MARKET MOVE

11 November 2024

Hopes pinned on incoming stimulus measures

>> 1460 – 1475 <<

Gradual rebound: The SET Index is likely to stage a gradual rebound in today's trading session, supported by China's stimulus measures, Fitch Ratings' decision to maintain Thailand's long-term foreign-currency issuer default rating and the potential rollout of the Thai government's 'New Year' gift measures this week.

Trading ideas

1) China plays: SNNP, CPF, PTTGC and IVL

2) Export and weaker baht: KCE, DELTA, CCET, HTECH, STA, STGT, NER and TRUBB

3) Production base relocations: GPSC, GULF, PIN, ROJNA, WHA and AMATA

4) 3QFY24 earnings speculations: MTC, PLANB and SPALI

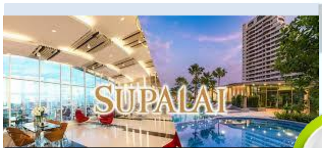
5) Tourism plays: BA, AAV, AOT, AU, ADVANC and TRUE

Picks of the day

CPALL — BUY

Target	Support
2.95 / 3.10	2.80

- Anticipated return to profitability in 3QFY24
- Operating profit in 4QFY24 projected to rise y-y and q-q



TCAP — BUY

Target	Support
20.00 / 20.50	19.00

- Anticipated strong earnings growth in 3QFY24
- Cabinet expected to introduce property support measures

- **10tn-yuan injection aimed at lowering interest rates:** China has announced a 10tn-yuan (US$1.4tn) economic stimulus following the meeting of the National People's Congress (NPC) last week. This funding is intended to refinance local government bonds. Of this amount, 6tn yuan will be earmarked for issuing new bonds with lower interest rates than those currently on the market, with the proceeds used to pay off existing bonds over a period of three years. Another 4tn yuan will be used to issue special government bonds over five years, at a rate of 500bn yuan a year. This approach is projected to reduce interest payments over the next five years, potentially lowering costs by more than 600bn yuan annually. These details differ from previous expectations that 4tn yuan would be directly used to assist the property sector. Although the new policy does not directly stimulate the real estate or consumption, the anticipated reduction in domestic interest rates should facilitate consumption and investment, potentially benefiting stocks linked to China. China's CPI in Oct showed softer growth m-m and expanded less than expected y-y, potentially raising expectations for additional stimulus measures from China to boost consumption.
- **Fitch Ratings maintains rating for Thailand:** Fitch Ratings has affirmed Thailand's long-term foreign-currency issuer default rating (IDR) at 'BBB+' and forecasts Thailand's economic growth to accelerate to 3.1% in 2025. This positive outlook is supported by the prospect of a recovery in tourist arrivals to pre-pandemic levels in 2025, a normalization of capital budget disbursement following delays in 2024 and a recovery in private consumption. However, risks include a sluggish recovery of Thailand's trade partners, geopolitical tensions and uncertainty surrounding the US's trade strategy.
- **Bets on fresh stimulus measures:** We expect this week's cabinet meeting to consider 'New Year' gift stimulus measures, including a three-year suspension of interest payments for retail borrowers, a wage committee's push for a daily minimum wage of Bt400 and other assistance for 35 targets. These measures are likely to benefit stocks linked to the tourism and commerce sectors.

+ Additional Factors -

(+) The Deputy Spokesperson of the Prime Minister's Office revealed that GAC and AION have decided to establish their first production base outside China in Thailand, located at Amata City Industrial Estate in Rayong Province, with an investment value of over 5.6 billion baht. In the first phase, 1.3 billion baht has already been invested to produce battery electric vehicles (BEVs) with a production capacity of 20,000 units per year.

(+) The Rubber Authority of Thailand (RAOT) has approved a budget for the rubber stalling project amounting to 800 million baht. The study results show that it can indeed help increase rubber prices, and farmers participating in the project receive an average return increase of 6.10 baht per kilogram.

(-) The Energy Regulatory Commission (ERC) announced that during its 49/67 meeting, it decided to solicit opinions on the variable electricity tariff for the period from January to April 2024, with expectations that this will lead to an increase in electricity costs ranging from 4.18 to 5.49 baht per unit.

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