

2 NOVEMBER 2021

Thailand Market Strategy

Will 'stagflation' undermine Thailand's GDP in 2022?

No stagflation underway for Thailand in 2022

We believe Thailand's economy is unlikely to face the risk of stagflation amid the global spike in commodity prices, supply chain disruptions, and the heightened uncertainty of the global economic growth outlook post economic reopenings in 2022 onward. We think that mild inflation and GDP growth in 2022 should allow the private and public sectors to see decent growth in Nov-21 when the country's economy starts to reopen and tourism resumes. On top of Thailand's continued strong export growth, we think that there are three major economic engines that should drive Thailand's GDP growth in 2022: 1) accelerated government spending (15.9% of 1H21 GDP) with a total budget of up to THB1.5tr-2tr in 2022 alone; 2) the recovery of private investment (18.8% of 1H21 GDP), boosted by higher FDI in the EEC area; and 3) rising domestic consumption (57.2% of 1H21 GDP).

Public and private investments are key backbones to kick off economic growth

We expect that investments from both the public sector from the Thai government and the private sector will kick off Thailand's economic growth in 2022, backed by a number of infrastructure development projects and initiatives in the areas of transit-oriented development, EVs, smart cities, renewable energy, power trading and 5G telecommunications for the country's transition into a green economy and digital-based ecosystem. With a higher public debt to GDP ceiling from 60% to 70%, we expect government spending of up to THB2tr in 2022 to kickstart a new post-pandemic CAPEX investment cycle in 2022-23 to boost Thai economic growth to surpass 3% y-y in 2022-23.

Domestic consumption underscores sustainable growth trajectory

We believe that Thailand's economy will pick up significantly in 2022, driven by a strong rebound in domestic consumption in 4Q21 when the country fully reopens for economic activities and tourism, thanks to the dwindling Covid-19 cases due to the rising vaccination rate nationwide. We see the four key drivers for consumer consumption as the reopening, low unemployment, government stimulus packages, and local and national elections.

Domestic plays amid choppy SET index in November 2021

We remain OVERWEIGHT on Thai equity by end-2021 with a SET index target of 1,700 based on 19.2x 2021E P/E, supported by 1) full Covid vaccinations (two doses) for the majority of the Thai population; 2) more domestic flights resuming; and 3) a Thai economic recovery post border reopening and the relaxation of Covid restrictions. In Nov-21, we expect the SET index to remain choppy and range-bound between 1,615-1,670. Our two investment strategies, based on the investment cycle and a consumer-driven theme, favour the property, industrial estate, construction material, commerce, auto, tourism, and finance sectors. Our top stock picks are AMATA, BEM, AOT, MICRO, AAV, SAWAD and HMPRO.



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Stagflation risk remains few and far between for Thailand in 2022

We believe Thailand's economy is unlikely to face the risk of stagflation – a concurrent economic slowdown and hyperinflation – amid the global spike in commodity prices, supply chain disruptions, and the heightened uncertainty of the global economic growth outlook post economic reopenings in 2022 onward.

We think that mild inflation and GDP growth in 2022 should ensure that Thailand will not face stagflation in 2022, potentially allowing the private and public sectors to see decent growth after the country reopens its economic activities and tourism ramps up in Nov-21.

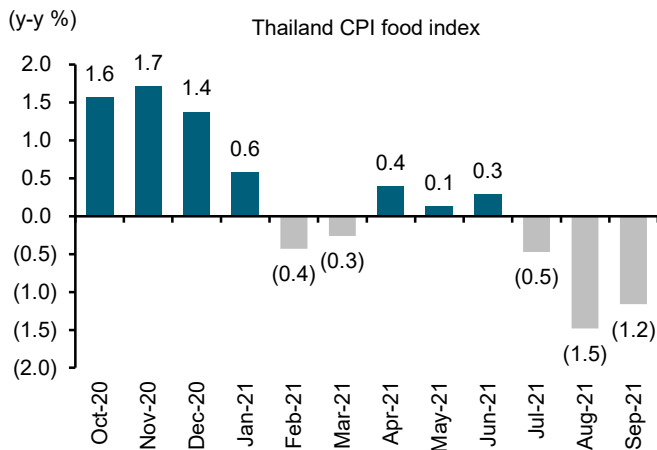
Sub-1.5% inflation is highly achievable in 2022 for Thailand

There are two reasons that substantiate our conviction of Thailand's low inflation outlook in 2022.

Reason #1: Low headline Consumer Price Index (CPI) inflation level, which remained below 2% y-y in Sep-21. The core inflation level, excluding energy inflation, was even lower at only 0.2% y-y despite the surging crude oil import prices for Thailand. Unlike most other countries which are food importers, Thailand is one of the global leading exporters of food, including rice, sugar, cassava, poultry, fruits, and a number of processed food products such as canned tuna, frozen chicken and seafood.

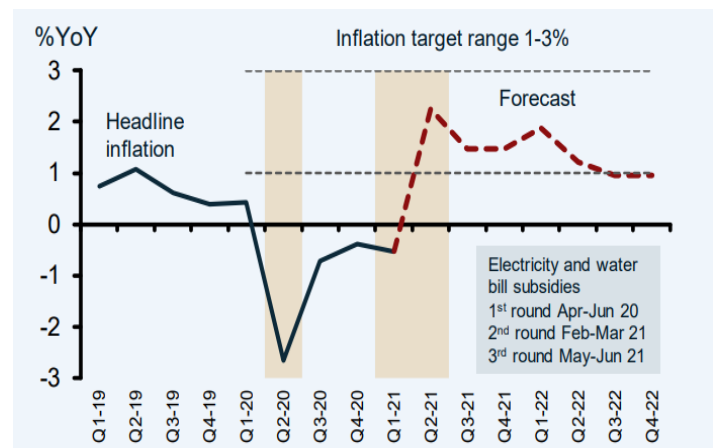
As a result, Thailand's food inflation was at -1.2% y-y in Sep-21, slightly up from -1.5% y-y in Aug-21 thanks to the domestic oversupply. The Bank of Thailand (BoT) forecasts the country's headline inflation to remain close to the lower bound of its target range at 1% in 2021, and could increase to 1.4% y-y in 2022, as the food oversupply problem is expected to subside. This would also be due to the lower base effect in 2021.

Exhibit 1: Thailand's food inflation



Source: Ministry of Commerce

Exhibit 2: Thailand's inflation is forecast to remain low at around 1-1.5% in 2021-22



Source: Ministry of Commerce

Reason #2: Limited impact from energy price hikes. As an importer of crude oil, which accounts for 80% of Thailand's oil consumption, the higher energy prices should drive up Thailand's overall inflation in the short term and increase the country's cost of production and transportation.

However, the negative impacts from the coal, gas, and crude oil price spikes should be offset by the limited consumption of coal for the country's power generating capacity, which accounted for less than one-fifth of Thailand's total power generating capacity of 50GW as of 2Q21. Meanwhile, this should be partially offset by the government's subsidy measures for the price of diesel for both sea and land transportation and the price of LPG for cooking gas and industrial consumption (for more details please see the latest [Thai Market Strategy report, "Inflation: a friend to the SET but foe to Thai economy", dated 20 Oct-21](#)).

