

20 September 2024

Positive outlook driven by internal and external factors

Market Outlook

>> 1450 - 1465 <<

The Thai stock market is expected to extend its gains in today's trading session, buoyed by both internal and external factors. On the external front, data shows initial jobless claims in the US slid to 219,000 from the previous week's level of 231,000, falling short of the estimated 230,000. This appears to reflect a 'soft landing' for the US economy, reinforcing the Fed's success in managing both employment and inflation. Wall Street responded positively to this favorable development. On Thu, Dow Jones, Nasdaq and S&P 500 surged by 1.26%, 1.7% and 2.51%, respectively, a boon for sentiment in Asian and Thai stock markets. Additionally, WTI crude oil rose to US\$71 per barrel on Thu, as Citi analysts predict an oil market deficit of over 0.4mn barrels per day in 4Q24, due to expected supply shortages from OPEC+ and Libya. This could provide a lift to upstream energy stocks. For domestic factors, the government's economic stimulus policy board is scheduled to convene for the first time next week, which could bring updates on the second phase of the digital wallet scheme. Hopes are also on the revival of the 'We Travel Together' and 'Half-Half Co-payment' schemes, with details expected within the next two weeks. These programs should give a boost to stocks in the tourism sector. On a negative note, concerns about the Chinese economic recovery could continue to exert pressure on Asian stock markets. China appears to be reducing imports while focusing more on exports to offset weak domestic consumption, heaping more pressure on its export-driven counterparts, including Thailand, which exports a lot to China. Next week, US economic data will be under close watch, including manufacturing and service PMIs for Sep, GDP for 2Q24, durable goods orders for Aug and PCE inflation for Aug.

Trading ideas: 1) Vayupak Fund-driven stocks: AP, SCB, BDMS, CPALL, LHHOTEL and TISCO, 2) state budget and policies: AEONTS, CK, KTB, KTC, SAWAD, TIDLOR and WHA, 3) Global interest rate-cutting cycle: GPSC, GUNKUL and SPALI and 4) tourism stocks: AOT, AAV, BA, CENTEL, ERW and MINT

Positive Factors

- The Minister of Commerce signed an important trade MOU between 'Thailand and the United Kingdom,' upgrading their partnership in 20 industrial sectors, with ongoing negotiations to establish a joint FTA.
- Ms. Paetongtarn Shinawatra, the Prime Minister, signed an order to appoint a policy committee for economic stimulus projects aimed at restoring confidence and boosting spending. The committee will consider the government's key economic stimulus projects, with the first meeting expected next week.
- Some 629.56 million passenger trips were handled by China's transportation sectors during the three-day holiday for the Mid-Autumn Festival, up 31.1% y-y, data from the Ministry of Transport showed.
- Brent crude oil prices may be supported in the near term by demand potentially exceeding supply in Q4, according to analysts from Citi. They believe that OPEC and its allies will delay the start of voluntary oil production cuts, along with the ongoing supply disruptions in Libya. This is expected to result in a market deficit of approximately 0.4 million barrels per day in Q4.

Negative Factors

- Credit bureau data for 7 months reveals that, under the household debt of 13.6 trillion baht, non-performing loans continue to rise, approaching 12 trillion baht. Meanwhile, SM (Special Mention) loans, overdue by no more than 90 days, surged by 170 billion baht, reaching 670 billion baht in July.
- The President of the Condominium Association sees the overall real estate market in Q3 2024 as not yet recovering. The rapid strengthening of the Thai baht may cause some foreign customers to delay transfers, with a recovery expected in Q4 2024.
- New car sales in the European Union fell 18.3% in August to their lowest in three years, dragged down by double-digit losses in major markets Germany, France and Italy and sliding electric vehicle (EV) sales, auto industry body data showed.
- The Swine Raisers Association of Thailand requests the Ministry of Commerce to reconsider the prices of animal feed raw materials, as the price of Thai pork is relatively high, leading to a loss of competitiveness, with most costs stemming from animal feed.

PICKS OF THE DAY

	Target
	49.00 / 50.00
	Support
	45.00

- Speculation amid interest rate-cutting cycle
- Spending season

	Target
	49.00 / 50.00
	Support
	45.00

- Positive sentiment from interest rate cut
- Solar farm project moving forward

Strategy team

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