

23 August 2024

Various measures on cards

## Market Outlook

>> 1335 – 1350 <<

The Thai stock market looks set to extend its gains today, driven by domestic factors, particularly the remarks made by former prime minister Thaksin Shinawatra during last night's 'Vision for Thailand' dinner talk, where he outlined measures to bolster the country's economic development. These measures include the soft power, the game industry, AI, the world kitchen, green energy, the expropriation of electric train projects to pursue the 20-baht flat-rate city train fare, an EV production hub, an entertainment complex project as well as the purchase of bank debts to alleviate debt burdens and enhance liquidity in the banking sector. Referring to the digital wallet handout scheme, Thaksin reiterated that the project will continue with a budget of Bt145bn, with progress expected in Sep. His comments are likely to boost investor confidence by highlighting several opportunities for Thailand, which could attract foreign investments. He also insisted the Pheu Thai party had won the election through opportunity building for people. His remarks are likely to boost sentiment for stocks in the commerce, tourism, construction, transport, food, banking, industrial estate, power plant and financial sectors. Referring to political stability, Thaksin insisted MPs in hand put the coalition government at a strong advantage, so there is no concern about the government stability. For the external factors, attention turns to the US's annual central banking conference in Jackson Hole tonight, which is expected to signal the Fed policy rate cut in its Sep meeting. The Fed is expected to lower its policy rate in Sep, Nov and Dec by 25bps, 25 bps and 50bps, respectively, according to the FedWatch Tool. Next week, close attention will be paid to several US economic indicators, including durable goods orders in Jul, consumer confidence in Aug, GDP in 2Q24 and PCE for Jul. Additionally, it is important to monitor the MSCI adjustments on Aug 30 and 'Thailand Focus 2024' event during Aug 28-30.

**Trading ideas:** 1) MPC's decision to keep policy rate steady: BBL, KBANK, KTB and SCB, 2) Vision for Thailand: MTC, SAWAD, ROJNA, AMATA, GPSC, GULF, BGRIM, 3) commerce and tourism: AOT, CPN, CPALL, CPAXT and BJC, 4) Thailand Focus: BBIK, ADVANC, BCP, BH and WHA

### Positive Factors

- The Minister of Energy revealed that the draft law for restructuring oil prices has now been completed. The next step is to review the details and make further adjustments. Once finished, it will be presented to the Cabinet meeting as the next agenda item.
- The People's Bank of China (PBOC) announced the injection of 359.3 billion yuan (approximately 50.44 billion USD) into the financial system today (August 22) through a 7-day reverse repo agreement, setting the interest rate at 1.7%.
- PLAYBOY has designated Thailand as a manufacturing and export base for premium condoms, aiming to produce 2 billion pieces a year, which is positive for the demand for rubber.
- The Deputy Prime Minister opened the event "Increasing the Value of the Thai Economy with Soft Power," emphasizing the organization of an event and food festival "Chef Show" to create selling points for Thai raw materials.

### Negative Factors

- Thailand Development Research Institute (TDRI) points out that Chinese goods are flooding the Thai market through various channels, leading to an annual trade deficit with China of over 1.3 trillion baht. They foresee that if no additional regulations are introduced, it will impact domestic trade.
- HCOB reveals that Germany's Composite PMI for August 2024 stood at 48.5 points, down from 49.1 points in the previous month and still below the 50-point threshold, reflecting continued economic slowdown.
- the Department of Disaster Prevention and Mitigation issued a warning to 43 provinces in the northern, northeastern, central, and southern regions to be on alert for flash floods, forest runoff, flooding, landslides, and overflow from reservoirs and riverbanks between August 24-30, 2024. Officials have been instructed to closely monitor weather conditions and water levels in the affected areas.

## PICKS OF THE DAY

	Target
	38.00 / 39.00
	Support
<b>BUY</b>	34.00

- Anticipated recovery in 2HFY24
- Positive sentiment from 'Thailand Focus' event

	Target
	31.00 / 32.00
	Support
<b>BUY</b>	29.00

- Beneficiary of 10,000-baht handout
- Continued store expansion

#### Strategy team

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