

1 October 2024

Domestic and external factors give boost

Market Outlook

>> 1,445 – 1,460 <<

The Thai stock market appears poised for gains in today's trading session, driven by several favorable factors, including positive economic signs from the US and China, China's Golden Week holiday, Google's announced investment of Bt36bn in Thailand and the Vayupak Fund 1's (VAYU 1) purchases of shares on the SET, starting Oct. Starting with the US, Federal Reserve Chair Jerome Powell indicated that if the economy performs as expected, there would be two more rate cuts this year, with each cut being 25 bps. He added that the Fed is not in a hurry to cut rates quickly after new economic data has given the central bank confidence that the economy and consumer spending will grow steadily. This could reinforce the interest rate reduction cycle and the prospect of a 'soft landing' for the US economy. Additionally, the SET Index's sentiment could be lifted by hopes of a Chinese economic recovery after six major commercial banks announced plans to adjust mortgage rates for existing home loans, in line with the People's Bank of China's policies to stabilize the property market. Stocks linked to tourism and related industries could be supported by the Golden Week holiday, spanning Oct 1-7. The Tourism Authority of Thailand forecasts 132,000-183,000 Chinese arrivals during the period, a surge of 57%-144% y-y, potentially generating Bt3.71bn-5.18bn in revenue, up 58%-121% y-y. Moreover, stocks related to data centers and associated industries are likely to be driven by Google's announcement of its Bt36bn investment plan in Thailand, targeting cloud and data center infrastructure in Bangkok and Chon Buri. The investment is projected to create 14,000 jobs and add Bt140bn to the country's economy by 2029. Finally, the SET Index could be boosted by the investment in Thai stocks by VAYU 1, starting this month. Today, it is important to monitor the cabinet meeting, where the deputy prime minister, who is also a defense minister, is set to propose relief measures for people affected by flooding. Furthermore, updates on economic measures and additional infrastructure should be under close watch.

Trading ideas: 1) Travel stocks: AAV, AOT, BA, CENTEL and CPN, 2) data center-linked stocks: ADVANC, BGRIM, GPSC, GULF, INET, TRUE and WHA, 3) global interest rate-cutting cycle: AEONTS, KKP, KTC, SAWAD and SICT, 4) Vayupak Fund-driven stocks: AP, KBANK, SABINA, SC and TTB and 5) hopes for Chinese economic recovery: PSL and RCL

Positive Factors

- The Minister of Tourism and Sports revealed that promoting Thailand as a shopping destination is currently considering ways to facilitate foreign tourists in requesting a VAT refund. Initially, they might use the Japanese model where tourists can apply for the tax refund directly at the store or point of sale.
- The Director-General of the Department of Business Development disclosed that the number of new business registrations in August 2024 was 7,599, an increase of 175 (+2.36% year-on-year), but the registered capital was only 17.64 million baht, a decrease of 29.13% year-on-year.
- Major Thai capital remains unfazed by the sluggish economy and moves forward with mega mixed-use projects nationwide to accommodate urban expansion. "Central Pattana-AWC" highlighted an investment trend over the next five years that will inject over 250 billion baht to accelerate the establishment of "new commercial areas" anchored in Bangkok, a tourist city, to fend off competitors.
- Prime Minister Phaethongthar's office welcomed discussions about Google's plans to invest in Thailand worth over 100 billion baht.

Negative Factors

- The Chairman of the Thai Chamber of Commerce revealed that the current flooding situation has caused economic damage of over 29.84 billion baht, or 0.17% of GDP, and will affect agricultural areas of over 1.16 million rai.
- The Bank of Thailand reported that the economic condition in August 2024 remained stable after the tourism sector slowed down due to decreased revenue and a reduction in the number of foreign tourists, while private sector investment declined due to a contraction in investment in machinery and equipment, as well as high inventory levels in several categories.
- Reuters reported that the President of the United States approved a military aid budget for Taiwan worth 567 million USD and instructed the Secretary of State to expedite military assistance to Taiwan.

PICKS OF THE DAY

	Target
	5.70 / 5.85
	Support
SICT	5.40

- Animal ID set to boost SICT's revenue
- New USDA rules present opportunity

	Target
	154.00 / 158.00
	Support
KBANK	147.00

- Fund-targeted bank
- Leading credit provider for SMEs

Strategy team

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