Three growth engines to drive Thailand's GDP in 2022

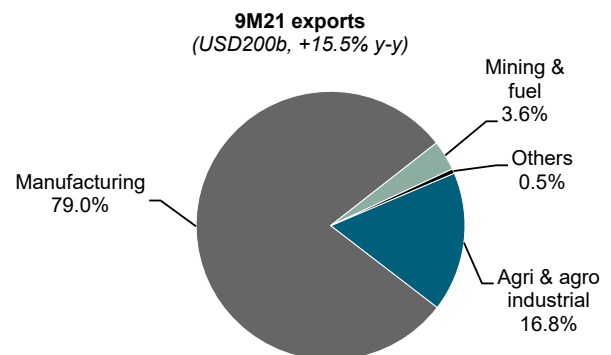
Thailand's supply shortage from overseas markets as well as the easing monetary policy and more stimulus-led fiscal policy has supported domestic consumption to rise to a higher-than-normal level amid the pandemic.

Exhibit 3: 9M21 exports beat 9M19's

Products	----- Thailand exports -----			-- Change of 9M21 --	
	9M21 (USD b)	9M20 (USD b)	9M19 (USD b)	vs 9M20 (y-y %)	vs 9M19 (y-y %)
Total exports	200.0	173.2	186.7	15.5	7.1
Agri & agro industrial	33.8	29.6	30.6	14.5	10.4
Manufacturing	158.9	138.7	149.3	14.6	6.4
Motor cars & parts	28.3	21.6	26.9	31.1	5.0
Electronics	31.5	26.6	26.3	18.6	20.0
Electrical appliances	21.0	17.0	18.3	23.6	14.5
Polymers	11.7	8.7	10.1	33.8	15.3
Construction mat	8.3	6.0	6.9	36.8	20.3
Rubber	11.1	8.7	8.2	28.1	34.5
Chemicals	7.1	5.0	5.8	43.8	23.0
Machinery & parts	6.0	4.7	5.5	26.4	8.0
Mining & fuel	7.3	5.0	6.7	45.7	8.9
Others	1.1	1.0	1.2	13.4	(8.4)

Source: Ministry of Commerce

Exhibit 4: Exports by economic classification, 9M21



Source: Ministry of Commerce

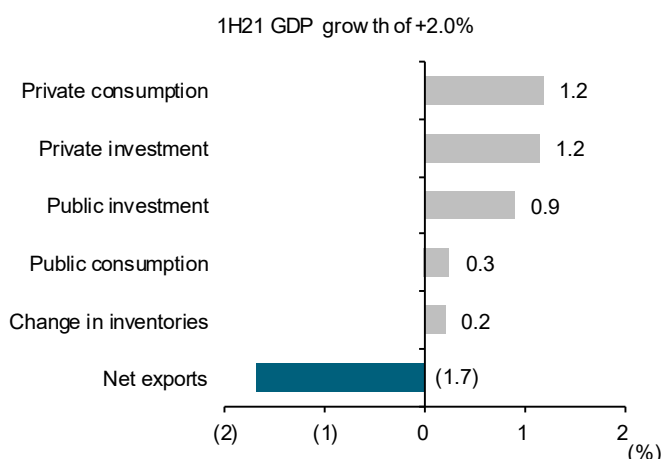
On top of Thailand's continued strong export growth – mainly from automotives, derivatives of refined oils & petrochemical products, electronics & electrical appliances, and agricultural products – we think that there are three major economic engines that will drive Thailand's GDP growth in 2022.

Growth engine #1: Accelerated government spending (15.9% of Thailand's GDP in 1H21) with a total budget of up to THB1.5tr-2tr in 2022 alone, according to Mr. Supattanapong Punmeechaow, Deputy Prime Minister, should initially trigger economic growth in 2022 ahead of the upcoming election in mid-2022.

Growth engine #2: The recovery of private investment (18.8% of 1H21 GDP). After being in the doldrums due to the impact of the Covid-19 pandemic in 2020-21, Thailand is poised to see a strong rebound in private investment in 2022, in our estimation. Higher foreign direct investment (FDI) in the Eastern Economic Corridor (EEC) area should allow private sectors to leverage the government's initiatives for a number of infrastructure projects, strengthening GDP growth in 2022.

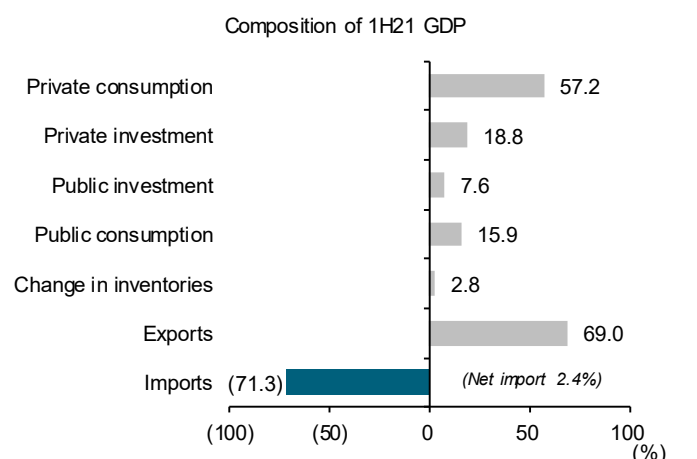
Growth engine #3: Domestic consumption (57.2% of 1H21 GDP). This is the most critical growth engine to support and sustain Thailand's GDP in 2022, in our view.

Exhibit 5: Contributions to 1H21 GDP growth of +2.0%



Note: In 1H21, real imports surged 14.8% while exports increased 5.6%
Source: Office of the National Economic and Social Development Council (NESDC)

Exhibit 6: The structure of Thailand's 1H21 GDP



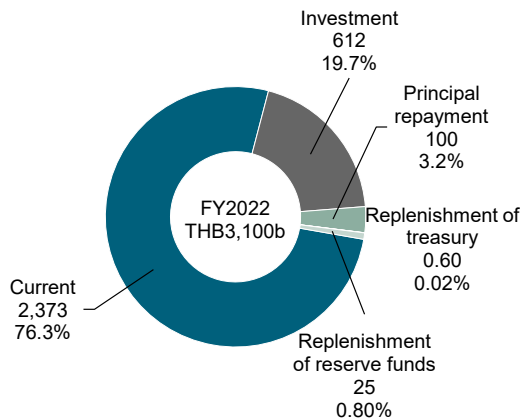
Note: By structure, Thailand's GDP in 1H21 was +8% net exports. Given the outweighing of import growth to export growth, net export contributions resulted in -1.7%.
Source: NESDC

Public and private investments – key to energising Thailand’s GDP

We believe that investments from both the public sector from the Thai government and the private sector will be critical to trigger Thailand’s post-pandemic economic growth in 2022.

