



1 August 2025

Sell-off risk despite 19% tariff deal

1,230–1,245

Downward bias: The SET index is expected to decline in today's trading session due to potential selling pressure after Thailand secured a deal with the US with a 19% tariff, as speculative buying had occurred before the announcement. In addition, the details of the deal remain unknown. Tonight, attention will turn to US labor data after the country's PCE came in above expectations, raising the prospect that the Fed will keep interest rates on hold.

- **Thailand secures 19% tariff:** The White House has announced reciprocal tariffs on goods imported from various countries. Thailand, Cambodia and Malaysia will face a 19% tariff, on par with the level imposed on the Philippines and Indonesia. However, details of the deals remain unknown. This duty level is similar to the anticipated range of 18-20%, while speculative buying of related stocks had happened before the tariff announcement. In addition, it remains unclear what Thai will have to concede in return for the deal. Meanwhile, Asian stock markets this morning opened in the red, and the SET index is likely to face profit-taking pressure before the full details of the agreement are revealed. In our view, fundamentally strong stocks, dividend plays and defensive stocks could be good choices for investment under the current conditions.
- **Higher-than-expected PCE; labor data in focus tonight:** US core PCE and PCE in Jun rose 2.8% y-y and 2.6%, respectively, exceeding market estimates of 2.7% and 2.5%, raising concerns about a potential acceleration in inflation. This aligns with the views of the Fed Chair, who said the tariffs may have begun to affect some goods, with the impact likely to become more evident in the second half of the year. In our view, traders will keep tabs on US nonfarm payrolls and average hourly earnings data, which will be released tonight, as these could indicate the impact of supply-side inflation driven by tariffs and demand-side inflation from a potential recovery in the labor market. If the labor market experiences a recovery, the Fed may consider keeping its interest rate unchanged. These figures are likely to shape investor expectations for the interest rate trajectory for the remainder of the year.
- **Factors to watch:** Multiple important economic indicators will be in focus next week. In the US, S&P Global Services and Composite PMI (Jul) and ISM Non-Manufacturing PMI (Jul) will take the center stage. In China, attention will shift to the Caixin Services PMI (Jul), Export-Import(Jul), and CPI and PPI(Jul). In the EU, the HCOB Eurozone Composite and Services PMI (Jul) will be closely monitored. In the UK, the BoE interest rate decision will be under close observation. In Thailand, focus will be on consumer confidence and CPI and Core CPI (Jul).

Trading ideas

- 1) **Speculations ahead of 2QFY25 earnings reports:** ADVANC, AP, GULF, TIDLOR and TOP
- 2) **Dividend stocks:** KKP, TISCO, SIRI, AP, SCB, WHA and LH
- 3) **Defensive plays:** TTW, PR9, BCH, BDMS and ADVANC
- 4) **Selective plays:** VAYU1, MINT, MTC and KTC

Picks of the day

<p>MINT</p>	Target	26.00 / 26.50
	Support	24.80
	BUY	

- 2QFY25 earnings expected to rise y-y and q-q
- Sales projected to improve q-q, supported by high-end housing segment

<p>LH</p>	Target	3.94 / 4.00
	Resistance	3.80
	BUY	

- 2QFY25 profit expected to grow y-y
- Positive short-term view

+ Additional Factors

- (+) The World Gold Council (WGC) reported that domestic demand for gold in Thailand remains strong, increasing by 11.6 tons (+25% year-on-year). It is expected that gold prices may move within a narrower range in the second half of 2025, which could make risk assets more attractive.
- (-) The Minister of Energy announced that he has discussed with the Electricity Generating Authority of Thailand to reduce electricity rates for the September-December period to help ease the burden on consumers. He confirmed that further reductions are possible, with rates expected to decrease to 3.95 baht per unit, which is negative for the energy sector stocks.
- (-) The Bank of Thailand (BOT) revealed that the Thai economy in June 2025 slowed down compared to the previous month, with exports and the manufacturing sector declining after earlier growth. Additionally, activities related to the tourism sector also decreased in both volume and revenue from international tourists.

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