



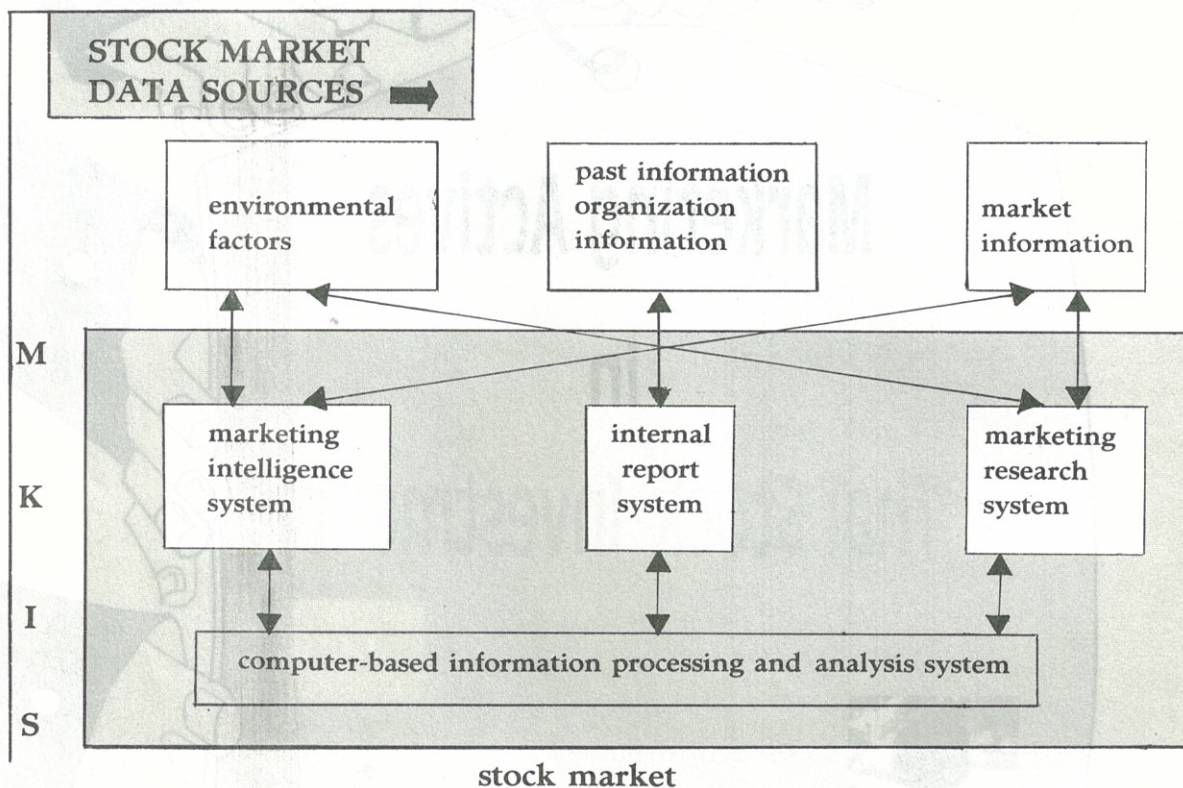
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Introduction

This is the new world of new era of business information. Should there be a model for stock market information? If so this may be a model for twenty-first century corporate Thailand : first, apply technology to facilitate the gathering and processing of information in traditional lines of business. Thus, use marketing information systems

(MKIS) to expand and enhance these business lines. Finally, make technology based information services (the core of new business lines) and private stock investment in the Stock Exchange of Thailand (SET). The brief flow-chart diagram indicates how to gather stock market information under the umbrella of computer-based information processing and analysis.

