MARKET MOVE

4 August 2025

Falling oil prices, US tariffs and weak US job data likely to weigh on SET

1,190-1,220

Downward trajectory: The SET index is expected to decline in today's trading session, pressured by tariff concerns. In addition, the weak US job data and OPEC+'s decision to hike production are anticipated to weigh on energy and oil refinery stocks.

Trading ideas

1) **Anti-commodity plays:** GPSC, BGRIM, TASCO and GULF
2) **Short-selling targets:** KCE, DELTA, CPN, PTTEP, PTT and SPRC
3) **Dividend stocks:** KKP, TISCO, SIRI, AP, SCB, WHA and LH
4) **Defensive plays:** TTW, BCH and BDMS
5) **Bets on 2QFY25 earnings results:** AP, TIDLOR, PR9 and ADVANC

Picks of the day

KCE	SHORT
Target	23.00 / 23.70
Resistance	25.00

- Sell-on-fact pressure
- 2Q earnings expected to weaken y-y and q-q

GPSC	BUY
Target	33.50 / 34.50
Support	31.75

- Upbeat outlook in 2HFY25
- Favorable external factors

- **Risk-off mode:** The US stock market sank on Fri, with the S&P 500, Dow Jones and Nasdaq falling by 1.6%, 1.23% and 1.96%, respectively. This reflects a risk-off sentiment among investors concerned about US tariffs on more than 70 countries. The US's key trade partners, such as Mexico and Canada, will be under close watch, as the two countries together accounted for 30% of US trade value in 2024. For Mexico, US President Donald Trump announced a 90-day extension before implementing a planned rise in tariffs on Mexican imports. For Canada, the US administration imposed a 35% tariff on Canadian imports, without offering a reprieve, saying it is one of the countries that support for Palestinian statehood. Meanwhile, US trade negotiations with China remain a market overhang. US Treasury Secretary Scott Bessent said the US-China deal is being hammered out, and the talks are in a favorable direction. Meanwhile, Friday's release of the US job data, which weakened, has raised expectations for interest rate cuts —from one to two (25 bps each) in the second half of this year. In the short run, it is likely that safe-haven assets, such as gold and US bonds, will be more attractive than risk assets.
- **Decision to increase output:** OPEC+ agreed on Sun to raise oil production by 547,000 per day for Sep to regain market share, as concerns mount over potential supply disruptions linked to Russia. A Reuters report indicated that another meeting will be held on Sep 7 to decide whether the bloc will reaffirm the commitment. The decision has weighed on crude oil, with WTI crude falling by US$3.00, or 4.34%, to $66.00 per barrel, which could dampen investor sentiment in energy and refinery stocks. This in turn could be a boon for anti-commodity stocks.
- **Factors to watch:** Several key economic indicators will be closely monitored this week. In the US, attention will turn to ISM Non-Manufacturing PMI for Jul. In China, focus will be on Caixin Services PMI for Jul, import and export data for Jul, as well as CPI and PPI for Jul. In the UK, the BoE's decision on interest rates will be closely monitored. For Thailand, attention will turn to consumer confidence and CPI and Core CPI for Jul.

+ Additional Factors -

(+) The Tourism Authority of Thailand (TAT) announced that from January to June 2025, the total number of domestic tourists exceeded 100.23 million trips, representing a 2.49% year-on-year growth. It is expected that the holidays in August will boost tourism activity further.

(-) The Deputy Chair of the Employer Organization Council views the 19% tax deal between Thailand and the United States as the first critical point, and advises to monitor this tax negotiation closely, as the details of products with reduced tariffs to 0% are highly significant for international trade.

(-) Bloomberg Economics revealed that Trump's new import tax measures are at the highest level since World War II, which will put pressure on the US economic growth and also stimulate inflation.

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