

25 October 2024

Downward pressure continues

>> 1450 – 1465 <<

## Market Outlook

The SET Index is likely to extend its decline in today's trading session, weighed down by several negative factors, along with investors holding off on new investments on Fri, awaiting new developments next week. On the negative front, selling pressure from foreign investors continued yesterday, with institutional investors also reversing course and joining in. Foreign investors were net sellers of Bt398.01mn of Thai stocks yesterday. In the past 20 trading days, there has only been one day when foreign investors were net buyers of Thai stocks. Yesterday, institutional investors were net sellers of Bt1,666.93mn of Thai stocks, marking their highest net selling since Oct 1, 2024 — the first day that the Vayupak Fund started investing in the Thai stock market. This suggests that the Vayupak Fund's stock purchases may be fading, potentially hampering mid- and large-cap stocks, the typical targets of the fund. In addition, the Thai political uncertainty is likely to pressure the stock market following the Election Commission's decision to probe the ruling Pheu Thai party, which is alleged to have been unlawfully influenced by former Prime Minister Thaksin Shinawatra. This case is likely to ignite concerns about government stability, potentially dampening investor confidence. On a positive note, the US manufacturing and service PMIs for Oct increased to 47.8 and 55.3, respectively, exceeding the estimates of 47.5 and 55.0. This highlights a positive outlook for the manufacturing and service sectors in the US. Looking ahead, several major economic data releases are on tap. First, durable goods orders in the US for Sep are expected to soften. Second, attention will turn to the release of the 3QFY24 earnings of DELTA and TRUE. Next week, the focus will shift to the 3Q financial statements of PTTEP, GLOBAL, HMPRO, SCGP, SCC and ADVANC. Third, Thailand's import and export figures for Sep, set to be released next week, are expected to expand 3% y-y and 6% y-y, respectively, softening from growth of 7% y-y and 8.9% y-y in the previous month. If that is the case, concerns about weaker exports could grow. Furthermore, attention will be on China's manufacturing PMI for Oct, the BoJ meeting, US non-farm payrolls and US GDP data for 3Q.

**Trading ideas:** 1) Nvidia's planned investment in Thailand: WHA, AMATA, WHAUP, KCE, DELTA, CCET, GULF and ADVANC, 2) selective plays: AAI, TU, ITC and INSET, 3) anticipated upbeat 3QFY24 earnings results: BEM, BTG, CPF, INTUCH, PRM and TRUE and 4) short-selling: BCP, OR, SCC, PTTGC, MINT, AOT and HMPRO

## Positive Factors

- The Deputy Minister of Finance revealed that the legal review for the Entertainment Complex project has been completed. The next step is to present it to the Cabinet for approval within this year, before submitting it to the House of Representatives for further consideration. If successfully enacted into law, it is expected to increase the number of tourists to Thailand by more than 20%.
- The Minister of Transport announced that the State Railway of Thailand (SRT) has finalised amendments to the contract for the high-speed rail project connecting the three airports. It is expected to be presented to the Cabinet on 29 October 2024, with construction set to begin in the first quarter of 2025.
- US President Joe Biden's top diplomat held talks with Saudi Crown Prince Mohammed bin Salman about efforts to reach a cease-fire in Gaza and Lebanon
- The Office of Transport and Traffic Policy and Planning (OTP) stated that it is currently studying the engineering, economic, financial, and environmental feasibility to develop a coastal tourism route along the Andaman Sea, with operations expected to commence in February 2025

## Negative Factors

- The Federation of Thai Industries is preparing to cut its automobile production target by about 100,000 units after the cumulative figure for the first 9 months was only 1.1 million units, still far from the target of 1.7 million units this year. Meanwhile, the production volume in September 2023 was 122,277 units, down 25.48%, while sales were 39,048 units, the lowest in over 4 years.
- The Minister of Tourism and Sports revealed that they are preparing to bring the matter of collecting tourism tax or traveling tax to the Cabinet meeting for consideration in January 2024 and will be implemented six months later. The land travel tax will be collected at 150 baht per person, while the air travel tax will be collected at 300 baht per person.
- An escalation of trade and tariffs tensions between the U.S. and China would have "costly" economic consequences around the world, Gita Gopinath, deputy managing director of the International Monetary Fund told CNBC.
- The Eurozone's preliminary services PMI dropped to an 8-month low of 51.2 in October, down from 51.4 in September and below the consensus forecast of 51.5.

## PICKS OF THE DAY

	Target
	9.30 / 9.50
	Support
<b>HMPRO</b>	10.00

**SHORT**

- 3QFY24 earnings expected to remain weak
- Overseas business still struggling

	Target
	68.50 / 70.00
	Support
<b>GULF</b>	65.00 / 65.50

**BUY**

- Positive sentiment for digital business
- External supporting factors:

### Strategy team

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