

Market Outlook

1,368–1,380

The SET Index looks poised to continue moving sideways today despite positive external factors as the upside remains limited, while light trading is expected ahead of a long holiday. Today is Qingming Festival in China and a day before a long holiday in Thailand due to Chakri Day, which may cause investors hold off on trading. A positive note comes from the US where initial claims for state unemployment benefits reached 221,000 for the week ended Mar 30, higher than the level seen a week before and surpassing a forecast of 213,000. This is in line with the Fed's hopes to see a sign of declining inflation. The softening labor market means a contraction in wage payments, potentially reducing purchasing power and inflation. Looking into Europe, Composite PMI and Services PMI in the eurozone expanded to 50.3 and 51.5, respectively, fueling hopes of the economic recovery in the region, which is the fourth biggest trade partner with Thailand. The eurozone accounts for 7.35% of Thailand's international trade. This increase is expected to provide a boost to stocks linked to electronics components and rubber, which are Thailand's key products exported to Europe. In addition, stocks associated with upstream energy are likely to be supported by increasing oil prices, with the WTI crude oil reaching US\$86.50 a barrel on Thursday. The rise in oil prices resulted from intensifying conflicts in the Middle East, as the Hamas leadership said talks over a ceasefire between Israel and Hamas yielded no results. Despite giving a boost to oil prices, this failure appears to unsettle investor confidence. Today, Thailand's Headline CPI and Core CPI data in Mar are to be on tap, with a projection of a 0.4% y-y contraction and a 0.4% y-y increase, respectively. The expected contraction in Headline CPI in Mar is likely to soften from a 0.77% drop recorded in the previous month, while Core CPI remains flat. This prediction signals a rebound in purchasing power. Next week, all eyes will be on the Monetary Policy Committee (MPC) meeting, which is expected to keep its policy rate unchanged.

Trading ideas: 1) Weaker baht plays: ITC, KCE, HANA, MEGA and NER, 2) increasing oil prices: PTTEP, PTTGC, SPRC, TOP and BCP, 3) tourism and spending plays: CPALL, CPAXT, MOSHI, MINT, ERW, AWC, AOT and OR and 4) selective plays: PR9, BCH and AMATAV



Positive Factors



Negative Factors

- The Bangkok governor is set to announce 118 spots for Songkran activities on Apr 9, as part of measures to boost the capital's tourism.
- Egypt has begun increasing the import of LNG to ward off shortages during the summer. This move is expected to boost energy stocks and LNG prices.
- AOT expects 2.61mn passengers to pass through its six airports during the Songkran festival from Apr 11-17, 2024. The figure is 28.5% higher than the level recorded in the same period last year.
- The Bank of Thailand says banknotes worth Bt30-35bn will be prepared by commercial banks about a week prior to the Songkran holiday. This preparation is made to accommodate an extended holiday period and robust festive activities.
- Satya Nadella, CEO of Microsoft, is scheduled to arrive in Thailand on May 1, amid expectation of the tech giant's plan to invest Bt100bn in cloud and AI sectors in the country.

- Israel's IDF has suspended leave for all combat units amid concerns about retaliation following the assassination of Iranian generals in Syria. This situation is intensifying concerns about conflicts in the Middle East.
- Natural disasters caused economic losses of US\$65bn in Asia in 2023, according to insurance broker Aon.
- Bank of America (BofA) anticipates that rising oil prices will make it harder for the Fed to consider cutting interest rates this year.
- Hamas senior figures said no progress has been made on the ceasefire talks despite their side's offer of compromises.

PICKS OF THE DAY



AMATAV

Target
5.80 / 6.00
Support
5.50

- Relocation of production bases to Vietnam
- Anticipated revenue growth of 15-20% in FY24



ITC

Target
21.50 / 22.00
Support
20.00

- Supported by weaker baht
- Anticipated strong y-y earnings growth in 1HFY24

Strategy team

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