

28 October 2024

Thailand's trade data in focus

>> 1450 – 1465 <<

Market Outlook

The SET Index appears poised to move sideways in today's trading session, as negative external factors are likely to clash with optimism surrounding the 3QFY24 earnings results of listed companies and the upcoming cabinet meeting. On a negative note, concerns over the US political uncertainty are likely to dent investment sentiment, with S&P 500 on Fri dropping for the first time in six weeks. This decline followed most opinion polls indicating that Vice President Kamala Harris and former President Donald Trump are neck-and-neck in the presidential election, while Reuters reported that eligible voters regard economic problems and living costs as important issues, with Trump perceived as more capable of solving these challenges. This may lead investors to delay their investments, awaiting the election results. In addition, WTI crude oil plunged more than 5% as Israel's strikes on Iran on Sat avoided Iran's oil facilities, easing concerns about the oil supply in the Middle East. However, this could put downward pressure on upstream energy stocks but may benefit stocks in the anti-commodity segment, such as power plants. On a positive note, investors are awaiting the 3QFY24 earnings results of Thai listed firms in the real sector after TRUE and DELTA recently announced robust earnings, with net profit growing 49% y-y and 8.9% y-y, respectively, beating the estimates. Positive results from listed companies this week are anticipated to help limit market downside. Furthermore, the deputy prime minister indicated that the government plans to slightly adjust the details of the contract for the high-speed rail line linking three airports. The adjustment is set for approval at the upcoming cabinet meeting. This EEC-based project is scheduled to begin construction in early 2025, with its progress likely to lift sentiment in construction service and industrial estate stocks. Today, attention will turn to the release of Thailand's import and export data for Sep, which is expected to grow by 3% y-y and 6% y-y, respectively, softening from the previous month's growth of 7% y-y and 8.9% y-y. This reflects an unfavorable trade outlook for the country. Selective plays could be considered for stocks with anticipated robust exports, such as those related to pet food, canned seafood and rubber.

Trading ideas: 1) Speculation on 3QFY24 earnings: BEM, BTG, CPF, INTUCH and PRM, 2) anti-commodity plays: BGRIM, GPSC, GULF, TASCO and SCGP, 3) import and export plays: TU, ITC, AAI, NER and ASIAN and 4) short-selling: BCP, OR, SCC, PTTGC, MINT and HMPRO

Positive Factors

- The Prime Minister has established a semiconductor board to support investment in key industries, aiming to facilitate investment in the technology sector in order to keep pace with the rapid growth in this industry.
- The Department of International Trade Negotiations revealed that in the first eight months of 2024, Thailand exported agricultural products to the global market worth over 19.8 billion dollars, marking a growth of more than 8% year-on-year. This represents a portion of the FTA market exceeding 13.7 billion baht, accounting for 69% of all agricultural products exported.
- Thailand has kicked off the MotoGP 2024 race in Buriram province, with over 800 million viewers from 220 countries worldwide tuning in. The event, taking place from October 25-27, 2023, is expected to boost the country's tourism.
- Krung Sri, KBank, and Krung Thai banks have announced their readiness to provide Green Loans to the Thai telecommunications industry, aiming to drive the industry towards a Net Zero and Green Network.

Negative Factors

- The IMF has indicated that China's recent economic stimulus measures are insufficient to propel the country towards its 5% economic growth target. The IMF suggests that China should increase its stimulus package to 6.3 trillion yuan and potentially maintain increased government spending for the next four years.
- Japanese consumers are expressing concerns over inflation after the average price of ramen in Japan has increased by over 47% since the beginning of the year. Additionally, more than 49 ramen shops have closed in the first seven months due to rising costs, highlighting the impact of food costs on the overall Japanese economy.
- Hyundai has reported a decline in vehicle sales in the third quarter of 2023, attributed to rising interest rates, economic slowdown, and geopolitical uncertainties that have hindered growth in major automotive markets.

PICKS OF THE DAY

	Target
	196.00 / 200.00
	Support
	209.00 / 214.00
SCC	

- Weaker performance expected in 3QFY24
- Excess supply continues to exert pressure

	Target
	25.50 / 26.00
	Support
	24.50
ITC	

- 3QFY24 sales and profit expected to grow y-y
- Pet food grows in line with "Pet Humanization" trend

Strategy team

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