

31 October 2024

Negative factors cloud SET

## Market Outlook

>> 1435 – 1450 <<

The Thai stock market looks poised to move sideways with a downward bias, pressured by unfavorable earnings results from SCC, the steady interest rate trend and selling pressure from foreign investors. However, the downside is likely to be cushioned by the high season for tourism and stimulus measures targeting this sector. On the negative note, first, SCC reported subdued earnings results for 3QFY24. The 17th largest company in the Thai stock market by market cap posted a net profit of Bt721mn, down 70.46% y-y and 81% m-m, pressured by the downward inventory price adjustment, the appreciation of baht and decreased share of profits from associated companies. This could put a downward pressure on the stock's prices and the SET Index as a whole. Second, there is a high likelihood that the Bank of Thailand (BoT) will continue to hold its policy interest rate at 2.25% for the time being. The central bank reiterated that its current policy rate and an inflation range of 1% to 3% are appropriate to support the country's economic growth. The Monetary Policy Committee (MPC) will need to evaluate a range of factors, including the interest rates, exchange rates and other economic elements, before making further rate decisions, according to the BoT. The central bank also expects the economic recovery to bring the inflation rate back to its target range. The loan volume has shown signs of declining, as expected, in line with heightened credit risks, it noted, adding that a lower policy rate may not be a key mechanism to deal with the issue, but could instead hinder stocks in the commerce, finance and property sectors. Third, the US's GDP for 3Q24 showed 2.8% q-q growth, slower than the estimated 3%, potentially limiting Wall Street's upside. On the positive side, Thailand's tourism-linked stocks are likely to perform better due to the high tourist season, supported by festive events, such as Loy Krathong, New Year celebrations and the show of Lisa (Blackpink) in Thailand. Today, attention will be fixed on the manufacturing and service PMI for Oct in China, the BoJ meeting, the euro zone CPI data for Oct and the US PCE data for Sep.

**Trading ideas:** 1) Tourism and related sectors: AAV, AOT, AU, BA and ICHI, 2) data center-boosted stocks: GULF, INSET, TRUE and WHAUP, 3) speculations ahead of 3QFY24 earnings results: BEM, CPF, TU, BTG and ITC, 4) steady interest rate trend: BBL, BLA, KBANK, KTB and TLI and 5) selective plays: DELTA, TASC0 and SISB

## Positive Factors

- China is considering approving next week the issuance of over 10 trillion yuan in extra debt in the next few years to revive its fragile economy, a fiscal package which is expected to be further bolstered if Donald Trump wins the U.S. election, said two sources with knowledge of the matter.
- The president of the Association of Mutual Funds is collaborating with the Stock Exchange to launch a major promotion for the TESH fund in early November. It is anticipated that the investment amount will reach 30 billion baht by the end of the year, while in the past nine months, there were no new fund launches, totaling 55 funds.
- ICONSIAM has confirmed that Lisa (Lalishah Manoban) will be participating in the countdown event at ICONSIAM, Thailand, at the end of this year during the Amazing Thailand Countdown 2025 from December 29-31, 2024.
- The Joint Standing Committee on Commerce, Industry and Banking (JCCIB) pointed out that a significant issue facing the Thai economy is household debt, which is restraining economic growth, largely due to the informal economy. Additionally, the middle-income trap and structural issues within the domestic financial system must be addressed to attract investment.

## Negative Factors

- Toyota Motor, opens new tab said its worldwide production fell for an eighth straight month in September. The Japanese automaker's global output fell 8% y-y to 826,556 vehicles, with U.S. production down 14% and that in China dropping 19%.
- The Office of Industrial Economics (OIE) reported that Thailand's Manufacturing Production Index (MPI) for September 2024 stood at 92.44, contracting by 3.51% year-on-year. This resulted in an average contraction of 1.75% over the first nine months of this year (January-September 2024) due to continuous declines in automobile production for the 14th month, with energy costs remaining high and competition from cheap imported goods.
- The Vietnamese government disclosed that Saudi Aramco intends to invest in the oil refining and petroleum distribution sector in Vietnam, increasing competition in the downstream oil market in the CLMV countries (Cambodia, Laos, Myanmar, and Vietnam).
- The Ministry of Commerce has implemented a measure to ban the export of crude palm oil following an outbreak that has led to lower-than-expected palm production, with most palm fruit bunches being incomplete. Therefore, it is necessary to restrict exports to control the domestic supply of palm oil and avoid shortages.

## PICKS OF THE DAY

	Target
	135.00 / 140.00
	Support
<b>DELTA</b>	128.00

- Strong revenue growth from data center business at forefront of AI business in Thailand

	Target
	12.50 / 12.80
	Support
<b>TRUE</b>	12.10

- Anticipated smaller loss in 4QFY24
- Looming frequency auctions in 1Q24

### Strategy team

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