

8 August 2024

Market confidence in question

## Market Outlook

>> 1280 – 1295 <<

The Thai stock market looks set to stall and move sideways due to a mix of positive and negative factors. On the favorable side, first, crude oil inventories in the US fell by 3.728mn barrels in the week ended Aug 2, exceeding expectations of a drop of 1.6mn barrels and widening from a decline of 3.436mn barrels in the previous month, according to the EIA. At the same time, Middle East tensions led to an accelerating increase in WTI crude prices to US\$74.73 a barrel, potentially boosting upstream energy stocks. Second, buying pressure is expected for the stocks of the companies anticipated to announce favorable earnings results in 2Q. Today, BH, GPSC, COCOCO, GULF and TOP are expected to announce positive earnings results, making them attractive for investment. Third, sentiment for commerce stocks is likely to be boosted by the progress of the digital wallet scheme, as the finance minister indicated it is likely that the program will kick off within Nov, 2024. On the negative side, first, concerns are persisting about the case against the prime minister, in which the Constitutional Court will rule on Aug 14. Investors may put their investment on hold pending the court's ruling. This case follows the court's ruling yesterday that dissolved the Move Forward Party. Second, the global stock rebound appears to be stalling. Although Asia's stock markets closed in positive territory on Wed, the US markets weakened, including S&P 500, which dipped 0.77%. Investors continue to take profits from technology stocks due to their high valuations and switch to other sectors. Defensive stocks remain a good option amid market volatility. Other factors that require monitoring include initial jobless claims in the US and the Atlanta Fed GDPNow for signs of the economic situation in the US in the coming periods.

**Trading ideas:** 1) 2QFY24 earnings speculations: BH, BGRIM, COCOCO, GFPT, GPSC, SAPPE, GULF and TOP, 2) defensive stocks: BDMS, BH, INTUCH and ADVANC, 3) digital wallet-boosted stocks: CPALL, KTC, SCB and CPAXT, 4) favorable earnings with potential further growth: ADVANC and ITC and 5) short selling: STEC, CK and SAWAD

## Positive Factors

- Hyundai is investing 1 billion baht to plan the establishment of a comprehensive manufacturing plant for electric vehicles (BEV) and batteries, with production expected to begin in early 2026 to use Thailand as a base for EV vehicle manufacturing.
- Airbnb has released the latest data showing that Mae Hong Son, Trang, and Ayutthaya ranked second among the most searched travel destinations, with searches increasing by over 149% from the previous year.
- The Finance Minister revealed that there is currently a possibility that the 10,000 baht digital wallet top-up project could begin to be spent as early as November 2024.
- Maersk expects the demand for container shipping worldwide to continue to increase over the next 2-3 quarters, but growth may slow down due to ongoing risk factors.
- The Prime Minister revealed after meeting with a representative from Google that senior executives from Google will visit Thailand in the coming months to announce various collaborations. This will position Thailand as a hub for technology and the digital economy.

## Negative Factors

- The Joint Standing Committee on Commerce, Industry and Banking (JSCCIB) is concerned that the Thai economy in 2024 remains fragile and at risk of growing below its potential due to a slowdown in domestic demand.
- Germany's export figures in June fell by 3.4%, which is significantly worse than expected. Analysts in a Reuters poll had predicted a decline of only 1.5%.
- Halifax reported that UK house prices in July increased by 0.8%, the highest rise since January, after remaining unchanged for the previous three months, raising concerns about a housing market bubble.
- Credit Bureau found that in the first five months of 2024, non-performing loans for automobiles grew by 30%, amounting to 250 billion baht, leading to a surge in loan rejections as banks tightened lending standards.
- LWS pointed out that in the first half of 2024, the Bangkok and metropolitan area had an increase of 0.6% in unsold residential units, new project launches decreased by over 27% compared to the previous year, and the loan rejection rate reached as high as 70%.

## PICKS OF THE DAY

	Target
	265.00 / 270.00
	Support
<b>BH</b>	250.00

- Strong 2QFY24 results
- VitalLife Scientific Wellness Center, Phuket

	Target
	7.80 / 8.00
	Support
<b>STEC</b>	8.30

- Anticipated weaker earnings in 2QFY24
- Unfavorable performance outlook for this year

### Strategy team

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