

11 September 2024

Growing concerns over Chinese economy, domestic politics fuel hope

## Market Outlook

>> 1420 – 1435 <<

The SET Index is likely to fluctuate within a certain range in today's trading session, amid a downward pressure from tumbling oil prices due to growing concerns about the Chinese economy. However, the downside risks could be limited due to high hopes for domestic political stability and incoming government policies. On Tue, WTI crude oil sank 4.3% to settle at US\$65.75 per barrel, marking the lowest level since Dec 2021, following OPEC's decision to lower its forecasts for global oil demand growth in 2024 and 2025. OPEC has now expected world oil demand to rise by 2.03mn barrels per day (bpd), down from the growth of 2.11mn bpd expected last month. The global oil demand for 2025 is projected to increase by 1.74mn bpd, down from the previous estimate of 1.78mn bpd. These revisions came amid growing concerns about oil demand from China, where economic data for Aug, released early this week, shows signs of subdued domestic consumption. China's CPI grew less than expected, while the PPI shrank for the 23rd consecutive month, and imports saw a significant slowdown. These factors could subsequently hinder the SET Index's sentiment, particularly energy stocks. Nevertheless, the downside is likely to be cushioned by progress in Thailand's political situation, with the new government under Prime Minister Paetongtarn Shinawatra set to deliver its policy statement in parliament on Sep 12-13, 2024. Focus will be on details of important policies, particularly the digital wallet handout scheme. Additionally, the bourse's sentiment could be lifted by growing confidence among foreign investors in Thailand's political stability and economy, as reflected in their net buy of Thai stocks over the past four trading days. For the remaining four months of this year, there is expectation of continued fund inflows into the Thai stock market. This morning, attention will turn to the presidential debate between Republican Donald Trump and Democratic Vice President Kamala Harris, which could trigger fluctuations in foreign exchange markets. The release of US CPI data for Aug is to be on tap tonight. Headline CPI is expected to rise by 2.6% y-y and 0.2% m-m, compared with the previous month's growth of 2.9% y-y and 0.2% m-m. Core CPI is estimated to grow 3.2% y-y and 0.2% m-m, on par with the previous month's figures.

**Trading ideas:** 1) Vayupak fund boost: AP, BBL, BDMS, CPALL, FTREIT, GULF, ICHI, LHHOTEL and TTB, 2) state budget and government policy: CK, KK and STEC, 3) relocation of production bases: AMATA, ROJNA and WHA, 4) tourism-linked stocks: AAV and BA and 5) anti-commodity plays

### Positive Factors

- The University of the Thai Chamber of Commerce estimates that the distribution of 10,000 baht in cash under the digital wallet scheme, which will first be provided to vulnerable groups this September, will help stimulate GDP in the fourth quarter by around 3.5-4%. Overall, it is expected to boost the GDP for the entire year by an additional 0.2-0.3%, raising it to 2.7-2.8%, compared to the previous forecast of 2.5% for Thailand's economic growth in 2024.
- The Ministry of Tourism and Sports revealed that from January 1 to September 8, 2024, Thailand had welcomed a total of 24 million international tourists, generating approximately 1.14 trillion baht in revenue from their spending.
- DEPA, in collaboration with the IMC Institute, revealed the 2023 survey results and assessment of the digital industry. It showed a growth of 3.88%, with a total value exceeding 2.024 trillion baht. The software industry exhibited the highest growth, while the three-year forecast predicts continuous expansion across all sectors.
- The BOI reports the success of the 3rd SUBCON Thailand: The East 2024 event, which facilitated 669 business matchings and generated over 2.8 billion baht in parts sales.

### Negative Factors

- The University of the Thai Chamber of Commerce revealed the 2024 household debt survey, showing that Thai households have an average debt of 606,378 baht per household, an 8.4% increase from the previous year and the highest recorded in 15 years since 2009. Of this, 69.9% is formal debt, while 30.1% is informal debt.
- KResearch revealed that housing prices in Bangkok are 21 times higher than the average household income. Meanwhile, the high development costs are driving up new housing prices across all areas in Thailand, while income growth lags behind. From 2018 to 2024, new housing prices nationwide have increased by an average of 9.1% per year, whereas average wages have only risen by 1.2% per year.
- Credit losses are rising as US consumers shift spending to basic needs and away from purchases that aren't vital, according to Citigroup Inc. Chief Financial Officer Mark Mason. He said that, on a full-year basis, net credit losses look to be about 3.5% to 4% in the company's branded cards business and 5.75% to 6.25% in retail services.

## PICKS OF THE DAY

	Target
	26.00 / 27.00
	Support
BUY	24.50
<b>AMATA</b>	

- Anticipated y-y presale growth this year
- Most transfers likely to happen in 2H24

	Target
	2.70 / 2.80
	Support
BUY	2.50
<b>AAV</b>	

- Anticipated upbeat earnings results and strong FX gain in 3Q24
- Highest season of year in 4Q24

#### Strategy team

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