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The question is what types of information do we actually and really need? Let's take three critical information as follow :

BLACK MAGIC

While the oil crisis provides a sudden change, seizure of Kuwait banks, Thailand is facing quite it also poses new challenges for economic reforms "oil shock effects" and unstable and influenced and financial deregulation. Shortly after Iraq's external factors particularly in politics

OIL SHOCKS (Baring Securities Forecasts for GDP)

oil prices	u.s. \$25/barrel		u.s. \$30/barrel		u.s. \$40/barrel	
year end	1990	1991	1990	1991	1990	1991
Japan	+4.9%	+4.0%	+4.6%	+3.5%	+4.3%	+2.6%
US	+1.1%	+1.5%	+0.9%	+1.2%	+1.0%	+0.7%

Hong Kong	+2.5%	+4.3%	+2.5%	+4.1%	+2.0%	+2.9%
Singapore	+7.5%	+5.0%	+7.2%	+4.5%	+6.8%	+3.7%
Malaysia	+9.5%	+8.3%	+8.5%	+7.0%	+8.0%	+6.0%
Thailand	+10.0%	+8.4%	+9.5%	+7.3%	+9.1%	+5.5%
Korea *	+8.5%	+6.0%	+8.0%	+5.0%	+7.5%	+4.0%
Taiwan	+5.1%	+5.5%	+4.9%	+4.7%	+4.2%	+3.1%
Philippines	+2.3%	+1.9%	+2.1%	+1.8%	+1.3%	-2.0%
Indonesia	+7.5%	+7.2%	+7.5%	+7.2%	+7.0%	+6.0%
Australia	+1.5%	+2.8%	+1.0%	+1.6%	+1.0%	+1.2%

*GNP figures

sources : Asian Finance

TALK OF THE TOWN

On November 24, 1990, all newspapers in Bangkok reported on bank lending rate increase to 19% per year for commercial banks and from 19.5% to 21% per year for finance and credit-

fancier companies. This is quite a shock of after-shock as hoteliers, real estate developers, exporters and stock investors put it as "slaughtered". This is socalled "Strategy to cool down the overheating economy and combat inflationary pressure".

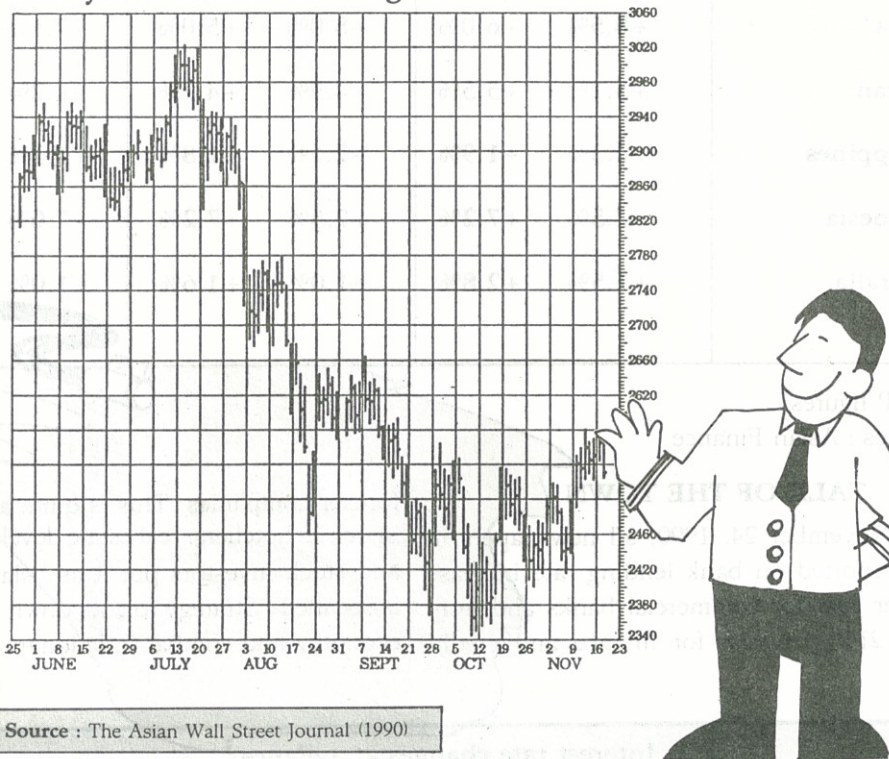
Interest rate changes at a glance

Banks	current	previous
lending rate ceiling	19%	16.5%
Saving deposit rate ceiling	12%	9%
Small housing loans rate ceiling	MLR	15%
Finance, securities and credit fancier firms	current	previous

lending rate ceiling	21%	19.5%
Promissory note rate ceiling	18%	16%
Small housing loan rate ceiling	19.5%	16.5%

Source : Bangkok Post, November 24, 1990.