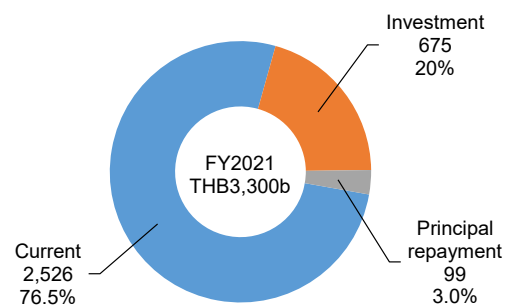
The Thai government has already introduced many policies aimed at boosting investment, including a number of infrastructure development projects and initiatives in the areas of transit-oriented development, EVs, smart cities, renewable energy, power trading and 5G telecommunications for the country’s transition into a green economy and digital-based ecosystem.

Exhibit 7: Fiscal budget 2022 from 1 Oct 2021 to 30 Sep 2022 – THB3,100b with THB700b deficit



Source: [Budget Bureau](#), Ministry of Finance

Exhibit 8: Fiscal budget 2021 from 1 Oct 2021 to 30 Sep 2022 – THB3,300b with THB623b deficit

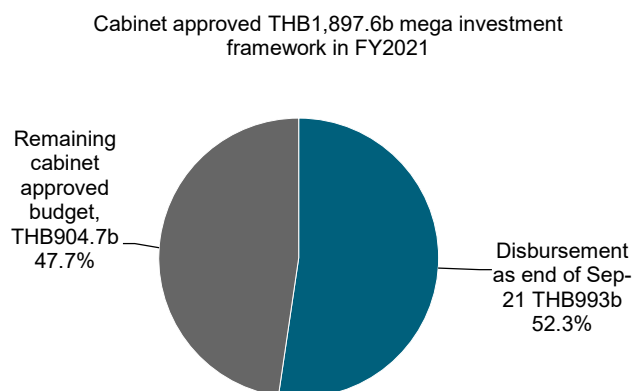


Source: Budget Bureau, Ministry of Finance

Ample ammunition to fund public spending. Ahead of the projected large public spending in the 2022 fiscal year (Oct-21 to Sep-22), Thai cabinet had approved the 2022 fiscal budget in Sep-21, which is effective on 1 Oct-21. The cash raised from debt borrowing will be deployed to finance various economic stimulus programs, the budget deficit, infrastructure investments and bail out some pandemic-hit state enterprises.

To accommodate the funding, the Thai cabinet has endorsed raising the country’s public debt to GDP ratio ceiling from 60% to 70%, effectively creating more room for government’s borrowing by THB0.5tr-THB1tr in 2022, according to the government. All financing for government initiatives will come in the form of public-private partnerships (PPP) and loans from China and Japan, according to the EEC committee.

Exhibit 9: Cabinet’s THB1,897.6b mega investment framework in FY21



Source: [Public Debt Management Office \(PDMO\)](#)

Exhibit 10: Government investment in FY21 ending Sep-21

FY 2021	-- Source of funds --		----- Spending as of Sep-21 -----		
	(THB m)	(%)	(THB m)	(%)	(% of FY21)
Borrowing	141,365	81.3	91,235	76.6	64.5
Fiscal revenue	28,077	16.1	24,519	20.6	87.3
Fiscal budget	4,475	2.6	3,311	2.8	74.0
Total	173,917	100.0	119,065	100.0	68.5

FY 2020	-- Source of funds --		----- Spending as of Sep-20 -----		
	(THB m)	(%)	(THB m)	(%)	(% of FY20)
Borrowing	139,283	81.0	78,985	64.0	57.0
Fiscal revenue	27,539	16.0	41,681	34.0	151.0
Fiscal budget	5,418	3.0	1,970	2.0	36.0
Total	172,240	100.0	122,636	100.0	71.0

Source: [Public Debt Management Office \(PDMO\)](#)

Huge amount of up to THB2tr for public spending in 2022

According to the deputy prime minister, the Thai government plans to spend up to [THB2tr in 2022](#) alone to fund a number of infrastructure projects that are aimed at enhancing Thailand's infrastructure as part of the key jigsaw piece for the country's investment competitiveness.

We project a new post-pandemic CAPEX investment cycle in 2022-23 from the private and public sectors to boost Thai economic growth to surpass 3% y-y in 2022-23. The advent of a new CAPEX cycle should be a boon for investment in the stock market, with the industrial estate (IE), property, transportation, construction & material and banking sectors likely to outperform the SET index in 4Q21 and 2022. Our conviction is backed by two key factors.

Exhibit 11: Funding of FY22 action plan and quarterly spending plan

	----- FY2022E action plan -----		----- FY22E quarterly investment plan -----					
	Value (THB m)	Of total (%)	1Q22E (THB m)	2Q22E (THB m)	3Q22E (THB m)	4Q22E (THB m)	Total (THB m)	Of total (%)
Fiscal budget	106,828	27.0	1,295	764	937	4,155	7,150	25.5
Borrowing	135,771	34.3				7,452	7,452	26.6
PPP	44,323	11.2					0	0.0
Fiscal revenue	32,386	8.2		1,907	1,092	1,642	4,642	16.6
Fund	19,700	5.0				2,955	2,955	10.6
Pending consideration	57,079	14.4					5,790	20.7
Total in FY22 investment plan	396,086	100.0	1,295	2,671	2,029	16,205	27,989	100.0
<i>Of which - On-going from previous action plan</i>	328,923							
<i>- New projects initiated in FY22</i>	67,163							

* Chiangmai Airport Renovation Phase 1; PPP stands for public-private partnership

Sources: [Office of Transport and Traffic Policy and Planning \(OTP\)](#); FSSIA's compilation

Key factor #1: Many infrastructure project bids in 2022-23 should be finalised in 2022, thanks to the political stability and the pandemic subsiding. This follows many bidding delays and the implementation of numerous public investment projects in 2020-9M21 due to political turmoil and the Covid-19 pandemic.

