

13 August 2024

Vayupak and NaCGA give hopes

## Market Outlook

>> 1290 – 1310 <<

The SET Index appears poised to move sideways as negative factors are likely to be tempered by positive developments, including the planned offering of Vayupak Fund's new units, the establishment of the National Credit Guarantee Agency (NaCGA) and rising crude oil prices. Today, the government is set to announce the offering of new units for Vayupak Fund 1 in the 'Kor' type, an investment option for individual investors. The move is expected to benefit fund-targeted stocks, led by PTT, followed by SCB, TTB, KTB and BCP. The cabinet is also closely watched for the formation of the NaCGA, which is intended to boost SMEs' access to loans. The NaCGA will evaluate each SME's risks, issue a guarantee certificate and provide guarantees based on risk-based pricing for SMEs seeking loans from commercial banks. This measure is expected to support economic recovery. Furthermore, upstream energy stocks are likely to receive a boost from rising crude oil prices amid escalating tensions in the Middle East. The US has sent a guided missile submarine to the region, vowing to protect Israel, while China supports Iran in defending its sovereignty and security. This raises concerns about a proxy war in the region. On a negative note, all eyes are on the Constitutional Court's ruling tomorrow regarding a case against the prime minister, who is accused of appointing a controversial figure as a minister, which could disqualify him from the premiership. Another issue pertains to the planned removal of some Thai stocks – AWC, EA, GPSC and IVL – from the MSCI Global Standard Index. AWC, BJC, EA, KAMART and TLI are set to be added to the MSCI Global Small Cap Index, while BAF, BYD, EPG, NEX, ORI, PTG, RBF, RATCH, SC, SJWD, SKY and SNNP are planned to be withdrawn from the index, taking effect on Aug 30. This issue is likely to exert pressure on the Thai stock market. Today, attention turns to China's new loan data for Jul and the US's PPI and Core PPI data for Jul, which are expected to contract y-y, potentially increasing the likelihood of Fed rate cuts.

**Trading ideas:** 1) 2QFY24 earnings speculations: CPF, OSP and BEM, 2) rising oil prices: PTTEP, SPRC and PTTGC, 3) Vayupak Fund: PTT, SCB, TTB, KTB and BCP, 4) upbeat earnings results with anticipated further growth: ADVANC, ITC, TOP, TU and COCOCO, 5) geopolitical risks: AMATA, WHA, DELTA and CCET and 6) selective plays: MTC

## Positive Factors

- The government is confident that foreign tourists to Thailand will reach 38 million this year, with revenue surpassing 2.8 trillion baht, almost matching pre-COVID levels.
- The Securities and Exchange Commission (SEC) is moving forward with the "Digital Asset Regulatory Sandbox" project and will start accepting participants for testing on August 9th.
- The Department of Business Development is preparing a plan to organize 7 activities to support Thai restaurant entrepreneurs, aiming to elevate them to the Thai SELECT standard, while also encouraging the boom in food and beverage franchises.
- Taiwan Semiconductor Manufacturing Co. 's revenue rose 45% in July, accelerating its pace of growth from the June quarter and bolstering hopes for sustained strong demand for artificial intelligence chips from the likes of Nvidia Corp.
- The Commerce Ministry will finalize the announcement of the conditions for shops and products participating in the digital wallet project on September 25th, and registration is expected to open on October 1, 2024.

## Negative Factors

- Israel has announced that it will send a delegation to participate in ceasefire negotiations in the Gaza Strip again on August 15th.
- The masses submitted a letter to the U.S. Ambassador to Thailand, requesting a statement of apology to Thailand and to refrain from interfering in domestic activities to avoid impacting international relations.
- China's new yuan loans likely fell sharply in July from the previous month, a Reuters poll showed, dragged down by tepid credit demand and seasonal factors even as the central bank steps up policy support for the economy.
- China reported that the value of losses from natural disasters surged to 76.9 billion yuan in July due to heavy rainfall and flooding.

## PICKS OF THE DAY

	Target
	105.00 / 108.00
	Support
	100.00

- Growth in line with future trend
- Upbeat outlook through next year

	Target
	42.00 / 43.00
	Support
	39.00

- Improved asset quality
- Loan growth remains on track

### Strategy team

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