

29 August 2024

Hopes pinned on foreign investors

Market Outlook

>> 1355 – 1370 <<

The Thai stock market is likely to open lower today before gradually increasing later in the day. The SET Index could be pressured by external factors following declines on Wall Street, with the Nasdaq falling by more than 1.12% on Wed. The drop was due to AI server maker SMC announcing that it is delaying the filing of its 2024 annual report, despite having no liquidity or expense issues. This announcement could have a negative impact on electronics stocks. Regarding Nvidia's 2QFY24 operating results, the chipmaker reported 2Q revenue of US\$30.04bn, beating estimates of \$28.70bn. Earnings per share came in at \$0.68, surpassing estimates of \$0.64. However, as the upbeat results were released after market closure, they did not help boost the stock or the bourse. On a positive note, the SET has experienced the four consecutive days of net purchases of Thai stocks by foreign investors. Their net buy yesterday amounted to Bt1,761.07mn, bringing the four-day net purchase to Bt6,237.98mn. The domestic bond market also saw strong buying pressure, with long-term government bond purchases reaching Bt10,910mn and short-term bond sales amounting to Bt971mn. This development resulted in the appreciation of the baht to Bt34.00 to the dollar, which could provide a boost to power plant stocks and those with substantial imports, such as electronics and mobile devices. The SET Index could also be supported by the 'Thailand Focus 2024' event, which started yesterday. Representatives of listed firms, including BCP, WHA, BH and GULF, took turns to show their visions at the event, along with the Bank of Thailand governor and the SET president. The event is likely to create investor confidence and support stocks in domestic plays. Tonight, attention will shift to the release of US GDP data for 2Q24 and PCE/Core PCE for Jul for indications of the US economy and future Fed policy.

Trading ideas: 1) 'Thailand Focus' event: BBIK, BCP, BH, DELTA, GULF, WHA and ADVANC, 2) Vayupak Fund-driven stocks: AP, ICHI and TU, 3) domestic plays: CPALL, BJC, MTC, KTC and TFG, 4) US interest rate-cutting cycle: BGRIM and GPSC and 5) selective plays: PRM and BDMS

Positive Factors

- The Governor of the Bank of Thailand delivered a keynote speech at the Thailand Focus 2024 event, stating that there are no signs of deflation. Only a few products have seen price reductions, and there has not been a widespread decrease. Moreover, consumers are not reducing their spending in anticipation of further price drops.
- The Minister of Transport announced plans to propose over 14 mega-projects at the new cabinet meeting, with a total value exceeding 798 billion baht.
- The Chairman of the Stock Exchange of Thailand revealed that they are studying the establishment of a Venture Capital, which may take the form of a fund or a holding company, to open up opportunities for retail investors to participate. It is anticipated that this will help increase liquidity in the market, with a conclusion of the study expected by 2024
- Ukraine's Volodymyr Zelenskiy said on Tuesday that the war with Russia would eventually end in dialogue, but that Kyiv had to be in a strong position and that he would present a plan to U.S. President Joe Biden and his two potential successors in U.N. general assembly, New York.

Negative Factors

- The Penn Wharton Budget Model revealed that the economic policies proposed by former President Donald Trump would result in an increase of \$5.8 trillion in the U.S. federal budget deficit over the next 10 years, which is nearly five times greater than the policies proposed by Vice President Kamala Harris, which would lead to only a \$1.2 trillion increase in the deficit.
- The flooding situation in the northern and central regions of Thailand, particularly in agricultural areas, is causing widespread damage, affecting the prices of fresh vegetables in the country, leading to price increases for certain items. This could potentially drive food price inflation in the near future.
- The inspector of the Government Housing Bank stated that the housing market continues to face pressures from several negative factors, such as high interest rates, slow economic recovery, and a household debt level exceeding 90% of GDP. However, the index of consumer confidence in purchasing housing in Bangkok and its vicinity slightly increased in the second quarter.

PICKS OF THE DAY

	Target
	53.00 / 55.00
	Support
BUY	
GULF	50.00

- External supporting factors
- Sentiment likely to get boosted by Thailand Focus

	Target
	8.40 / 8.60
	Support
BUY	
PRM	7.80

- Positive outlook in 2HFY24
- Potential upside

Strategy team

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