Exhibit 12: Investment plan in FY22 ending Sep 2022

Project and target	Project owner	Investment value (THB m)	Sub-total (THB m)	Grand total (THB m)
TO COMMENCE CONSTRUCTION			223,315	
1 Motorway Kratu-Patong, Phuket	EXAT	14,177		
2 DT Den Chai – Chiang Rai – Chiang Khong	SRT	85,333		
3 DT Banphai-Mukdahan-Nakornpanom	SRT	66,848		
4 Lamchabang Port Phase 3	PAT	53,490		
5 Krabi Airport upgrade	DOA	942		
6 Buriram Airport upgrade	DOA	1,725		
7 Narathiwat Airport upgrade	DOA	800		
PPP COMMITTEE TO SIGN-OFF AND CABINET TO APPROVE			69,171	
8 Civil construction of Route 34 Bangkhuntien-Pak thoe (Ekachai-Ban Paew distance)	DOH	19,700		
9 Service station on Route 7 (Chonburi-Pattaya)	DOH	900		
10 Service station on Route 7 (Pattaya-Maptaput)	DOH	461		
11 Don Muang Airport upgrade Phase 3	AOT	32,292		
12 Chiangmai Airport upgrade Phase 1	AOT	15,819		
UNDER FEASIBILITY STUDY			35,295	
13 MRT Phuket Phase 1 - Phuket Airport to Chalong Intersection	SRT	35,295		
REAL ESTATE COMPENSATION			1,143	
14 Logistic Center at Nakorn Panom border	DLT	1,143		
Grand total				328,923

EXAT = Expressway Authority of Thailand; DT = Dual track railways; SRT = State Railway of Thailand; PAT = Port Authority of Thailand; DOA = Department of Airports;

DLT = Department of Land Transport; AOT = Airport Authority of Thailand

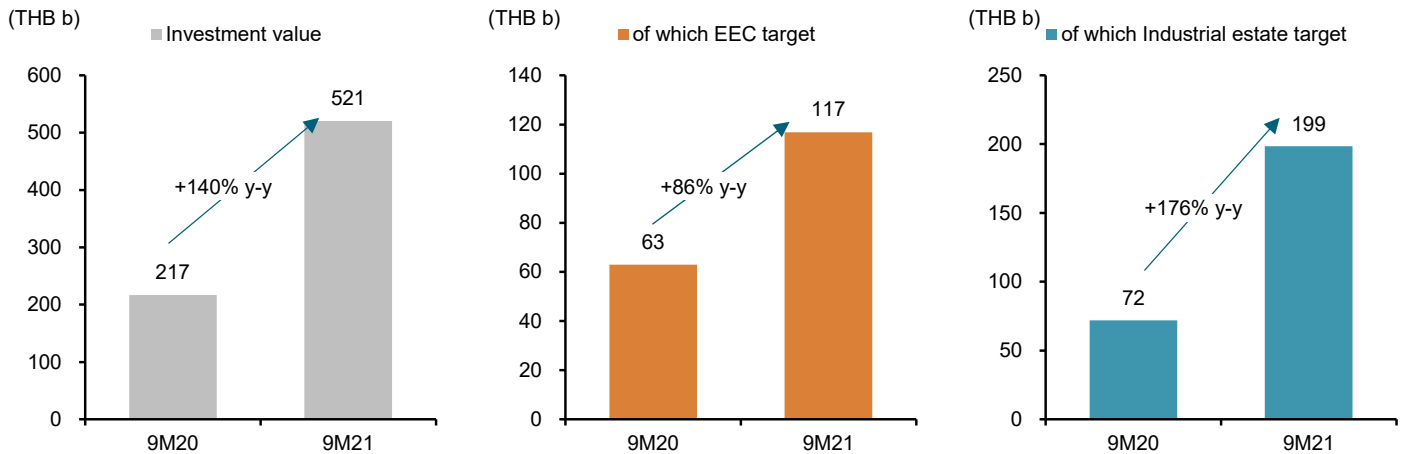
Sources: [Office of Transport and Traffic Policy and Planning \(OTP\)](#); FSSIA's compilation

However, there are a number of government investment projects in the pipeline worth a total of THB223b that are ready to commence construction. We believe that the Thai government should be able to implement its public investment projects during and after its 2022 fiscal budget disbursement, particularly if the incumbent government wins the election in 2022.

Key factor #2: A pile of Bol and FDI backlogs. Based on the Board of Investment (Bol)'s approved projects in 1H21 worth THB386b, up 153% y-y, we believe Thailand will see a marked increase in private investments in 2022. The value of the Bol's application projects also jumped 23% y-y in 9M21, indicating that the country is still attracting FDI.

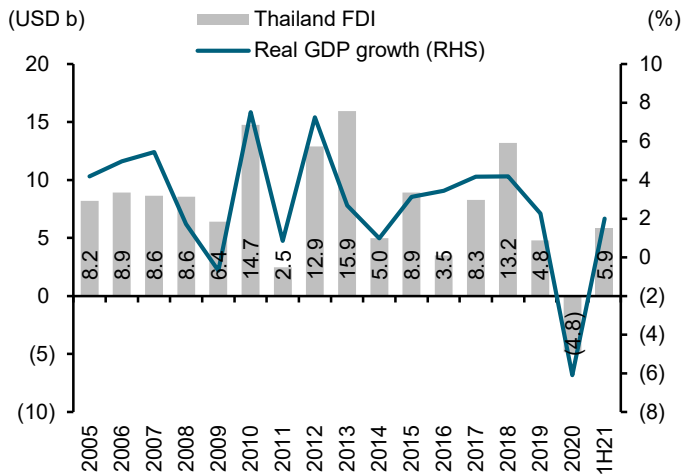
We believe that if the Thai government can maintain the economic growth momentum and contain infection rates, the total investment applications submitted to the Bol are likely to reach THB600b in 2021, the highest level since 2016.

Exhibit 13: Investment value submitted to Bol in 9M21



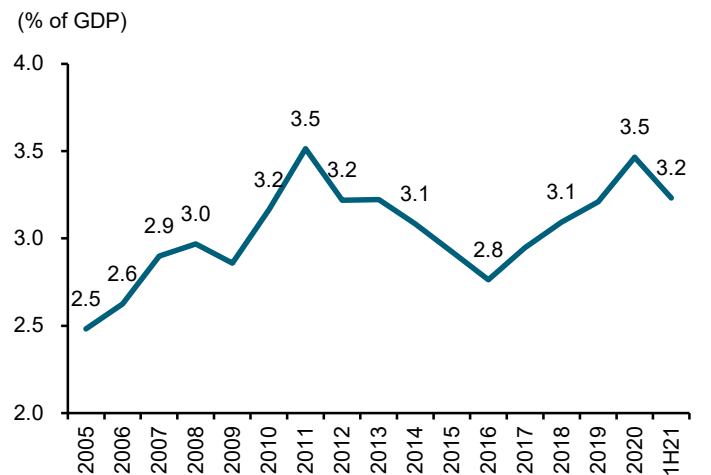
Source: Board of Investment (Bol)

Exhibit 14: Thailand FDI vs GDP growth



Sources: Bank of Thailand; NESDC

Exhibit 15: Thailand FDI as percent of GDP



Sources: Bank of Thailand; NESDC

EEC investment scheme – a key package to incentivise FDI

We believe Thailand is likely to attract higher FDI into the country in the post-pandemic period thanks to a number of investment incentive schemes granted by the EEC policy committee meeting on 4 Oct-21. A revised investment plan for the EEC in 2022-26 was approved with a total investment value of THB2.2t, comprising 1) infrastructure development; 2) ‘community and people upgrade’; and 3) investment stimulation in targeted industries.

In addition, the EEC committee also developed a draft of special investment privileges for the EEC promotion zone, aimed at promoting investments in innovative and niche industries, customising investment incentives, and creating a good investment climate to accelerate the digitalisation of government management and public services. These investment projects may not be on the list of the BoI’s categories.

