The Post-FOMC Reality and Seasonal Weakness

- Thailand Focus 2026 will drive the next wave of foreign inflows.
- Rotate into upstream energy and refineries to capture expanding margins.
- We recommend **DELTA, SPRC, BDMS, TOP** and **PTTEP.**

The Post-FOMC Reality and Seasonal Weakness

The July 2026 FOMC meeting kept the federal funds rate steady at a target range of 3.50% to 3.75%, confirming the Federal Reserve's cautious stance. With Chair Kevin Warsh moving away from traditional forward guidance, investors face an environment of higher rate volatility. Furthermore, historical data warns that August through October is typically the weakest three-month rolling period for the S&P 500, carrying a notable average drawdown. Consequently, timing the broader global market requires pausing aggressive capital deployment in extended US tech and rotating into defensive, "real economy" assets globally to navigate this seasonal headwind.

SET Impact: Testing Highs and Foreign Inflows

Domestically, the Thai equity market has powerfully decoupled from the US tech pullback, maintaining its altitude near multi-year highs around the 1,644-point threshold. While global markets brace for expected seasonal weakness, the SET Index remains fundamentally supported by continuous foreign capital inflows and strong daily trading volumes. However, at this high altitude, the market faces immediate psychological resistance. Without a powerful new macroeconomic catalyst, the SET will likely experience localized consolidation as investors begin locking in profits from the recent rally, making targeted capital deployment far more critical than broad market exposure.

The Imminent Earnings Wave

With the fundamental bedrock of the second-quarter banking earnings now fully priced in, the immediate catalyst for domestic capital deployment rapidly shifts toward the imminent wave of real-sector corporate results. The spotlight is squarely on upstream energy producers and pure-play refineries, whose earnings visibility is directly supported by Brent crude prices surging past $85 a barrel amidst tight global supply. These tangible, high-margin results will provide a fresh fundamental baseline for the immediate phase of capital rotation, completely overshadowing longer-term macro narratives as investors seek concrete dividend yields and earnings stability today.

Rotating for Visibility and Tactical Bounces

Given the frothy index valuations, tactical sector rotation is paramount to protect capital during this specific market window. Institutional capital is aggressively seeking sectors offering downside protection and highly predictable upcoming earnings, shifting focus toward energy heavyweights capitalizing on supply constraints. Conversely, a localized trading window is opening in the electronic components sector. Should the US tech market and regional heavyweights stage a definitive near-term rebound, Thai electronics will experience a sharp, high-beta sympathy rally. Investors can tactically allocate short-term capital to capture this momentum bounce while maintaining a defensive core posture.

Strategy and Recommendations: The "Next-in-Line" Playbook

At current elevated levels, we recommend a barbell capital deployment strategy, anchoring with value while reserving capital for tactical bounces. Secure the portfolio's core with energy leader **PTTEP** to capture high interim dividends from surging crude prices. Concurrently, aggressively add pure-play refineries **TOP** and **SPRC** to capitalize on widening gross refining margins. Anchor the defensive baseline with healthcare heavyweight **BDMS** for resilient cash flows. Finally, designate electronic components like **DELTA** strictly as satellite trading positions to capture the immediate upside of a global tech rebound without over-exposing the core portfolio.

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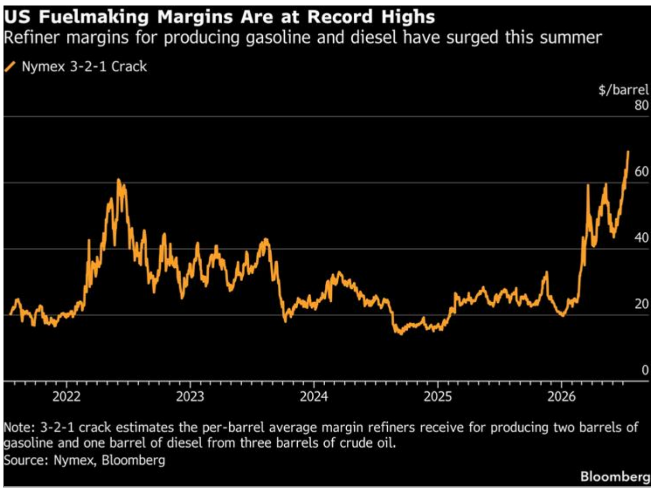
Exhibit 1: Historical Seasonality: S&P 500 Monthly Return Heatmap (2016–2026)

