

6 September 2024

Long-awaited rosy roads

## Market Outlook

>> 1395 – 1425 <<

The Thai stock market looks poised to extend its gains today, supported by positive domestic factors. First, the market is expected to receive a boost from a push for policies by the new government, with policy statements rescheduled to be delivered to the parliament on Sep 12-13, earlier than the previous schedule of Sep 16-17. According to the deputy prime minister, the rescheduling makes it more likely for the digital wallet handout scheme to be implemented by Sep, which could potentially benefit stocks in the commerce, tourism, banking and finance sectors. Second, the bourse could also be supported by the planned implementation of Vayupak Fund 1 (Kor type), with a fundraising target of 100bn-150bn. The fund is set to be offered to the public from Sep 16-20, with allotments to be announced on Sep 23. Investment units will be available for trading in the stock market on Oct 10. Third, the SET Index turnover yesterday reached Bt81,764.85mn – the highest level since Aug 31 – mainly supported by foreign investors, who were net buyers of more than Bt7,484.60mn. Foreign investors were the main drivers of large-cap stocks. Despite positive domestic sentiment, the bourse could face downward pressure from external factors. The ADP National Employment Report on Thu showed that private payrolls in the US increased by 99,000 jobs in Aug, slower than the estimated rise of 144,000 jobs. Initial claims for state employment benefits dropped to 227,000 for the week ended Aug 31, lower than expected. These figures may result in investors holding back on increasing their positions, as they could await more US labor data tonight, including average hourly earnings, nonfarm payrolls and the unemployment rate for Aug. If the figures suggest a softer labor market, the Fed may pursue a 50bps rate cut in its Sep meeting. Next week, attention will turn to the Thai government's policy statement at the parliament, the US inflation data, the US presidential debate between former President Donald Trump and Vice President Kamala Harris, the ECB meeting and China's export data.

**Trading ideas:** 1) State budget and policy: CK, STEC, BJC, CPALL, CPAXT, CRC, HMPRO, KBANK, KTB, KTC, SAWAD, AOT and AAV, 2) Vayupak fund-boosted stocks: ADVANC, CPF, CENTEL, BCP, AMATA and THCOM and 3) selective plays: GPSC, GUNKUL, TASCO and SCGP

### Positive Factors

- The Director-General of the Department of Foreign Trade revealed that the trade numbers for cross-border and transit trade in July 2024 amounted to 158,101 million baht, expanding by 21.7% year-on-year. The total trade value for the first seven months of 2024 is 1,070,384 million baht (+5.9% year-on-year).
- The Deputy Minister of Finance indicated that the public consultation on the draft Entertainment Complex Act received approval from as much as 80% of participants. The next step will involve further public consultations.
- The Deputy Prime Minister announced readiness to consider tax measures to assist private sectors affected by the increase in the minimum wage to 400 baht.
- The People's Bank of China stated that there is still room for reducing the reserve requirement ratio (RRR) that banks must maintain, from the current level of 7%, while the central bank will continue to implement policies to support economic recovery.

### Negative Factors

- The Chinese Ministry of Commerce has urged the United States to immediately lift all import tariffs on goods from China, having submitted serious complaints regarding Section 301 tariffs to the U.S. multiple times.
- Milieu Insight revealed that the majority of people in ASEAN prefer saving money over investing, due to low financial literacy and limited income, which restricts their access to investment opportunities, resulting in a smaller population with financial freedom.
- The Governor of Bangkok announced that 16 communities outside the flood barriers in Bangkok have a chance of facing water mass from the northern region, potentially affecting over a hundred households.
- Goldman Sachs forecasts that the corporate tax hike proposal by Harris could lead to about a 5% decrease in earnings for companies in the S&P 500 index compared to current profits

## PICKS OF THE DAY

|  |               |
|--|---------------|
|  | Target        |
|  | 20.50 / 21.00 |
|  | Support       |
| BUY  | 19.00         |

- High season in 3Q24
- Accelerated efforts to boost state projects

|  |                 |
|--|-----------------|
|  | Target          |
|  | 150.00 / 155.00 |
|  | Support         |
| BUY  | 142.00 / 145.00 |

- Beneficiary of state projects
- Leader in SME loans

#### Strategy team

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