Dow Jones Industrial Average Movements



Dow theory of values

When the recognizable Mr. Charles Dow, the pioneer publisher and editor of the Wall Street Journal, formulated his "Dow theory"--Stocks as values. The Theory is most concerned with the essence of concept of values that uses the price movements or trends to track the path of stocks. The theory is the tool to uncover the interaction between business cycles and stock market.

The current popularity of technical analysis is taking a firm stand of market action by : (1) The number of day (s) the Securities Exchange of Thailand

index (SET) has moved in advance, confirmations, Gann time zones and lines, new highs, advance-decline figures or even volume indications. (2) A big bulging with technical statistics.

The primary substances of Dow Theory holds that three movements of the market index are simultaneously underway. The main movement represents broad upward trends (last 2 to 3 years) and downward trends represent one to two years. The second movement represents a significant decline in primary movement or so called bull

market or a strong recovery in downward trends or so-called bear market represents 3 weeks to 3 months. The third movement is the day-to-day price fluctuations. Please look at the Dow Jones Industrial movements from the last 6 months.

Value Constitutes

The three fundamental concepts to measure value (all pertaining to the SET average) are :

1. Yield or the return on investment, the average yield on the market index is 6.5% or above.
2. The book value, if SET is selling below book value considering that a bargain: Since the start of trading on the Securities Exchange of Thailand in 2517, the SET has been below book value only 2 times (2517-2520 ; 2523-2529). The SET book value is around 150.
3. The SET P/E ratio, if SET is selling below 10 times earning it is in the bargain estimates (now at 18.96 times earnings---overvalued) In the year 2518 to 2524, the SET sold at 7 to 9 times earnings.

SOLVING YOUR INVESTMENT PROBLEM

The Thai stock you really intend to buy is the one that never exist ! This is because the stock that is completely safe...liberal dividend payments and bound to go up and up.

There are bunch of good and attractive stocks that will probably suit your needs on anyone of these criteria. However, there is none that really safe, otherwise one has to give up the hope that your stock will increase sensationally in values. At a point in time, one may find either safe stock or appreciate in price (yield a better-than-average dividend). Therefore, the beginning approach in solving your investment problem is to make up one's mind on the one merely problem is to guard for capital body (measured in baht). Meanwhile, one must seek for capital gains that will possible keep up after taxes, with the advancement of wages, price, salaries, and living costs in general.

Stock Investment Assumption

If marketing segmentation is introduced in terms of demographics, psychographics and behavioristic approach, one may define the consumer's speculation into 2 groups :

- (1) A retired businessman group
 - a) solitary survivors, headed for labour
 - b) solitary survivors, living at home
- (2) A young businessman group
 - a) bachelor active
 - b) married active

A retired group perhaps is more concerned with capital safe than double money paycheck. They need income and some backlog of capital in need of illness and incapacity. The question remains firmly that how much income do I have to have ? Let's assume one principle assets of ฿ 5,278,580 in bonds and life insurance, and home estate. One figures he needs ฿ 378,580.00 a year to maintain his standard of living, and that in turn meaning that he must get a return of 11%. But if one intends to have one eye on guaranteed income and the other eye on long-term appreciation in the holding values, one will divide ฿ 5,278,580 by putting half in to bonds and the other half into good quality stocks that paid good dividends and offered prospects of long-term growth---blue chip selection or stock.

There are about twenty common stocks listed on SET which can boast records of consecutive quarterly dividends running back at 12 years, mostly classified "Bluest of the blue". Stocks like in banking industry, in food industry, insurance industry, etc.

