

10 September 2024

Big spending on horizon

Market Outlook

>> 1425 – 1445 <<

The SET Index is likely to extend its gains in today's trading session, mainly driven by government policies, the passage of the 2025 fiscal budget bill and growing confidence in the country's economy and political stability. The bourse could be supported by yesterday's passage of the 2025 fiscal budget bill by the Senate, as the legislation is the key to moving the government's public policy forward. Additionally, yesterday's press conference on the details of the Vayupak Fund is likely to enhance speculative buying of stocks that fall into the target criteria set by the fund, including SET100 stocks with an ESG rating of at least 'A' and non-SET100 stocks with a minimum rating of 'AA'. A fresh inflow of Bt100-150bn into the fund is anticipated from the fundraising, scheduled to take place on Oct 1, 2024. Furthermore, fund-targeted stocks associated with spending and related sectors are expected to fare better, following comments by the deputy prime minister and the defense minister that the digital wallet scheme could be forwarded to the cabinet meeting on Sep 17 for approval. The handout would be made by the end of Sep at the earliest, with the first-phase distribution of Bt140bn through cash and money transfers to the bank accounts of state-welfare cardholders and the disabled, potentially boosting spending. In the second phase, the handout could be made in two rounds. If the related system is not completed in time, the cash handout of Bt5,000 each could be made by 2024 and another Bt5,000 would be paid through the digital wallet by 2025. Moreover, the bourse could be boosted by increasing confidence among foreign investors in Thailand's economy and political stability, reflected by their net buy of Thai stocks over the past three trading days. Today, it is important to monitor China's trade data in Aug. Exports and imports are expected to expand 6.5% y-y and 2% y-y, respectively, compared with the previous month's growth of 7% y-y and 7.2% y-y, respectively. Tomorrow, at about 8 am Thai time, attention will turn to the US presidential debate between Vice President Kamala Harris and former President Donald Trump.

Trading ideas: 1) Vayupak fund-boosted stocks: AP, BBL, BDMS, CK, CPALL, FTREIT, GULF, KTB, LH, LHHOTEL, PRM, SC, SIRI, TISCO, TTB, TTW, TU, WHA and WHAUP and 2) fiscal budget and state policy: KK, PYLON, ROJNA, SEAFCO, STEC and TNP

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
	9.60 / 10.00
	Support
AP	9.00

- Target of Vayupak Fund
- Strong foundation

	Target
	68.00 / 70.00
	Support
CPALL	64.00 / 65.00

- Vayupak's investment likely to include CPALL
- Digital wallet approaching

Strategy team

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