

9 October 2024

Easing concerns and rising hope

## Market Outlook

1,445–1,465

The Thai stock market looks poised to fluctuate with an upward bias, buoyed by easing concerns about energy prices and optimism surrounding government policies and the Thai economy, including the impact of Vayupak Fund 1 (VAYU1). However, the upside could be limited by potential declines in energy stocks and fund outflows. On a positive note, concerns over supply-side inflation appear to ease following a 4.6% decline in WTI crude oil to US\$73.57 per barrel on Tue, amid reports that Israel and Lebanon's Hezbollah could reach a ceasefire deal. In addition, crude oil inventories in the US rose by 10.9mn barrels for the week ending Oct 4, reversing a decline of 1.46mn barrels reported in the previous week, according to API data, which could exert downward pressure on global oil prices. Furthermore, the SET Index could receive support from optimism surrounding government measures, economic recovery and a tourism boost, as the government is preparing for short-term economic stimulus measures over a period of six months, according to the deputy finance minister. Moreover, the World Bank has maintained its forecast for Thai economic growth at 2.4% in 2024, accelerating from 1.9% the previous year, while further growth is expected in 2H24 on the back of expedited budget disbursements, exports, tourism and private consumption, which remain key drivers of the economy. Another supportive factor is stock investments by VAYU1, aligning with institutional investors' net purchases of Thai stocks, totaling billions of baht each day over the past six trading days in Oct. On the negative side, energy stocks could face pressure from dwindling oil prices. The SET Index has also been hit by fund outflows, aligning with foreign investors being net sellers of Thai stocks over the past 10 trading days. In addition, investors may delay their investments ahead of today's release of the minutes from the US's Federal Open Market Committee (FOMC) meeting held on Sep 17-18, which could provide signals regarding the direction of the Fed interest rate policy.

**Trading ideas:** 1) 3QFY24 earnings results: BEM, CK, DELTA, HANA, KBANK, KKP, KTB, SCB, SIRI and WHA, 2) tourism and related industries: AOT, BA, CPALL, CRC, MBK, MINT and NSL, 3) Vayupak Fund-driven stocks: ADVANC, BBL and BDMS, 4) home repairs: GLOBAL and HMPRO and 5) insurance: BLA and TLI

## Positive Factors

- The Ministry of Tourism and Sports revealed that from January 1 to October 6, 2024, Thailand had welcomed a total of 26.6 million international tourists, generating approximately 1.24 trillion baht in revenue from their spending.
- The Cabinet has approved the revision of the criteria, conditions, and procedures for providing assistance to those affected by floods during the 2024 rainy season. The aid will now be offered as a flat-rate payment of 9,000 baht per household.
- The Minister of Industry revealed that the Ministry of Industry is intensifying its efforts to protect Thai industries from substandard imports through a comprehensive, integrated approach. Most recently, the Thai Industrial Standards Institute (TISI) has been instructed to step up law enforcement in collaboration with the Office of the Consumer Protection Board (OCPB) to prevent and combat substandard goods.
- Data from the Beijing Municipal Bureau of Culture and Tourism shows that during the National Day holiday, the Chinese capital city received 21.6 million visitors, marking an increase of 18.35% y-y. Meanwhile, the city logged total tourism revenue of 26.9 billion yuan, representing an 11.67% y-y increase.

## Negative Factors

- The World Bank has issued a warning that China's economic growth is expected to slow further in 2025, despite the Chinese government's recent efforts to stimulate the economy. This decline is projected to have significant ripple effects across East Asia and the Pacific region.
- Japan saw the highest number of bankruptcies since 2013 in the six months through September, as companies were increasingly hit by rising costs. Some 4,990 firms went bankrupt in that period, increasing 18.6% from the previous year, according to a report by Teikoku Databank.
- "There are currently no signs of a revival in the industrial sector," the Germany's economy ministry said. Sentiment indicators in the manufacturing sector remain gloomy and incoming orders in particular were unable to continue their slight upward trend of recent months in August, the ministry said.

## PICKS OF THE DAY

	Target
	24.50 / 25.50
	Support
<b>BUY</b>	
<b>BA</b>	23.00

- High season for Koh Samui in 3Q24, with strong growth in foreign tourist arrivals

	Target
	22.00 / 22.50
	Support
<b>BUY</b>	
<b>KTB</b>	20.00

- Beneficiary of government projects
- Low proportion of fixed deposits, benefiting from interest rate cuts

### Strategy team

Teerada Charnyingyong - Securities Investment Analyst and Technical Analyst #9501  
Chutikan Santimetvirul, CISA - Capital Market Investment Analyst and Technical Analyst #37928  
Pasut Ngowiwatchai, CISA - Capital Market Investment Analyst #127632  
Paththaradanai Jaturaporn - Capital Market Investment Analyst #094041

Thanapong Saelo - Assistant Analyst

Ref.No.: CO2567\_0194