For the case of young business group, one can not afford to invest in low-yield securities. On the other hands, one must try to save and conserve capital but can afford to take some deliberately calculated risk as well. Let's say all his expenses accumulated into ฿ 318,460 and his

leftover income is ฿ 120,128. Half of these income put into more speculative nature like chemical. then should be put in common stocks (defensive- Jewellery export etc. in-character stocks). For another half should be

SECURITIES EXCHANGE OF THAILAND

	Par Value	Volume Share	Volume Baht	Last Sale	Open	High	Low	Close	Latest Bid offer	Change	Earnings/Share	Book Value	For the Period Month Ending	Dividend/Share Baht Period Ending	P/E Ratio	P/Book Value	Dividend Yield
BANKS																	
Bangkok Bank (BBL)	100	17,200	5,402,800	313	315	315	313	315	315 317	+2.00	48.19	324.94	9 230/ 9/33	12 8 30/ 8/33	5.34	0.97	7.62
Bangkok Bank of Commerce (BBC)	101,310,300	20,113,100	15.25	15.5	15.5	15	15.25	15.25	15.25 15.5	+0.00	0.58	20.10	9 230/ 9/33	0.25 12 31/12/32	20.89	0.78	1.84
Krung Thai Bank	100	40,100	5,125,500	128	128	128	128	128	128 129	+0.00	10.75	133.55	9 230/ 9/33	0 12 31/12/32	14.71	0.98	0.00
Bank of Ayudhya (BAY)	100	20,200	6,758,600	336	338	338	332	336	334 336	+0.00	44.87	303.59	9 230/ 9/33	14 8 30/ 8/33	5.89	1.11	8.33
Thai Farmers Bank (TFB)	100	57,367	21,827,401	383	375	385	375	379	379 383	-4.00	59.89	311.86	9 230/ 9/33	14 8 30/ 8/33	5.10	1.22	7.39
Thai Military Bank (TMB)	100	1,100	280,800	254	254	256	254	256	254 256	+2.00	25.85	241.28	9 830/ 9/33	5.50 3 30/ 9/33	7.56	1.06	8.59
Thai Denu Bank (TDB)	100	0	0	410	0	0	0	0	0 400	+0.00	22.70	383.98	8 230/ 8/33	13 8 30/ 8/33	9.33	1.07	6.34
Siem Commercial Bank (SCB)	100	11,878	6,478,250	558	550	560	548	556	552 556	-2.00	82.68	398.23	9 230/ 9/33	8 21 8 30/ 8/32	5.44	1.40	6.85
Nakornthon Bank (NTB)	100	0	0	302	0	0	0	0	302 0	+0.00	32.48	249.42	9 230/ 9/33	11 8 30/ 8/33	7.42	1.21	7.28
Siem City Bank (SCB)	52,448,900	20,407,170	8.3	8.4	8.4	8.3	8.3	8.2	8.3	+0.00	0.85	5.90	9 230/ 9/33	0 12 31/12/32	12.58	1.41	0.00
First Bangkok City Bank (FBCB)	8	944,300	7,500,128	8.05	8.05	8.05	7.85	7.95	7.85 7.95	-0.10	0.76	7.00	9 230/ 9/33	0.18 12 31/12/32	10.06	1.14	1.99
Bangkok Metropolitan Bank (BMB)	100	22,500	2,421,200	108	107	108	107	108	107 108	+0.00	8.81	204.27	9 230/ 9/33	0 12 31/12/32	12.13	0.93	0.00
Union Bank (UB)	100	0	0	828	0	0	0	0	0 0	+0.00	6.87	190.15	8 230/ 8/33	6 8 30/ 8/33	59.44	4.36	1.45
Laem Thong Bank (LTB)	100	0	0	199	0	0	0	0	0 0	+0.00	4.52	182.33	9 230/ 9/33	0 12 31/12/32	35.92	1.23	0.00
Bank of Asia (BOA)	100	14,300	1,878,200	120	118	118	117	117	116 117	-3.00	6.52	126.28	9 230/ 9/33	3.75 12 31/12/32	21.87	0.93	3.21
IFCT	100	5,400	783,400	148	147	149	145	145	145 147	-3.00	20.89	220.40	9 230/ 9/33	7 12 31/12/32	6.46	0.86	4.83
FOOD & BEVERAGE																	
Suntech Group (SUNTEC)	10	578,200	38,642,850	63	62	65	59	63	62.5 63	+0.00	0.11	17.98	12 230/ 8/33	0 12 31/12/32	572.73	3.51	0.00
North Star Co. (NSTAR)	10	900	337,200	376	370	380	370	380	376 380	+4.00	3.23	26.72	9 230/ 9/33	3.50 12 31/12/32	104.68	14.22	0.92
Tropical Canning (Thailand) TC	8	14,000	822,450	58	59	59	58.5	58.5	58 58.5	+0.50	6.31	40.42	8 230/ 8/33	14.20 12 31/12/32	3.55	1.45	24.27
Thai President Food (TFP)	10	36,200	5,566,900	147	147	148	144	147	146 147	+0.00	5.57	74.13	8 230/ 8/33	2.10 8 30/ 8/33	9.72	1.98	2.86
Thai Fishery Coldstorage (TFC)	8	3,500	715,900	189	190	204	190	200	0 200	+11.00	9.04	54.51	9 230/ 9/33	0 12 31/12/32	9.13	3.67	0.00
Thai Wah Food Products (TWFP)	10	1,900	95,100	51	51	51	50	50	49 50	-1.00	3.88	29.40	9 230/ 9/33	1.50 12 31/12/32	10.22	1.70	3.00
Thai Vegetable Oil (TVO)	10	12,600	2,338,100	190	188	188	185	185	185 186	-5.00	9.89	54.71	9 230/ 9/33	0 12 31/12/32	84.91	3.38	0.00
Pakpanang Coldstorage (PPC)	8	5,000	558,000	112	112	112	111	112	112 114	+0.00	1.99	17.42	3 230/ 9/33	0 9 31/ 3/33	10.88	6.43	0.00
President Rice Products (PR)	10	900	45,000	49.5	50	50	50	50	50.25 50.5	+0.50	2.92	33.39	8 230/ 8/33	1.00 8 30/ 8/33	7.66	1.50	4.00
Foremost Friesland (FFT)	10	4,200	181,850	43.5	43	43.5	43	43.25	43 43.5	-0.25	2.91	31.33	9 230/ 9/33	1.40 12 31/12/32	12.72	1.38	3.24

