

สวัสดี ตอนเช้า

Market today

To move between 1290-1310

The SET lacks a catalyst and is still held back by politics and fund outflows, limiting the upper bound at resistance of 1305-1310. Technically, an oversold signal suggests support at 1290, which can stand, meaning the index may move between 1290-1310.

Today's highlights

- US initial jobless claims fell to 238,000 last week, higher than market expectations, indicating slowing in the labor market and investors now anticipate Fed rate cuts this year.
- The BoE voted 7-2 to maintain interest rates at 5.25%, a 16-year high, ahead of the UK election on July 4.
- WTI and Brent crude oil prices rose, supported by a larger-than-expected drop in US crude inventories and ongoing tensions in the Middle East following Israel's attack on Gaza.
- European Automobile Manufacturers' Association reported a 12%YoY fall in new BEV (battery electric vehicle) sales in May, while overall new car sales declined 3%YoY.
- Syntun, a digital retail data company, reported a fall in sales during China's "618" mid-year shopping festival of 7%YoY, the first decline in eight years, signalling continued weakness in Chinese consumer spending.
- The Ministry of Finance reported government revenue for the first 8 months of fiscal year 2024 (Oct 2023-May 2024) was Bt1.67tn, 1.5% below budget estimates, mainly due to lower collection of excise tax than expected.
- The Ministry of Transport is considering delaying the planned Bt5-10 baht increase in Don Mueang Tollway fees, scheduled for December 22, to reduce the impact on cost of living.

Strategy today

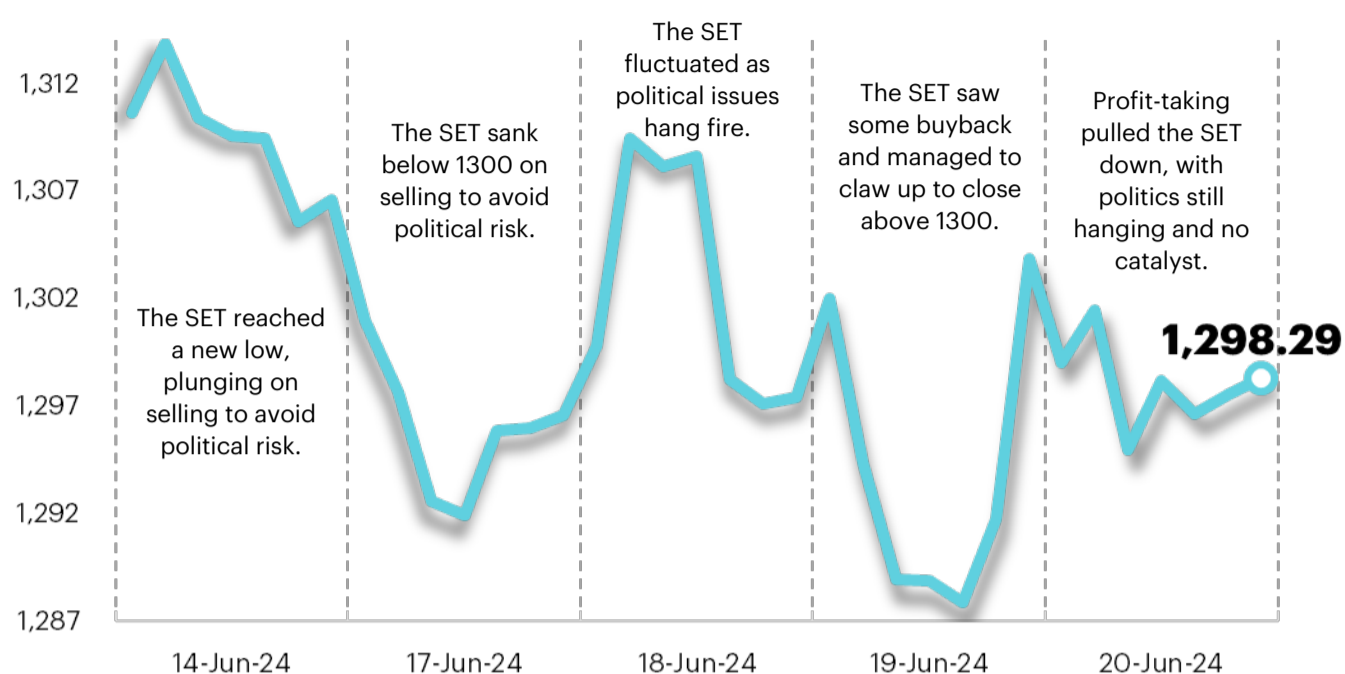
In the short term, political instability is keeping the SET volatile and fragile. On Jun 18 the constitutional court did not reach a verdict on cases for the Move Forward Party nor on the one involving the Prime Minister, both of which it will decide in July. This will keep the SET underperforming the region amid expectations of continued weakness in automobile production and exports. Industrial production in China and the US continue recovering and the BoE keep interest rate at 5.25% but to signal an easing in monetary policy in 3Q24. "Selective Buy".

Daily report

Friday, June 21, 2024

Support - Resistances

1290/1280 – 1305/1310



Trading today

Political risk is making the Thai capital market volatile and fragile and leading the SET to underperform the region. We recommend "Selective Buy" with four main themes:

- 1) Global plays: Companies whose profit is expected to continue to recover and benefit from a global recovery sufficient to offset domestic turmoil – KCE, SCGP and PTTGC.
- 2) Stocks whose 2Q24 profit is expected to grow YoY and QoQ, with attractive valuations and who are players in industries that have been able to outshine the market YTD – ICT: ADVANC; Tourism: MINT; and Food: TU, BTG and OSP.
- 3) Stocks expected to benefit from the EURO 2024 football competition between June 14-July 14, 2024, - ADVANC, TRUE, CPALL, MINT and TU.
- 4) Tension has eased about the situation in the Middle East, leading Brent down to the lower bound of US\$80-90/bbl, which is seen as an opportunity to hedge. For high-risk takers, we recommend an upstream oil stock – PTTEP.

Daily top picks

CPALL: The stock is seen as undervalued, trading at PER 2024F of 21.4x (-2 S.D. of 10-year data), and price is moving contrary to the strong profit. 2024 core profit is expected to be Bt23bn, growing 28% from higher sales and margin and lower interest expense. Our forecast has not included upside from the digital wallet.

TOP: In the short term the stock benefits from increasing oil price. Refinery margin has touched bottom and is beginning to recover, led by seasonal demand for gasoline and jet fuel. Aromatics profit is expected to improve from strong product spread driven by tight supply in Asia.