

9 September 2024

Upbeat momentum from domestic factors

## Market Outlook

>> 1420 – 1450 <<

The Thai stock market appears poised to extend its gains in today's trading session, driven by positive domestic factors. First, an extraordinary cabinet meeting was held on Sat to discuss various projects included in the policy statement to be delivered to parliament on Sep 12-13. The approved short-term projects include debt restructuring, SME assistance, energy price reductions and a digital wallet scheme, along with initiatives to combat narcotic drugs and online crimes as well as policies aimed at improving welfare for vulnerable people. These projects are likely to boost stocks in the commerce, finance and banking sectors. Several long-term projects are also included in the policy statement. Infrastructure proposals from the transport ministry include the second phase of the double-track railway project, which covers seven rail routes in provinces, as well as the Land Bridge project. These projects are expected to benefit stocks in the construction services, construction materials, transport, real estate and tourism sectors. Second, there is growing optimism for the Vayupak fund to boost the stock market. According to the fund's prospectus, it guarantees an annual minimum return of 3% over a 10-year term, with a maximum annual return capped at 9%. The fund will invest in SET100 stocks with an ESG score of at least 'A' and non-SET100 stocks with a minimum rating of 'AA'. Details of the fund will be announced at a press conference today. The fund is expected to boost mid- and large-cap stocks. However, the Thai stock market could face downward pressure from external factors. First, US nonfarm payrolls increased by 142,000 jobs in Aug, falling short of estimates and marking the lowest growth since Jan 2021. This rekindles concerns about the US economic recovery. Additionally, attention will turn to tomorrow morning's US presidential debate between Vice President Kamala Harris and former President Donald Trump. This week, market focus will be on several economic data releases, including China's import and export figures in Aug; the UK's Jul GDP; and the US PPI, Core PPI, CPI and Core CPI for Aug. Later in the week, the ECB meeting will be on tap.

**Trading ideas:** 1) State budget and policy: BJC, CPALL, CPAXT, CRC, HMPRO, KBANK, KTB, KTC, SAWAD, AOT, AAV, MINT and ERW, 2) Vayupak fund-boosted stocks: ADVANC, CPF, CENTEL, BCP and AMATA and 3) selective plays: GPSC, GUNKUL, SCC, SPALI and AP

## Positive Factors

- The Revenue Department is moving forward to enhance tax collection from online platforms and large multinational businesses, expecting to start collecting in March 2025, with a tax rate of 15% for multinational companies.
- The Ministry of Finance estimates that the Thai economy in 2024 will grow by approximately 2.7-3.0%, with funds flowing into the economy in the second half of the year from various sources such as the Vayupak Fund, the Thai ESG Fund, and the digital money project.
- Goldman Sachs has revised its target for the SET Index in the next 12 months from 1,450 points to 1,550 points, referencing a Forward P/E of 16 times. This adjustment is supported by the influx of funds from the Vayuphak fund, which is expected to increase market liquidity and attract foreign investments.
- UPM reports that the real estate situation in the EEC area continues to grow, particularly in the hotel and apartment business, noting that current accommodations still meet only 70-80% of guest demand.

## Negative Factors

- The European Union revealed that August 2024 was the hottest August on record, matching August 2023, with an average surface air temperature of 16.82°C, which is 0.71°C higher than the August average from 1991 to 2020.
- Benchmark Mineral Intelligence reported that 19 large-scale battery factory projects in China were either cancelled or postponed in the first seven months of this year, due to a slowdown in global EV sales.
- Toyota plans to delay its electric vehicle production, adjusting its global sales forecast for 2026 down to 1 million units, approximately 30% lower than its previous projection.

## PICKS OF THE DAY

	Target
	35.00 / 36.00
	Support
	32.00
	<b>CRC</b>

- Stronger baht boosts import
- Increase in tourist numbers

	Target
	18.80 / 19.50
	Support
	17.50
	<b>SPALI</b>

- Promising outlook in 3QFY24
- Relatively low share prices

### Strategy team

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