Exhibit 16: EEC – four key approved infrastructure projects

FOUR KEY INFRASTRUCTURE PROJECTS IN EEC ALREADY APPROVED				
Unit: billion baht				
Four projects	Public investment	Private investment	Total	Operation schedule
	246.38	387.01	633.40	
	(39%)	(61%)		
High-speed railway project linking three airports	158.98	117.57	276.56	2025
U-tapao airport and Eastern aviation city development project	17.77	186.57	204.33	2025
Laem Chabang seaport (Phase III), F1 & F2 terminal	48.32	30.87	79.20	F1-2025 F2-2029
Map Ta Phut seaport (Phase III)	21.30	52.00	73.30	2026

Source: The Eastern Economic Corridor (EEC) BANGKOK POST GRAPHICS

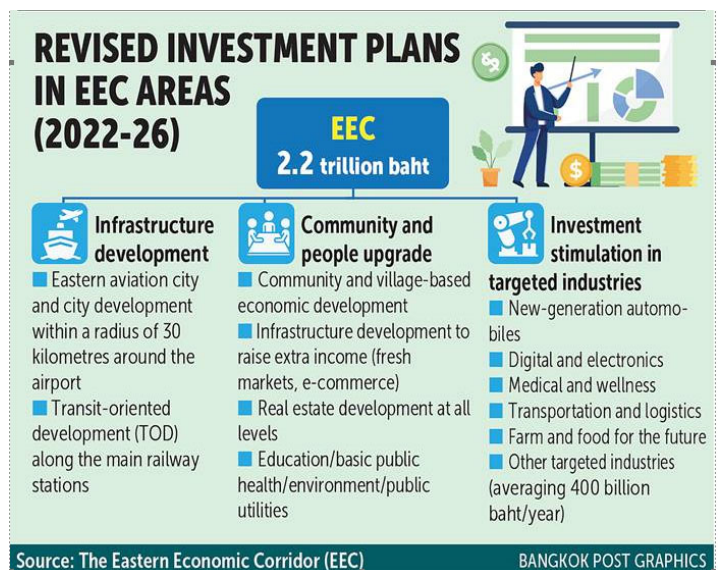
Source: Bangkok Post, dated 5 Oct 2021

Thanks to the EEC investment scheme, a host of infrastructure project investments in Thailand have been concentrated in the EEC area, covering three provinces in Eastern Thailand – Chacheongsao, Chonburi, and Rayong. The four EEC flagship projects are 1) the high-speed railway linking three airports; 2) U-Tapao Airport and the Eastern Aviation City development project; 3) Laemchabang seaport phase 3; and 4) Map Ta Phut seaport phase 3. These are all being implemented under the PPP model and have a total estimated investment value of THB633b.

The government has already signed long-term concession agreements with the private sector for three out of four flagship EEC PPP projects, and the construction start dates for all projects are scheduled for Mar-22. The government believes that the services will be opened to the public by 2025-29.

Under the EEC investment scheme, the Thai government projects that up to 100,000 new jobs in the manufacturing and service industries will be created. The government has also initiated plans to develop a Southern Economic Corridor (SEC) and connect the region with the EEC to optimise the value of those investments, which should be a key investment growth engine in the next five years, in our view.

Exhibit 17: New investment plans in EEC



Source: Bangkok Post, dated 5 Oct 2021

Private consumption in a growth trajectory

We believe that Thailand's economy will pick up significantly in 2022, driven by a strong rebound in domestic consumption in 4Q21 when the country fully reopens for economic activities and tourism, thanks to the dwindling Covid-19 cases due to the rising vaccination rate nationwide.

Exhibit 18: Thailand reopening scheme

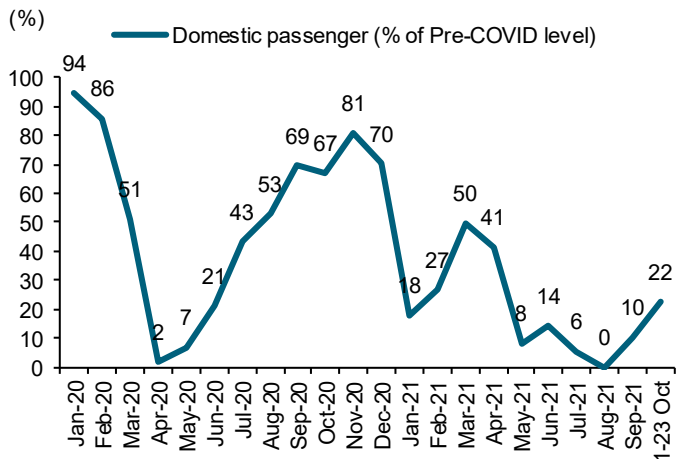
Phase	Provinces and key locations
Phase 1	Jul-Sep 2021
Key tourist destinations	<ul style="list-style-type: none"> √ Phuket Sandbox Program √ Samui Plus Model √ 7+7 Phuket extension (Koh Samui, Railay Beach (Krabi), Khao Lak (Phang Nga)) × Buriram (MotoGP postponed to 2022)
Phase 2	From 1 Oct 2021
Five additional destinations	<ul style="list-style-type: none"> Bangkok Chiang Mai (Muang, Mae Rim, Doi Tao) Prachuap Khiri Khan (Hua Hin) Phetchaburi (Cha-am) Chonburi (Pattaya, Bang Lamung, Sattahip)
Phase 3	From 15 Oct 2021
Twenty-one additional destinations	<ul style="list-style-type: none"> Northern: Mae Hong Son, Chiang Rai, Phrae, Nan, Lamphun, Sukhothai Northeastern: Udon Thani, Nong Khai, Bueng Kan, Ubon Ratchathani, Loei (Chiang Khan) Eastern: Rayong (Koh Samet), Chanthaburi, Trad (Koh Kood, Koh Chang) Western: Ratchaburi, Kanchanaburi Southern: Ranong, Trang, Satun, Songkhla, Nakhon Si Thammarat Central: Ayutthaya
Phase 4	1-15 Jan 2022
Travel bubbles with neighbouring countries	<ul style="list-style-type: none"> Cambodia: Surin (Chong Chom Border), Sa Kaew (Aranyaprathet), Trat (Koh Kong) Myanmar: Chiang Rai (Tachileik), Tak (Mae Sot), Ranong (Koh Song) Laos: Nakhon Phanom, Nong Khai, Mukdahan Malaysia: Yala (Betong), Narathiwat (Su-ngai Kolok), Songkhla (Padang Besar Border), Satun (Wang Prachan)

Source: [Today Bizview](#), summarised from the plan disclosed to Parliament on 1 Sep 2021 by the Tourism and Sports Minister, Phiphat Ratchakitprakarn

Key driver #1: Reopening and relaxation of restrictions. Since the Thai government has announced the full reopening of the country on 1 Nov-21, our tourism analyst, Mr. Teerapol Udomvej, expects the domestic passenger volume to rebound in 4Q21 and likely reach the pre-Covid level in 1Q22 after the country's lockdown easing.

