

19 August 2024

Hope of policy progress as new PM endorsed

## Market Outlook

>> 1295 – 1315 <<

The Thai stock market is likely to fluctuate with a positive bias in today's trading, supported by easing concerns about a US economic recession and Thai political uncertainty, although the upside may be limited due to worries about the implementation of the digital wallet handout scheme. Sentiment for Thai stocks today is likely to be boosted by the positive closes of Dow Jones, S&P 500 and Nasdaq on Fri. These increases stemmed from subsiding concerns about a US economic recession and the anticipation of no drastic Fed rate cuts, after the latest data showed that US consumer sentiment for Aug rose to 67.8 from 66.4 in Jul and exceeded the estimated 66.7. Additionally, Chicago Federal Reserve Bank President Austan Goolsbee pointed out that the central bank should be wary of keeping restrictive policy in place longer than necessary. Today, attention will turn to the release of Thailand's GDP data for 2Q24, which is expected to expand by 2.2% y-y, accelerating from 1.5% y-y growth in the previous quarter and aligning with the central bank's estimated growth of 2% y-y. Key drivers are likely to be private consumption and service exports. This underscores the prospects for the country's economic recovery – a positive sign for the SET Index. In addition, concerns about Thai political uncertainty have subsided after Paetongtarn Shinawatra was royally endorsed as the 31st prime minister of the country. The premier told the press that she is determined to move economic policies forward, including key economic stimulus measures and soft power initiatives, with tangible policies expected to be announced in Sep. However, there are concerns about the continuation of the previous government's flagship digital wallet handout scheme, as Ms Paetongtarn indicated that further study and additional hearings are needed for the program, which must comply with the State Fiscal and Financial Discipline Act. If the scheme is eventually discontinued without replacements, private consumption is likely to weaken through the rest of the year. Without the clarity, the issue remains a market overhang, exerting pressure on stocks tied to spending and related sectors.

**Trading ideas:** 1) Anticipated unchanged policy rate by MPC: KTB, KBANK and SCB, 2) expected further upbeat earnings in 3QFY24: AAI, ADVANC, INTUCH, ITC, TU, MAJOR and CPF, 3) potential US interest rate reductions: CCET and DELTA and 4) dividend stocks/REITS: FTREIT, LHHOTEL, STA and TTB

### Positive Factors

- The Governor of the People's Bank of China reiterated that there will be measures to further support the country's economic recovery. At the same time, he warned that these will not be aggressive policies, focusing instead on creating recovery and stability in domestic prices.
- The SEC has revised the criteria for five Thai ESG funds, with the announcement officially published in the Royal Gazette on August 16, 2024, to support the cabinet's resolution and enhance investment flexibility.
- Analysts indicate that the BOJ may delay interest rate hikes following the decision of the Japanese Prime Minister to resign.
- The Ministry of Industry reveals its readiness to support and create opportunities for entrepreneurs to advance modern industries, utilizing AI to assist in operations, while elevating Thailand to be a center of global industrial cities.
- The Department of Highways is preparing to host a grand international academic conference, "The 5th International Conference on Highway Engineering (ICHE 2024)," to propel Thailand towards becoming the borderless highway of Asia.

### Negative Factors

- The Director of the Real Estate Information Center discussed the housing market situation for the second quarter of 2024, stating that the number of condominium ownership transfers by foreigners in that quarter was 3,342 units, valued at 14.874 billion baht. The number of transfers and the value of ownership transfers decreased by 6.2% and 17.7% y-y
- According to a survey by the Thai Real Estate Research and Valuation Center, Thailand in 2024 has a total of approximately 3 million residential units in the Bangkok metropolitan area, which is three times the number of residential units in 1982. This is expected to reduce the demand for new housing in the future, putting pressure on stocks in the construction and building materials sectors.
- Home prices in South Korea in July 2024 rose rapidly, particularly in Seoul, where prices reached the highest level in over four years. This serves as a warning regarding the country's financial stability, which may be shaken by a potential bubble in the real estate market.
- Foreign investors continue to sell Thai bonds, with a net selling amount of over 2.587 billion baht, marking the fourth consecutive day of net selling.

## PICKS OF THE DAY



	<b>Target</b>
	19.00 / 19.50
<b>BUY</b>	<b>Support</b>
<b>KTB</b>	17.50

- Beneficiary of state projects
- Significant dividend payout, but no interim dividends



	<b>Target</b>
	16.00 / 16.50
<b>BUY</b>	<b>Support</b>
<b>TU</b>	15.00

- Upbeat outlook in 3QFY24
- Decline in average tuna cost

#### Strategy team

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Ref.No.: CO2567\_0157