

## **Additional Gains Seen for Thai Stocks**

September 20, 2008

The Thai stock market snapped its four-day losing streak on Friday, rebounding after the index dipped below the 600-point level intra-day for the first time in four years. Now the Stock Exchange of Thailand could continue to track higher when it kicks off trade on Monday, following the rest of the region to the upside.

The global forecast for the Asian markets is sky-high on optimism ahead of the U.S. government's bailout package for the troubled financial sector. Coupled with other adjustments to the financial system, a general outline of the plan was enough to send the U.S. markets rocketing into positive territory to finish an extremely volatile week in the green - and the Asian markets are forecast to follow that lead.

The SET finished sharply higher on Friday, boosted by strength among the financial stocks and the energy firms. For the day, the index added 24.45 points or 4.07 percent to close at 624.83 percent - led by a 6 percent gain from Bangkok Bank.

The market draws another broadly positive lead from Wall Street as stocks turned in a standout performance on Friday, adding to substantial gains posted in the previous session to erase the selloff seen earlier in the week. The strength came amid a series of government initiatives to help deal with the credit crisis that has been plaguing the financial markets.

Earlier in the day, Treasury Secretary Henry Paulson outlined his department's plan to establish a trust fund to absorb banks' bad debts, stating that, despite the cost taxpayers will have to bear for the fund, the alternative would have been far worse. Paulson said the most recent proposal would address the "root cause" of the financial crisis: mortgage-backed securities stemming from the housing crisis.

Wall Street also got a boost when the government issued a temporary ban on short selling for a list of nearly 800 financial firms. Also, the Treasury Department also established a temporary guaranty program for the money market fund industry, while the Federal Reserve Board announced two new enhancements to existing programs to promote liquidity.

The first initiative extends the realm of non-recourse loans at the primary credit rate to U.S. depository institutions and bank holding companies. The second initiative will allow the Federal Reserve to buy federal agency discount notes from primary dealers. These notes are short-term debt obligations issued by Fannie Mae (FNM), Freddie Mac (FRE) and the Federal Home Loan Banks.

The major averages moved to the upside in the final hour of trading, but they ended the day well off of their session highs. The Dow closed up 368.75 points or 3.4 percent at 11,388.44, the Nasdaq closed up 74.80 points or 3.4 percent at 2,273.90 and the S&P 500 closed up 48.56 points or 4 percent at 1,255.07.

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While stocks saw considerable weakness early in the week, the major averages rebounded in the last two days to close modestly higher. The Dow ended the week up 0.3 percent, while the Nasdaq and the S&P 500 posted weekly gains of 0.6 percent and 0.3 percent, respectively.

In economic news, the Bank of Thailand said on Friday that the Thai international reserves as on September 12 rose to \$101.38 billion from \$100.99 billion recorded as on September 9.

**Source: RTTNews**