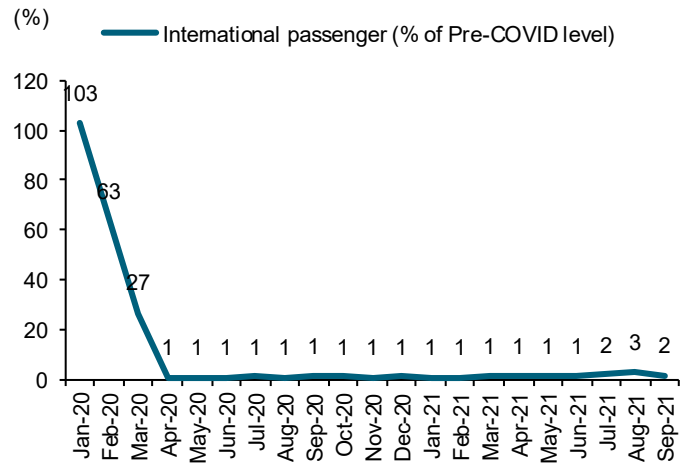
For international passengers and tourists, we think it would take 12-18 months for the number of tourist arrivals to return to the pre-Covid level, likely by mid-2023. As a result, tourism-related industries, including hotels, should see their earnings growth rebound at a slower pace than non-tourism-related industries.

Exhibit 19: Domestic passenger recovery trend



Source: Airports of Thailand (AOT)

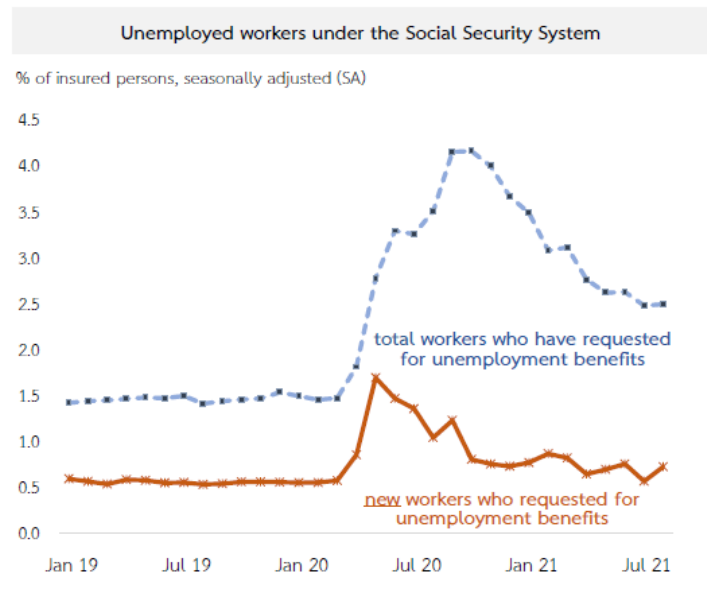
Exhibit 20: International passenger recovery trend



Source: AOT

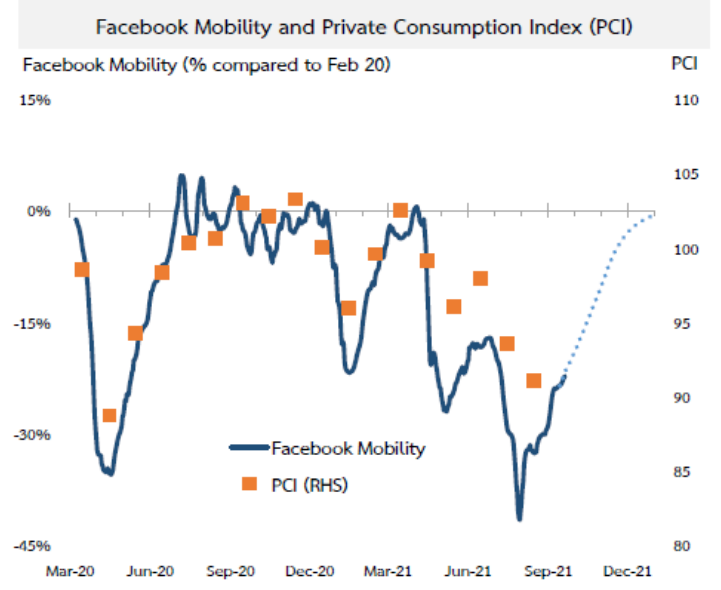
Key driver #2: Low unemployment rate. Despite the weak labour market, the number of unemployed workers under the Social Security system remains low, implying that most low-income people still have financial affordability for living. The low unemployment rate has prompted the BoT to project a rise in Thailand's private consumption in 4Q21 into 2022.

Exhibit 21: Vulnerability of labour market subjected to resurgence of Covid-19 infections



Source: [Bank of Thailand \(BoT\)](#)

Exhibit 22: Expect a significant rebound in private consumption late this year and in 2022, according to the BoT



Source: [Bank of Thailand \(BoT\)](#)

Key driver #3: Government stimulus measures to alleviate the impact of the Covid-19 pandemic. We think private consumption is critically dependent upon how fast, large, and effective the government's multiple relief packages can be implemented, particularly those aimed at relieving the cost-of-living burden for low-income people who suffered from the pandemic period.

Exhibit 23: Government spending related to Covid-19 in a bid to relieve and rehabilitate economy and society

