

30 October 2024

Thai interest rate unlikely to be lowered soon

1,435–1,455

## Market Outlook

The SET Index is likely to fluctuate in negative territory in today's trading session, pressured by increasing interest in the US stock market, where listed companies are posting attractive earnings results, alternative investments and safe assets, as well as disappointments of Thailand's monetary policy. However, the downside could be limited by hopes for government stimulus measures. In 3QFY24, SET-listed firms reported somewhat disappointing earnings results. Only 44% of 25 listed companies that have announced their results exceeded EPS estimates, contrasting with the US's S&P 500, where 76% of 232 reporting companies posted EPS above expectations. This could propel the fund outflows from the SET Index to markets with more favorable earnings results, aligning with eight consecutive trading days of net selling of Thai stocks by foreign investors yesterday. Furthermore, the Thai market may face pressure from growing interest in alternative and safe assets, as former President Donald Trump, the Republican presidential candidate, is expected to win the presidential election in Nov, which could spark global economic concerns due to his harsh policies. These assets include Bitcoin, which recently surpassed US\$72,000, nearing its all-time high of \$73,000, as well as spot gold, which has breached an all-time high and is approaching \$2,780 per ounce. Additionally, the SET Index could face pressure from growing concerns over Thailand's monetary policy. Today, investors will keep a close eye on the Monetary Policy Forum, where the Bank of Thailand is expected to reiterate that it decided to lower its policy interest rate on Oct 16 as there was a room to do so, rather than starting a rate-cutting cycle. However, the downside could be capped by anticipation of more government stimulus measures. The Deputy Finance Minister has indicated that discussions will be held on Oct 31 to sound out additional stimulus measures, which will be implemented late this year. Today, attention will turn to some key overseas economic data, including the euro zone's 3Q GDP, which is expected to grow 0.8% y-y, accelerating from 0.6% y-y in the previous quarter, and the US's annualized GDP growth in 3Q, anticipated to rise 3% q-q, on par with the previous quarter's level.

**Trading ideas:** 1) Tourism and related sectors: AAV, AOT, AU, BA and ICHI, 2) data center-linked stocks: GULF, INSET, TRUE and WHAUP, 3) speculative stocks ahead of 3QFY24 earnings results: BEM, CPF, PRM and TU, 4) non-anticipation of a near-term rate cut: BBL, BLA, KBANK, KTB and TLI and 5) selective plays: BROOK, JTS and TASCO

## Positive Factors

- The BOI announced that Equinix, a major US-based colocation data center provider, has unveiled its investment plans for a data center in Thailand, with a total value of approximately 16.5 billion baht over the next decade. The BOI has already approved investment promotion for the first phase of the project, valued at over 7.18 billion baht, with operations scheduled to commence in 2027.
- The Prime Minister announced that various nationwide events would be held simultaneously from November 2024 to January 2025 to position Thailand as an attractive year-round travel destination, with a special focus on the winter and year-end seasons. Among the highlights will be seven major events, including the Loy Krathong Festival, New Year countdown celebrations, and various sporting activities.
- The Ministry of Tourism and Sports revealed that from January 1 to October 27, 2024, Thailand had welcomed a total of 28.4 million international tourists, generating approximately 1.33 trillion baht in revenue from their spending.
- The Department of Business Development reported that 7,867 new businesses were registered in September 2024, marking a 10.7% y-y increase. This growth was driven by a 25% rise in registrations within the tourism sector, bolstered by improved national economic confidence and the government's economic stimulus policies.

## Negative Factors

- The Ministry of Finance has disclosed an overview of revenue collection for the 2024 fiscal year, indicating that the preliminary figures fall short of the target outlined in the budget documents by approximately 4 to 5 billion baht. This shortfall primarily stems from the rapid appreciation of the exchange rate during the final two weeks of September 2023, which significantly impacted the collection of value-added tax (VAT) on all imported goods.
- A survey of consumers found only modest confidence in the Federal Reserve's ability to manage inflation and unemployment effectively. The average level of trust in the Fed's ability was measured at 3.2 on a scale of 1 to 7 (with 7 equaling the highest trust), according to a new paper published by the National Bureau of Economic Research.
- The U.S. released the JOLTS survey results, revealing that job openings fell by 418,000 to 7.44 million in September 2024, down from 7.86 million in August 2024, and below the market's forecast of 7.98 million.
- Volkswagen, opens new tab plans to shut at least three factories in Germany, lay off tens of thousands of staff and shrink its remaining plants in Europe's biggest economy as it plots a deeper-than-expected overhaul, the company's works council head said.

## PICKS OF THE DAY

	Target
	2.98 / 3.10
	Support
<b>AAV</b>	2.80

- 3QFY24 operating profit anticipated, recovering from 3QFY23 loss
- Normal profit expected to grow y-y and q-q in 4QFY24

	Target
	5.60 / 5.75
	Support
<b>WHAUP</b>	5.30

- Higher utility demand projected
- Attractive valuation

### Strategy team

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