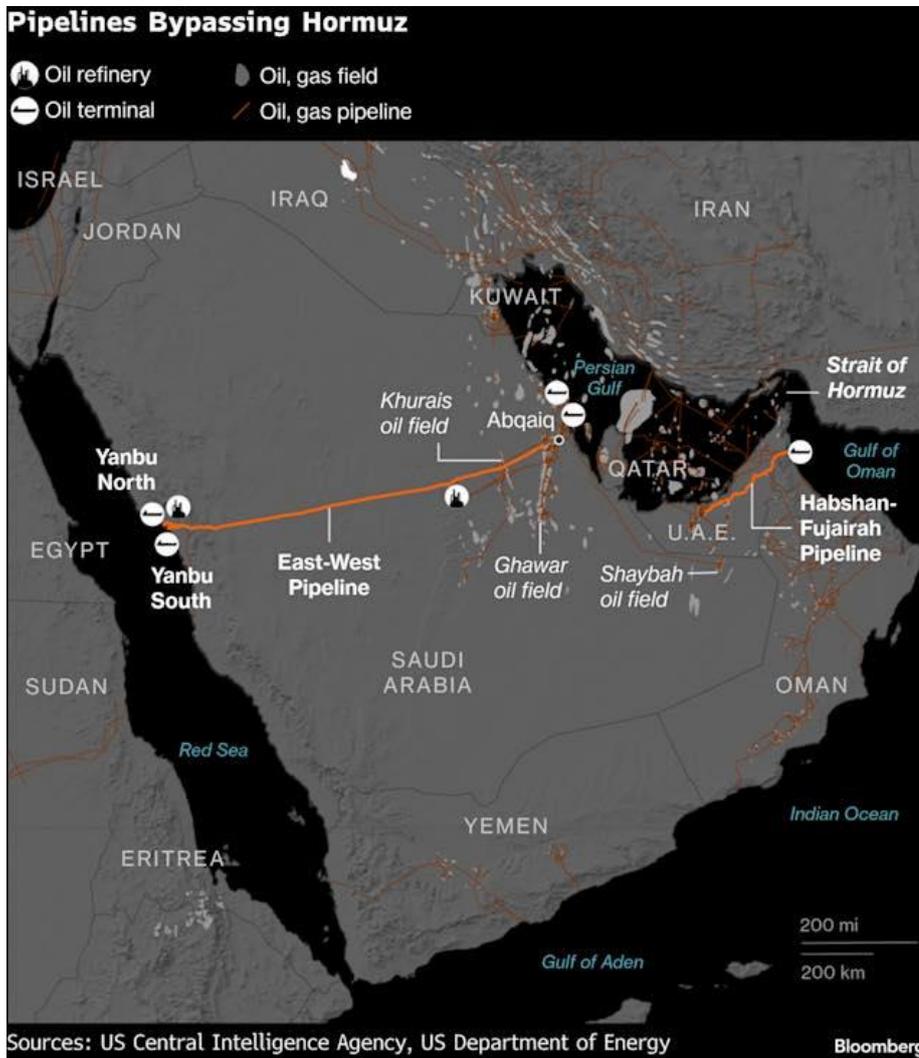
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Exhibit 1: Strategic Energy Bypass Routes and Infrastructure in the Persian Gulf Region



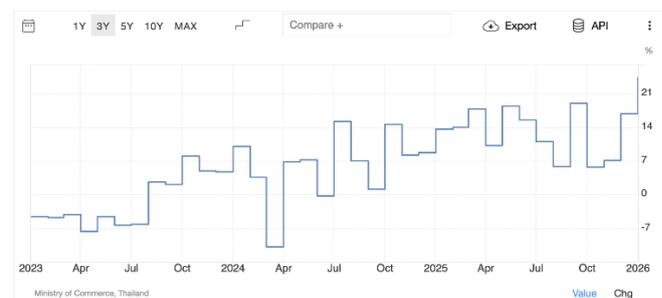
Sources: Bloomberg

Exhibit 2: SET Net Trading Value by Investor Type (March 1–20, 2026)

| 01 มี.ค. 2569 - 20 มี.ค. 2569 | | | | |
|-------------------------------|-------|------------|-------|------------|
| ซื้อ | % | ขาย | % | สุทธิ |
| 82,822.66 | 7.41 | 79,900.97 | 7.14 | 2,921.70 |
| 68,157.95 | 6.09 | 84,541.62 | 7.56 | -16,383.67 |
| 576,893.30 | 51.58 | 613,615.80 | 54.86 | -36,722.50 |
| 390,588.60 | 34.92 | 340,404.13 | 30.44 | 50,184.47 |

Sources: SET.or.th

Exhibit Thailand Export Growth Rate, Year-on-Year (2023–2026)



Sources: Tradingeconomics

GENERAL DISCLAIMER Analyst Certification

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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.