	THB1b loan (THB b)	FY2021 (THB b)	Total (THB b)	----- Beneficiaries -----	
				Population (m)	Entrepreneurs (m)
Medical and public health to fight Covid-19	63.90	4.62	68.52		
1) Compensation and relief for health personnel	6.30	3.62	9.92		
2) Procurement of medical equipment, medicine, and labs	15.25	1.00	16.25		
3) Medical treatment, prevention, and medical research	30.36		30.36		
4) Special healthcare unit and treatment outside hospitals	10.26		10.26		
5) Emergency budget related to the spread of Covid-19	1.73		1.73		
Support fund for workforce and entrepreneurs	709.06	69.74	778.80		
1) Daily wage labourers, employees, freelancers without Social Security Office (SSO) s33					
- support fund THB5,000/month for 3 months	24 Mar - 30 Jun 2020	159.02	69.74	228.76	15.27
2) Low-income earners/vulnerable groups		273.48		273.48	32.87
- welfare card holders THB7,400 or THB7,600 per person					
- other low-income earners THB9,000/person					
3) To purchase consumer products from Thong Fah shop THB200/m for six months	Jul - Dec 2021	3.00		3.00	2.5
4) General public and entrepreneurs					
- help reduce electricity bills for four months	Feb - Mar 2021 and May - Jun 2021	11.48		11.48	21.97
- help reduce water bills for four months	Feb - Mar 2021 and May - Jun 2021	0.80		0.80	6.01
5) Welfare card holders					
- THB1,000/month for 3 months	May - Jul 2020	3.08		3.08	1.026
- to purchase consumer products from Thong Fah shop THB500/m for six months	Oct 2020 - Mar 2021	57.94		57.94	13.949
- THB200/m for six months	Jul - Dec 2021				
6) Entrepreneurs and workforce insured under SSO s33					
- compensation for those who contributed for less than six months	Jun - Aug 2020	0.21		0.21	0.013929
- THB6,000/month for 3 months	s33 Rao Rak Kan (ม33 เรารักกัน)	48.84		48.84	9.27
- THB2,500/THB3,000/employee (max 200 employees)		17.91		17.91	3.877936
- THB1,000/month for 3 months for vulnerable groups		19.99		19.99	6.66
- THB5,000/month for 3 months for farmers	May - Jul 2020	113.30		113.30	7.57
Other funds to help stimulate private consumption	223.91	0.50	224.41		
"Co-payment" (คนละครึ่ง) 50/50 spending THB150/day/person		142.81		142.81	
Phase 1 - THB3,000/person	Oct - Dec 2020	29.55		29.55	10
Phase 2 - THB500 addition to those who received in Oct - Dec 2020	Jan - Mar 2021	5.00		5.00	10
- newly registered people get THB3,500m	Jan - Mar 2021	15.26		15.26	15
Phase 3 - THB3,000/person	Jul - Dec 2021	93.00		93.00	31
"Kamlangchai" (กำลังใจ) - package tours for health volunteers in villages, THB2,000/person		1.37		1.37	0.69
"We Travel Together" (เราเที่ยวด้วยกัน) - co-payment travel expenses and e-vouchers to purchase local foods and products		15.00		15.00	
"Ying Chai Ying Dai" (ยิ่งจ่ายยิ่งได้)		9.80		9.80	1.4
Job creation for new graduates		54.93	0.50	55.43	0.186025

Source: [Budget Bureau](#), Ministry of Finance

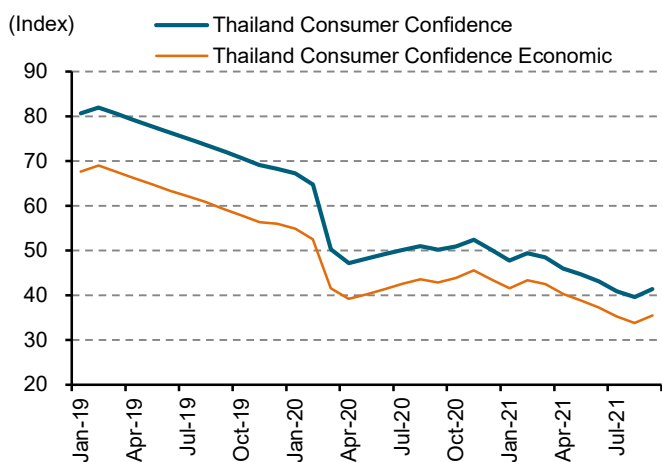
Exhibit 24: Government spending plan to help boost spending in 4Q21

	Planned spending (THB b)	Spending period	Spending ratio as of 17-Sep-21 (%)
Ying Chai Ying Dai (ยิ่งชีพยิ่งได้)	7.00	2H21	2.3
Co-payment phase 3	84.00	2H21	35.4
Welfare cardholders phase 3	16.40	2H21	47.9
Fund to support vulnerable groups	3.00	2H21	18.2
Emergency measure to increase purchasing power of labourers and entrepreneurs	77.80	Aug-Sep 21	54.8
"We Travel Together" phase 3	6.00	4Q21	
"Travel Thailand"	5.00	4Q21	
Others	11.80		
Total	211.00		

Source: [Bank of Thailand](#) (BoT)

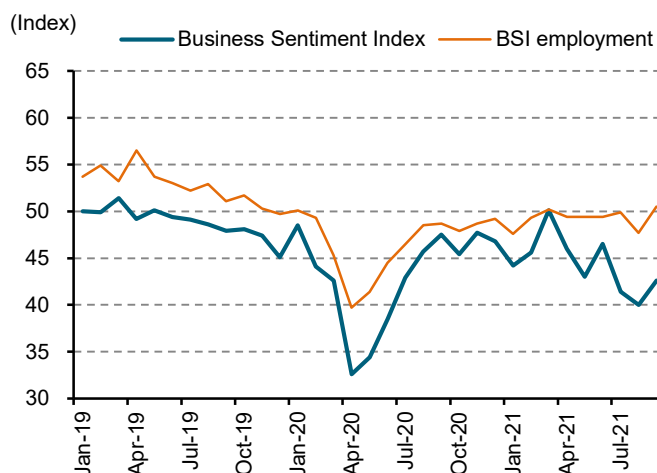
Sign of a rebound in CCI. The relaxation of Covid-19 restrictions and the improving vaccination rollout have already led to improvements in consumer confidence. The University of the Thai Chamber of Commerce (UTCC) reported that Thailand's Consumer Confidence Index (CCI) in Sep-21 increased for the first time in 7 months.

Exhibit 25: Consumer Confidence Index, 2019 to Sep-21



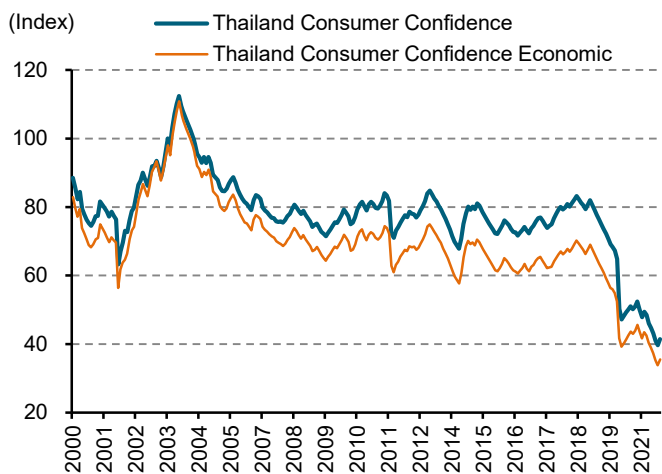
Sources: Bloomberg; The University of The Thai Chamber of Commerce (UTCC)

