

22 August 2024

“Vision for Thailand” in focus

Market Outlook

>> 1330 – 1345 <<

A sideways-up pattern is expected for the SET Index today, supported by anticipated stimulus measures, a stronger baht and the prospect of a Fed rate cut in the Sep meeting. On the stimulus measures, the potential implementation of the digital wallet scheme is likely to boost commerce stocks, as the caretaker deputy prime minister insisted the program can still proceed, although it may need adjustments. He indicated that the program could continue 15 days after the prime minister delivers the government's policy statements to the parliament. The caretaker deputy finance minister said the government's policy is set to be announced in early Sep, while affirming that the digital wallet scheme will not be postponed. The program may be adjusted to a cash handout for the vulnerable group through state welfare cards, and discussions are needed among the coalition parties about it. This evening, attention will turn to former Prime Minister Thaksin Shinawatra's remarks at the "Vision for Thailand" event, which could reveal the ruling party's policy and solutions to the country's problems. Meanwhile, the Thai baht has appreciated to Bt34.21 per dollar, providing a boost to power plant stocks and those with significant import revenue. The stronger baht comes amid the Monetary Policy Committee's (MPC) decision to keep the interest rate on hold at 2.5% yesterday. The MPC also forecasts an economic recovery in line with expectations, with gradual improvements in tourism, domestic demand and exports. The MPC's decision to maintain its policy interest rate is likely to provide a boost to banking stocks, and fund inflows are also expected to strengthen the baht further. In addition, the minutes of the Fed's Jul meeting showed the prospect of a 25 bps rate cut in Sep, which is expected to support stocks in the electronics sector. On a negative note, oil prices continued to decline, settling at US\$71.80 a barrel, exerting pressure on upstream energy stocks. Moreover, the focus is now on a ceasefire deal between Israel and Hamas, brokered by the US. It was reported that Israel's excessive demands in the deal could make the deal unacceptable to the opposite side, which could lead to further negotiations. Meanwhile, attention will turn to the US annual central banking conference in Jackson Hole on Sep 22-24 for signs of the Fed's policy rate cuts.

Trading ideas: 1) MPC's decision to maintain policy rate: BBL, KBANK, KTB and SCB, 2) potential Fed rate cut/stronger baht: SYNEX, CCET, COM7, DELTA, GPSC and GULF3) commerce/tourism: AOT, CPN, CPALL and CPAXT and 4) further earnings growth in 3QFY24: ADVANC, INTUCH, CPF, BEM, BH and CPF

Positive Factors

- The Ministry of Commerce, in collaboration with 43 leading e-commerce partners, organized the 5th Thailand E-commerce Expo 2024 from August 21st to 22nd, 2024. It is expected that over 10,000 entrepreneurs will participate in both offline and online formats, generating more than 130 million baht in trade value.
- The Stock Exchange of Thailand is preparing to hold the Thailand Focus 2024 event on the topic 'Adapting to a Changing World' to emphasize the readiness and potential of listed companies and the Thai economy amid the challenges of a rapidly changing world.
- Deputy Prime Minister and Minister of Commerce, Phumtham Wechayachai, addressed the issue of the influx of cheap goods from China into Thailand, stating that a meeting with all relevant parties will be convened again soon. Affected SMEs will also be invited to participate in order to find solutions. Initially, a dedicated committee may be established to oversee this matter, with the aim of reaching a conclusion by the end of August to present to the Cabinet for further consideration.

Negative Factors

- Recently, Thailand has detected its first suspected case of clade Ib monkeypox. The World Health Organization (WHO) has declared this clade Ib strain a public health emergency of international concern.
- The Finance Minister delivered a keynote speech at the Dailynews Talk 2024, stating concerns over the Thai economy growing only 2.5% this year, which is lower than its potential growth rate of over 6-10%. He pointed out that the gradually declining economic trend could lead to a different type of crisis, which may worsen if the country fails to adapt to changes in the global economy.
- Chinese commercial banks' net profit growth is on a downward trend mainly due to a decline in interest rates on loans and narrowing net interest margins, a National Financial Regulatory Administration (NFRA) official said. The average interest rate on new issued corporate loans in the first seven months this year fell by 39 basis points compared to the same period last year.
- The World Bank indicates that Thailand has the third-largest informal economy in Asia, which is not included in the tax calculations and is not counted in the country's GDP.

PICKS OF THE DAY

	Target
	61.00 / 62.00
	Support
CPALL	58.00

- Beneficiary of money handout scheme
- 2Q revenue and profit growth as expected

	Target
	52.00 / 53.00
	Support
GULF	48.00

- Positive sentiment for digital business
- External factors provide support

Strategy team

Teerada Charnyingyong - Securities Investment Analyst and Technical Analyst #9501
Chutikan Santimetvirul, CISA - Capital Market Investment Analyst and Technical Analyst #37928
Pasut Ngowiwachai, CISA - Capital Market Investment Analyst #127632
Pattharadanai Jaturaporn - Capital Market Investment Analyst #094041

Thanapong Saelo - Assistant Analyst

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