SE Asia Stocks two month high; energy, palm planters firm

Major Southeast Asian stocks hit two-month highs on Monday as investors bought up energy and palm oil shares such as Singapore's Wilmar, Malaysia's IOI Corp and Thailand's PTT after a jump in the crude oil price.

Hopes for a global economic recovery later this year and for more interest rate cuts by central banks in Asia in response to weak inflation encouraged funds to flow back into undervalued stocks, with the trend expected to continue.

"The markets have seen a lot of selling and valuations are supportive currently," said Gabriel Yap, senior dealing director of brokerage firm DMG Partners. "Valuations are basically as low as they were during the Asian crisis." Singapore's Straits Times Index jumped 5.2 percent to its highest since Nov. 5, the Malaysian share index rose 2.9 percent to a two-month high and the Thai stock index climbed 6.4 percent to its highest since Nov. 5.

Singaporean plantation firm Wilmar International gained 9.8 percent and Golden Agri surged 20.4 percent as benchmark palm oil prices in Malaysia rose 5.9 percent after crude oil climbed on worries over supplies.

Among Malaysian planters, IOI Corp was up 12.3 percent and Sime Darby was 5.5 percent higher.

In Bangkok, energy shares led the rally, with oil and gas major PTT up 8 percent, coal miner Banpu up 13.2 percent, palm planter United Palm Oil up 4.4 percent and Thai Vegetable Oil 23.7 percent higher.

Lower than expected inflation for December spurred market expectations of a big cut in interest rates by the Bank of Thailand on Jan. 14 and encouraged buying in stocks, analysts said.

Viwat Techapoonphol, a strategist at Tisco Securities, said money was moving from safe-haven bonds to equities as investors were seeking better returns.

"The market uptrend should continue for a short term for both Thai and Asian stocks as investors have turned more optimistic on government stimulus packages worldwide," he said.

"Everybody is trying to beat market returns although we are likely to see market corrections following weak economic numbers in the first quarter," he said.

In Jakarta, the main index rose 6 percent to its highest in more than two months, with gainers including Astra Agro , which rose 19.9 percent, and Bumi Resources , which gained 3.3 percent.

In Manila, the index rose 5.4 percent, slightly off a more than one month high touched earlier. Telecom firms led advancers, with Philippine Long Distance Telephone Co up 4.9 percent and Globe Telecom up 3.95 percent.

Singapore, Reuters

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