

23 September 2024

Further gains in sight

Market Outlook

>> 1445 - 1465 <<

The Thai stock market looks poised to fluctuate with an upward bias in today's trading session, supported by positive domestic factors, while monitoring is needed for additional favorable factors that could emerge during the day. Any new positive domestic developments could provide a lift to stocks linked to domestic consumption. One key supportive factor pertains to hopes for the Vayupak Fund's injection into the stock market. The fund's units have been fully subscribed, with the results of the subscription process set to be announced on Sep 25 and the return of money for unsubscribed units scheduled for Oct 8. Institutional investors can subscribe from Sep 25-27, and given the scheduled timeline, the fund is scheduled to start investing in the SET on Oct 1, which could benefit stocks targeted by the fund. Another factor is the government's economic policy developments expected this week, during which the cabinet and an economic steering committee are scheduled to convene to push various economic policies forward. These policies include the second phase of the digital wallet handout scheme, following the approval of the first phase, with a money handout targeting 14.5mn vulnerable people slated for Sep 25. This stimulus is anticipated to boost commerce stocks. There are other infrastructure projects in the pipeline, including dry port developments in Ayutthaya and Saraburi, the extension of the Red electric rail line, the construction of Motorway No. 5 and No. 9 and a double-deck expressway. The development of these projects could benefit construction service stocks. Today, attention should turn to foreign economic data, including the Sep manufacturing and service PMIs from the euro zone and the US. If the manufacturing PMIs approach 50, this could signal a recovery in the manufacturing sector in the advanced countries. Later this week, focus will shift to 2Q24 GDP, PCE and Core CPE data in the US for Aug, as well as Thailand's import and export figures for Aug.

Trading ideas: 1) Vayupak Fund-driven stocks: AP, SCB, BDMS, BJC, LHHOTEL, TISCO, ADVANC and GULF, 2) state budget and policies: AEONTS, CK, KTB, KTC, SAWAD, TIDLOR, WHA and CRC and 3) Global interest rate-cutting cycle and stronger baht: GPSC, GUNKUL, DELTA, KCE, AAV, COM7 and CPW

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.
- The University of the Thai Chamber of Commerce supports adjusting the minimum wage to a single rate of 400 baht nationwide in order to reduce the migration of Thai workers and increase spending power, which will help boost the country's GDP to over 7.5-7.6 trillion baht per year.

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



BUY	Target
	35.00 / 36.00
	Support
	32.00

CRC

- Looking ahead to Q4
- Opening of new GO! Ha Nam mall in Vietnam



BUY	Target
	110.00 / 115.00
	Support
	104.00

DELTA

- Interest rate-cutting cycle
- DELTA outperforms others

Strategy team

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