

24 October 2024

Nvidia's planned investment in Thailand  
boosts market sentiment

>> 1460 – 1475 <<

## Market Outlook

The SET Index is likely to retreat in today's trading session, pressured by both internal and external negative factors. First, renewed concerns about Thai political stability have emerged after the Election Commission found grounds to suspect that former prime minister Thaksin Shinawatra holds unlawful influence over the ruling Pheu Thai Party, a case that could lead to the dissolution of the party. A committee has been established to investigate, with results set to be completed within 30 days. The registrar will need to be heard, and the entire investigation process is expected to be completed by Feb 2025. This case has reignited concerns about government stability, while various policies, including those pending approval, risk encountering delays. This issue could repeat the previously delayed budget disbursement, which occurred with the 2023 fiscal budget. Second, a quick policy rate cut is unlikely, as Bank of Thailand (BoT) governor Sethaput Suthiwartnarueput told foreign media that the central bank will not hastily lower the rate following last week's reduction, citing the need to thoroughly assess inflation and the economic situation. His remarks are likely to hinder sentiment in Thai stocks benefiting from the rate-cutting cycle, particularly those in the finance, property and commerce sectors. Third, market sentiment could be hampered by external factors, including a decline on Wall Street, aligning with a rise in 2-year and 10-year US bond yields, reaching 4.08% and 4.25%, respectively, and an increase in the US Dollar Index, surging to 104.42. These developments are likely to pressure investment in risky assets. Meanwhile, the depreciation of the Thai baht to Bt33.81 per dollar is expected to support stocks of companies with a high revenue proportion from exports. Another supportive factor is Nvidia's planned investment in Thailand, which could be a boon for stocks in the industrial estate, electronics and related sectors. Bloomberg reported that Nvidia CEO Jensen Huang will visit Thailand in Dec 2024, when he is expected to unveil investment plans in the country. Late this week, the focus will shift to the 3QFY24 earnings results of TRUE and DELTA.

**Trading ideas:** 1) Nvidia's planned investment in Thailand: WHA, AMATA, WHAUP, KCE, DELTA, CCET, GULF and ADVANC, 2) defensive plays: BCH, BDMS, BH, CHG, PR9 and EASTW, 3) anticipated positive 3QFY24 earnings results: BEM, BTG, CPF, INTUCH, PRM and TRUE and 4) short-selling: BCP, OR, SCC and PTTGC

## Positive Factors

- The Ministry of Tourism and Sports revealed that from January 1 to October 20, 2024, Thailand had welcomed a total of 27.8 million international tourists, generating approximately 1.3 trillion baht in revenue from their spending.
- UBS Investment Bank of the United States has revised its forecast for China's economic growth this year to 4.8% after the economy expanded better than expected in the third quarter of 2024. Previously, UBS had projected China's economic growth at 4.6%.
- The Cabinet has approved the reduction of social security fund contributions for employers, insured persons under Section 33, and insured persons under Section 39, along with an extension of the deadline for submitting contribution reports to the fund. These measures aim to assist those affected by flooding in the impacted areas.
- The Kasikorn Research Center stated that the gradual reduction of lending rates by commercial banks will lower the interest burden on retail borrowers and businesses by nearly 1.3 billion baht.

## Negative Factors

- Measures aimed at curbing U.S. investments into China in sensitive technologies are in the final stage of review, a U.S. government update showed. Under this set of rules, the Treasury Department will require notification of outbound investments into China in sensitive technologies.
- Bankruptcies topped 5,000 cases in Japan for the first time in a decade between April and September, a report by Tokyo Shoko Research showed earlier this month. Those 5,095 firms collectively account for almost ¥1.38 trillion in debt, with the largest slice coming from the service industry.
- The Deposit Protection Agency revealed that depositors with accounts not exceeding 1 million baht have reduced their deposits by 62.7 billion baht compared to the end of 2023, attributed to high household debt and more attractive returns on other assets.
- The IMF projects Thailand's GDP to grow by 2.8% in 2024 and by 3% in 2025, while warning that China's real estate sector may deteriorate further and expects China's GDP to grow by only 4.8% this year.

## PICKS OF THE DAY

	Target
	9.00 / 9.20
	Support
<b>PRM</b>	8.30

- 3Q67 expected profit growth is good y-y
- 4Q67 normal profit improvement y-y and q-q

	Target
	15.00 / 15.50
	Support
<b>OR</b>	16.50

- Seasonal impact in 3QFY24
- Non-recurring loss from Texas Chicken closure

### 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  
Pattharadanai Jaturaporn - Capital Market Investment Analyst #094041

Thanapong Saelo - Assistant Analyst

Ref.No.: CO2567\_0203