



1,200 - 1,220

**Sideways pattern:** The SET index is expected to trade sideways as investors await developments in the Thailand-US trade negotiations and monitor border tensions between Thailand and Cambodia. Stocks in the real sector, which will gradually report their 2QFY25 earnings, are likely to draw increased attention. Focus will also be on the EU's trade negotiations with the US, while the ECB yesterday agreed to keep its deposit facility rate unchanged.

### Trading ideas

- Bets on 2QFY25 earnings:** ADVANC, AP, CENTEL, GULF, SPALI, TOP and TIDLOR
- Export-linked stocks:** DELTA, ITC, TU and SAPPE
- Selective plays:** CPN, CRC, DOHOME, GLOBAL and HMPRO
- China plays:** PTTGC and SCGP
- Dividend plays:** KKP, SCB, KBANK, PRM, TTW, SIRI and WHA

### Picks of the day

 <b>TIDLOR</b>	Target	17.80 / 18.30
	Support	17.10
	<b>BUY</b>	

- 2QFY25 earnings expected to hit new high
- Low NPL ratio, but high NPL coverage ratio

 <b>TOP</b>	Target	34.00 / 35.00
	Support	32.00
	<b>BUY</b>	

- 2QFY25 profit expected to rise due to one-off gain
- Positive factors expected in 2HFY25

- **Shift from Cambodia-linked stocks to those with anticipated favorable 2QFY25 earnings:** Stock investors are closely monitoring developments in trade negotiations between Thailand and the US. Thailand has submitted its final proposals to the US and is awaiting a response. Investors are also keeping a close eye on Thai-Cambodia border conflicts. The Thai acting prime minister insisted the country had not declared war on Cambodia, but noted that the military had been granted power to protect national sovereignty in line with the international law. Foreign media has reported that Cambodia called on the UN Security Council to convene an urgent meeting in response to Thailand's aggression. Cambodia indicated it was compelled to respond in self-defense. This conflict is unlikely to be settled in the short term. It is also unlikely to reach a full-scale war that could broadly affect citizens of the two countries. Nevertheless, the conflict may affect border trade, which accounts for 2% of Thailand's GDP in 2024. In addition, Thai companies with production bases in Cambodia may consider relocating operations back to Thailand for safety reasons. As a result, there is a likelihood that stocks of companies with revenues or production bases in Cambodia may face negative sentiment. Meanwhile, attention is also on 2QFY25 earnings of listed companies in the real sector, which will be gradually announced, as well as dividend stocks.
- **ECB holds rates as expected, while US tariffs remain overhang:** On Jul 24, the ECB decided to keep its deposit facility rate at 2%, following seven consecutive cuts. It indicated that inflation in the euro zone is projected to remain below 2% for the next 18 months. In the face of pressing concerns over US tariffs, the EU has prepared a retaliatory tariff package covering US\$109bn worth of US products, with tariff rates as high as 30%. It is important to closely monitor the developments in trade negotiations between the EU and the US, as both are important trade partners of Thailand.
- **Factors to watch:** Several economic indicators will be closely monitored next week. In China, the manufacturing and non-manufacturing PMIs for Jul will take the center stage. In the US, 2Q GDP, FOMC meeting, Core PCE price index (Jun), nonfarm payrolls (Jul) and IMF world economics outlooks will be closely monitored. In Japan, attention will turn to the BOJ's interest rate decision.

### + Additional Factors

- (+) The Board of Economic Stimulus has approved a budget of 42 billion baht to address the impacts of the US import tax measures. The funds will be allocated to entrepreneurs, including farmers, domestic SMEs, and exporters. The proposal is expected to be discussed at the Cabinet meeting next week.
- (+) Booking.com reveals that 92% of Thai travelers are looking forward to exploring the world again this year. The popular destinations include Egypt, Japan, and the United Arab Emirates.
- (+) The Permanent Secretary of the Ministry of Finance states that the government is actively addressing household debt issues. They will expedite the establishment of a special Asset Management Company (AMC) to include distressed debt within a management mechanism. This is expected to enhance liquidity for commercial banks.
- (-) The Federation of Thai Industries has revised downward its vehicle production target for 2025 by 50,000 units, from the original 1,500,000 units to 1,450,000 units. The adjustment specifically concerns export-only production, which was previously set at 1,000,000 units and has now been reduced to 950,000 units.

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Ref.No.: C02568\_0136