Source : The Nation (Nov. 23, 1990)



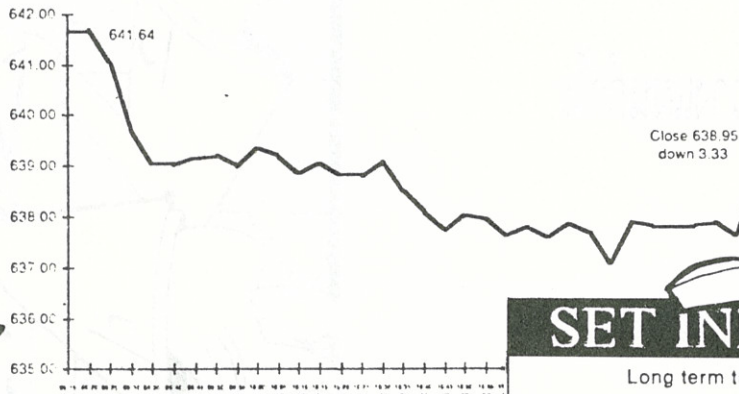
TIME TO INVEST ?

Surely, this is not the time to invest stocks. There are always opportunities for trading the secondary trends but not right now. This is the time for serious investors to pay much **caution**. The stock situation like now is where the bear

markets are living born. There is no such a glorious time as 4 years ago. As of October-November, 1990, the book value for the SET is approximately 150, with the SET figure was 800. On the SET P/E ratio itself, is now selling at 19.05 times earnings. Lastly, the SET yield index is 2.83% which is overvalued.

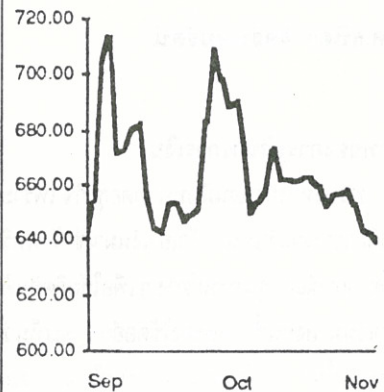
SET INDEX

Movements through the day, November 23, 1990



SET INDEX

Long term trend



CONCLUSIONS

Many companies in Thailand are already well along about using information systems (IS) to expand and enhance the existing and new business lines or even if your own private business lines like stock investment.

A word of "caution" is well put have at

the time of "credit crunch." Again, This is not the time to be entering in the stock market ! One must be prepared to "beating at its own game" applying process of marketing information, selection and elimination in the stock buying decision.

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