

5 September 2024

Promising signs for both internal and external factors

Market Outlook

>> 1360 – 1375 <<

The Thai stock market looks poised for a gradual increase today, boosted by favorable internal factors and easing downward pressure from external elements. Domestically, the new cabinet, led by Prime Minister Paetongtarn Shinawatra, has been established following yesterday's royal endorsement. The new cabinet will swear an oath of office before His Majesty the King on Sep 6, followed by an extraordinary meeting the next day to discuss policies to be announced in parliament on Sep 16. The first official cabinet meeting is scheduled for Sep 17, during which 5-6 urgent policies, including the digital wallet handout scheme, are expected to be considered, according to the prime minister. It is important for the cabinet to approve the budget allocation of Bt122bn by Sep before the 2024 fiscal year ends on Sep 30. In addition, the bourse is anticipated to receive a boost from an updated version of the Vayupak Fund, restructuring of household and business debts, as well as investments in double-track rail projects, all of which are set to be considered by the cabinet by this month. These developments are expected to support commerce, construction, banking, finance and tourism stocks. Regarding external factors, negative sentiment is likely to ease after the US data showed that industrial orders in Jul rose by 5% m-m, exceeding the estimated growth of 4.7% m-m and marking the biggest m-m expansion in almost four years. This figure helps alleviate concerns about a potential US economic recession. Today, attention will turn to Thailand's inflation data for Aug, with Headline CPI and Core CPI expected to grow 0.4% y-y and 0.55% y-y, respectively. Headline CPI is likely to soften from 0.83% y-y growth in Jul, while Core CPI is estimated to improve from 0.52% y-y growth in Jul. This reflects a slowdown in energy and food prices, while other products continue to see rising prices. Tonight, focus will shift to the ISM Non-Manufacturing PMI and ADP Nonfarm Employment Change data in the US for Aug for further indications of the health of the US economy.

Trading ideas: 1) State budget and policy: BE8, BJC, CPALL, CPAXT, CRC, HMPRO, KBANK, KTB, KTC, SAWAD, AOT and AAV, 2) Vayupak fund boost: ADVANC, CPF, CENTEL, BCP and AMATA and 3) anti-commodity plays: BGRIM, GPSC, GUNKUL, TASCO and SCGP

Positive Factors

- The Joint Standing Committee on Commerce, Industry, and Banking (JSCCIB) has revised its export forecast for the entire year to grow by 1.5-2.5% from the previous estimate of 0.8-1.5% following Thailand's exports in July, which grew by 15.2% due to the boost from the global electronics cycle. However, this growth is still concentrated mainly in the electronics sector and is not broad-based.
- MOODY'S Ratings upgraded its outlook on global reinsurers to positive from stable owing to reinsurers' higher prices and more restrictive policies, along with healthy investment income, the ratings agency said in a statement.
- The Ministry of Commerce has revealed that Thailand's inflation rate during the past six months of 2024 is the second lowest, following Brunei.
- BDMS partners with Russia's leading healthcare group, MEDSI Group, signing an agreement to expand cooperation in medical services, marketing, healthcare, and tourism.

Negative Factors

- Goldman Sachs predicts that artificial intelligence (AI) may impact oil prices over the next 10 years, as the technology will help improve logistics processes, leading to the discovery of larger quantities of resources. This will result in lower production costs and increased supply, which is negative for upstream energy stocks.
- The Joint Standing Committee on Commerce, Industry, and Banking (JSCCIB) estimates that the value of damages from flooding in the northern and upper central regions this year will be about 6-8 billion baht, or 0.03-0.04% of GDP.
- Rising inflation and the impact of the war in Ukraine have forced companies across Europe to halt hiring or reduce their workforce. Since the beginning of April 2024
- A vast majority of global banks now expect China's economy to grow less than 5% this year, with Bank of America Corp. the latest to slash its forecast, joining the likes of Goldman Sachs Group Inc. and JPMorgan Chase & Co.

PICKS OF THE DAY

	Target
	2.50 / 2.60
	Support
GUNKUL	2.30

- Head up for goals
- Long-term boost from clean energy business

	Target
	44.00 / 45.00
	Support
KTC	41.00

- Higher card spending for KTC than industry average
- Digital wallet boost

Strategy team

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