



15 November 2024

>> 1445 – 1465 <<

Sideways mode: Sideways mode: The SET Index is likely to move sideways in today's trading session amid strong pressure from higher-than-expected US PPI data and the Fed chair's more hawkish comments. However, the downside remains limited by the government's second-phase handout scheme and the assistance measures initiated by the Energy Ministry.

Trading ideas

- 1) **Tourism and spending:** ADVANC, TRUE, BTS, CPALL, CPAXT, CRC, KTC, LHHOTEL, TIDLOR and MASTER
- 2) **Export-linked stocks:** CBG, ASIAN, DELTA, NER and STA
- 3) **Defensive plays:** INTUCH, PR9, BDMS and BCH
- 4) **Selective plays:** BBIK, TISCO, KKP, PTG and IVL
- 5) **3QFY24 earnings speculations:** CPF and CPN

Picks of the day



Target
81.50 / 82.50

Support
79.00

CBG

BUY

- Sales growth in energy drinks with increased market share
- Lower sugar prices, reduced costs



Target
48.00 / 49.00

Support
45.00

MASTER

BUY

- 3QFY24 earnings up q-q and y-y
- High season in 4QFY24

- **Higher-than-expected US PPI; Fed may not quickly lower rates:** US Core PPI and PPI in Oct increased by 3.1% y-y and 2.4% y-y, respectively, exceeding the respective estimates of 3% and 2.3% and accelerating from the previous month's rates of 2.9% and 1.9%. On an m-m basis, Core PPI and PPI edged up 0.3% and 0.2%, respectively, meeting estimates and accelerating from the previous month's 0.2% and 0.1%. These figures highlight a continued rise in inflation from producers on both y-y and m-m bases. Core CPI saw its strongest increase in 18 months, and this requires attention as potential supply-side inflation may pass on to customers, with consumer-side inflation likely to pick up from Nov. This aligns with the Fed chair's remarks that the US economy will continue to grow, with the inflation likely to stay above the Fed's 2% target, so there is no need for the central bank to be in a hurry to lower rates. This scenario therefore could put pressure on risky assets.
- **Second-phase cash handout and retention of power tariff rate and diesel prices coming soon:** The deputy prime minister indicated the 10,000-baht handout scheme will be proposed to the cabinet meeting on Nov 19. According to former Prime Minister Thaksin Shinawatra, who is closely tied with the current government, those eligible for the scheme include senior citizens aged over 60, vulnerable, cash-strapped people and others who have not yet received the payment in the first phase. This second phase is unlikely to require a large outlay, he added. Moreover, the Energy Ministry is set to seek the cabinet's approval to retain the current power tariff rate of Bt4.18 per unit until Dec 31 and the diesel price at Bt33 per liter, following the end of this assistance measure in Oct. This assistance is meant to reduce living costs, which could support sentiment for commerce stocks.
- **Other factors:** Tonight, attention will turn to the US retail sales data for Oct, which is expected to slightly soften from the previous month. Next week, the focus will be on Thailand's GDP data for 3Q24, the euro zone's Oct CPI data, the US existing home sales for Oct and the US S&P Global Manufacturing PMI for Nov.

+ Additional Factors

- (+) Agoda has revealed a study indicating that Thailand's passage of a same-sex marriage law would boost "rainbow tourism," attracting an additional 4 million tourists annually. This would generate approximately \$2 billion in revenue for Thailand
- (+) Bloomberg forecasts a recovery in China's economy in October, an early indication of economic improvement following the government's announcement of stimulus measures in late September.
- (+) South Korea's Ministry of Trade, Industry, and Energy has reported a 12th consecutive month of growth in information and communication technology (ICT) exports in October, driven by demand for chips used in generative artificial intelligence (Gen AI).
- (+) Google has revealed in a report that e-commerce is the largest revenue-generating segment of Thailand's digital economy. In 2024, it is expected to grow by 19% to approximately 911 billion baht.

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