Date	January	February	March	April	May	June	July	August	September	October	November	December	Year
2026	1.37%	−0.87%	−5.09%	10.42%	5.15%	−1.06%	−0.13%	—	—	—	—	—	9.41%
2025	2.70%	−1.42%	−5.75%	−0.76%	6.15%	4.96%	2.17%	1.91%	3.53%	2.27%	0.13%	−0.05%	16.39%
2024	1.59%	5.17%	3.10%	−4.16%	4.80%	3.47%	1.13%	2.28%	2.02%	−0.99%	5.73%	−2.50%	23.31%
2023	6.18%	−2.61%	3.51%	1.46%	0.25%	6.47%	3.11%	−1.77%	−4.87%	−2.20%	8.92%	4.42%	24.23%
2022	−5.26%	−3.14%	3.58%	−8.80%	0.01%	−8.39%	9.11%	−4.24%	−9.34%	7.99%	5.38%	−5.90%	−19.44%
2021	−1.11%	2.61%	4.24%	5.24%	0.55%	2.22%	2.28%	2.90%	−4.76%	6.91%	−0.83%	4.36%	26.89%
2020	−0.16%	−8.41%	−12.51%	12.68%	4.53%	1.84%	5.51%	7.01%	−3.92%	−2.77%	10.75%	3.71%	16.26%
2019	7.87%	2.97%	1.79%	3.93%	−6.58%	6.89%	1.31%	−1.81%	1.72%	2.04%	3.40%	2.86%	28.88%
2018	5.62%	−3.89%	−2.69%	0.27%	2.16%	0.48%	3.60%	3.03%	0.43%	−6.94%	1.79%	−9.18%	−6.24%
2017	1.79%	3.72%	−0.04%	0.91%	1.16%	0.48%	1.93%	0.05%	1.93%	2.22%	2.81%	0.98%	19.42%
2016	−4.81%	−0.41%	6.60%	0.27%	1.53%	0.09%	3.56%	−0.12%	−0.12%	−1.94%	3.42%	1.82%	9.84%
Rises and falls	▲7 ▼4	▲4 ▼7	▲6 ▼5	▲8 ▼3	▲10 ▼1	▲9 ▼2	▲10 ▼1	▲6 ▼4	▲5 ▼5	▲5 ▼5	▲9 ▼1	▲6 ▼4	▲9 ▼2

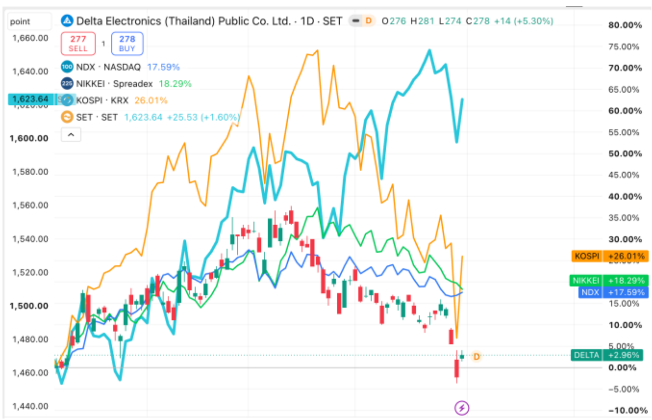
Sources: Tradingview

Exhibit 2: Crude-to-Product Margin Acceleration in 2026



Sources: Bloomberg

Exhibit 3: High-Beta Tech Correlation: DELTA Performance vs. Global & Regional Tech Indices



Sources: Tradingview

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Analyst Certification

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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.