

12 September 2024

Recovery in sight, driven by incoming measures

## Market Outlook

>> 1410 – 1435 <<

The Thai stock market looks poised to bounce back in today's trading session, supported by the government's policy statement to be delivered in the parliament and other external factors. First, Wall Street rebounded, along with a recovery in technology stocks, following comments by chipmaker Nvidia CEO Jensen Huang that demand remains strong for the company's components, technology, infrastructure and software. This is also expected to boost the sentiment of Thai electronics stocks. Second, the government is slated to announce its policies in parliament today, with a focus on 10 urgent measures meant to shore up the economy, including the digital wallet handout scheme, debt restructuring, credit access for SMEs, the reduction of energy and utility costs, tourism promotion and the improvement of social welfares and capability. These policies are expected to benefit stocks in the commerce, tourism, transport, finance and banking sectors. Attention will also be paid to mid- and long-term policies, such as the Land Bridge, double-track rail projects, soft power and EV promotion, all of which are expected to benefit stocks in the construction, real estate, materials and power plant sectors. On a negative note, China's sluggish economic recovery continues to pressure the global economy. In addition, the US Core CPI for Aug grew by 0.3% m-m, accelerating from 0.2% in the previous month. The CPI rose by 0.2% m-m and 2.5% y-y in Aug, as estimated. The y-y growth in Aug softened from the previous month's 2.9%, while the m-m increase remained in line with the previous month's level. This shows a slow deceleration of inflation. For the Fed meeting on Sep 17-18, the central bank is expected to lower its policy interest rate by 25 bps. Tonight, focus will shift to the ECB meeting, which is expected to trim its policy interest rate by 25 bps, following increasingly dovish remarks by most committee members. The US PPI data for Aug, which is projected to soften, will also be on tap.

**Trading ideas:** 1) Government policy and Vayupak Fund: AP, BBL, BDMS, CPALL, FTREIT, GULF, ICHI, LHHOTEL, TTB, CK, KK, STEC, AAV, BA and AOT, 2) relocation of production bases: AMATA, ROJNA and WHA and 3) stronger baht: BGRIM, GPSC, CRC, COM7, ADVICE and SYNEX

### Positive Factors

- The Minister of Industry is preparing to establish an industrial reform fund to assist small and medium-sized enterprises (SMEs).
- The Director-General of the Department of Fisheries revealed that adding three more items to the blacklist, namely fish meal, fish oil, and animal feed, has not affected Thai exports to the United States, as there were no exports of fish meal and fish oil to the U.S. from 2020 to 2023. For shrimp feed, only 48 to 153 tons were exported annually during that period.
- The Tourism Authority of Thailand (TAT) is launching a major event throughout September called "Thai Charm Festival 5 Regions" to stimulate tourism in Nakhon Si Thammarat, Chiang Mai, Chonburi, Kancharaburi, and Khon Kaen, expecting to generate 800 million baht in revenue.
- The Minister of Energy is considering lifting the ban on self-use solar rooftop installations to reduce household electricity costs and pushing for a Cost Plus system in the oil market to lower energy costs in the industrial sector, as well as to attract foreign investment.

### Negative Factors

- The U.S. House of Representatives passed a bill that could lead to the closure of the Hong Kong Economic and Trade Office (HKETO) in the U.S., which has greatly displeased the Hong Kong government.
- China reported that car sales in China, including exports, fell by 5% in August, marking a decline for three consecutive months, reflecting weak purchasing power.
- CNBC stated that Chinese consumers are increasingly cutting back on spending across the board, from groceries to travel, as China continues to face a prolonged real estate crisis and high unemployment rates.
- Four leading real estate companies have admitted to adjusting their business plans for 2024 after the economy has stagnated and purchasing power has declined, as reflected in their first-half performance not meeting targets. This has led them to reduce plans for new project launches, expedite the sale of existing inventory, and divest assets to generate revenue.

## PICKS OF THE DAY

	Target
	49.00 / 50.00
	Support
	45.00 / 46.00
<b>GPSC</b>	

- Supportive factors
- Solar project boost

	Target
	13.80 / 14.50
	Support
	13.00
<b>LHHOTEL</b>	

- New asset boost
- Largest hotel trust in Thailand

#### Strategy team

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