Exhibit 26: Business Sentiment Index, 2019 to Sep-21



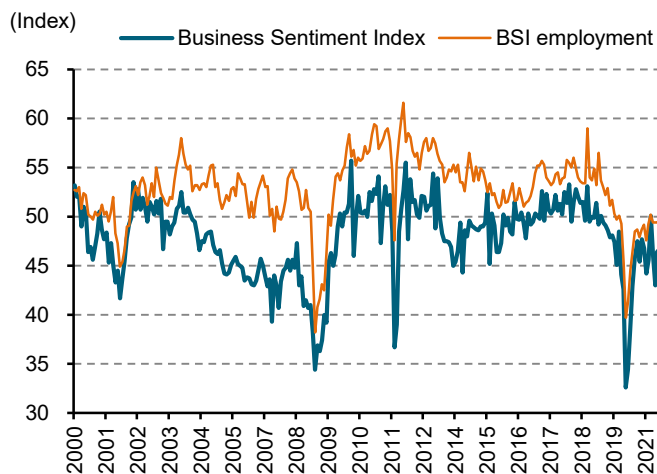
Sources: Bloomberg; BoT

Exhibit 27: Annual Consumer Confidence Index



Source: UTCC

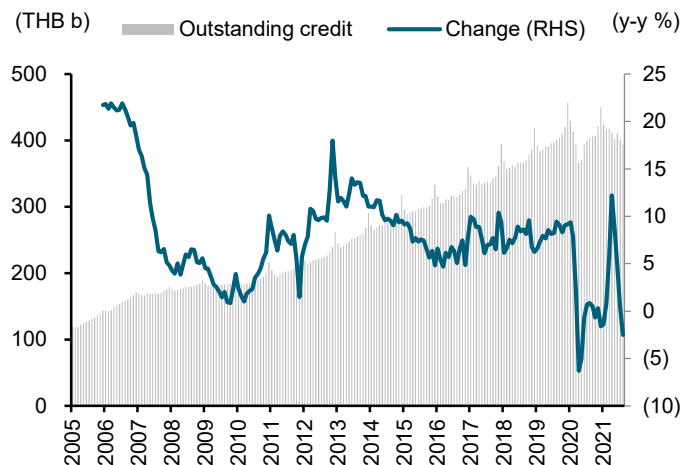
Exhibit 28: Annual Business Sentiment Index



Source: UTCC

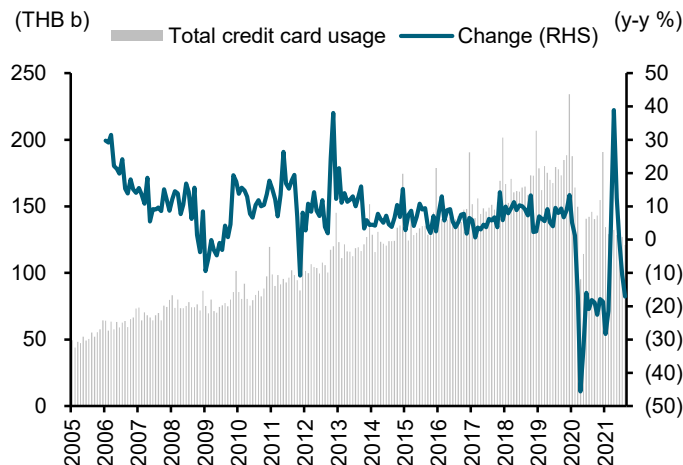
Credit card spending likely to rebound in 2022. We believe that credit card spending, one of the key proxies for consumer consumption, will rebound in 2022 on the back of improving incomes from the expected increase in economic activities.

Exhibit 29: Outstanding credit and change



Sources: Bloomberg; BoT

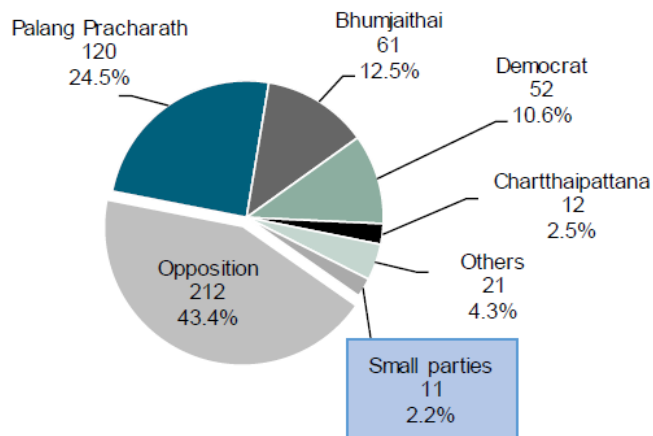
Exhibit 30: Credit card usage and change



Sources: Bloomberg; BoT

Key driver #4: Municipal elections to boost local spending. The Thai Chamber of Commerce forecasts the local election campaigns in Nov-21 to inject new money into the economic system in the range of THB30b. The Election Commission (EC) has set the election date for 5,300 Tambon (district) Administration Organization positions consisting of chairmen and members on 28 Nov-21. Meanwhile, the EC has also set election dates for Bangkok’s governor and major provincial elections in Nov to Dec-21.

Exhibit 31: Coalition camp remains strong



Sources: Wikipedia; FSSIA’s compilation

Exhibit 32: Internal PPRP camp

Subgroup	Keyman
Baan Pa Roi Tor	General Prawit Wongsuwan
Sammitr	Suriya Jungrungreangkit, Somsak Thepsuthin, Anucha Nakasai
Democrat Plus	Puttipong Punnakan, Nataphol Teepeuswan
Phetchabun	Santi Promphat
Northern	Thammanat Prompow
Korat	Wirat Rattanaset
New Chonburi	Suchart Chomklin, Itthiphol Kunplome
8 minority groups	

Source: Prachachat

Government’s stability is key. We believe that the government will aim to win seats at both the local and national levels in order to maintain the stability of the current cabinet ahead of the upcoming general election in 2023. Hence, the government should provide significant budgets for the election campaigns, as all political parties in the election are restructuring themselves in preparation for the coming local and general elections.

The Palang Pracharath Party (PPRP) – the coalition party’s leader – remains shaky amid the ongoing overhaul of its executive board; a move which could see its secretary-general being replaced, in our view. However, we believe the incumbent government remains secure despite the internal fighting within PPRP, as all coalition parties have thus far remained in unity. With 277 MPs under the coalition bloc (55.4% of the 500-member House of Representatives), the government’s stability should remain until the next election.

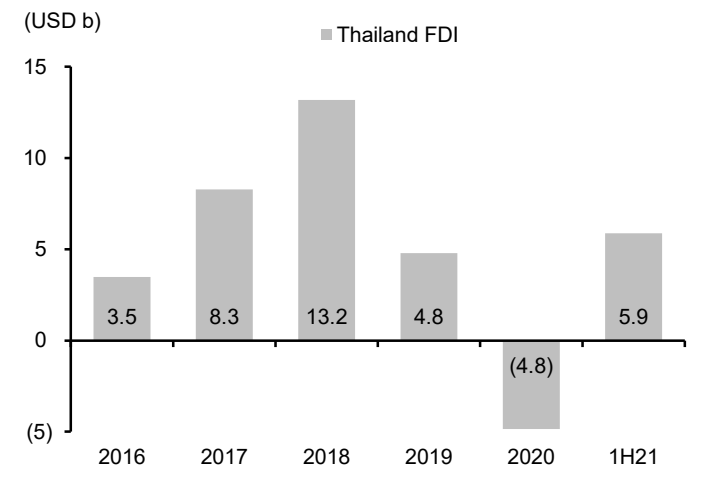
Outperforming sectors and stocks under no-stagflation economy

Public and private investment theme

We think the property, IE, and construction and material sectors should be the two winning sectors under the investment growth theme, ready to ride the new CAPEX cycles and benefit from the government's infrastructure projects.

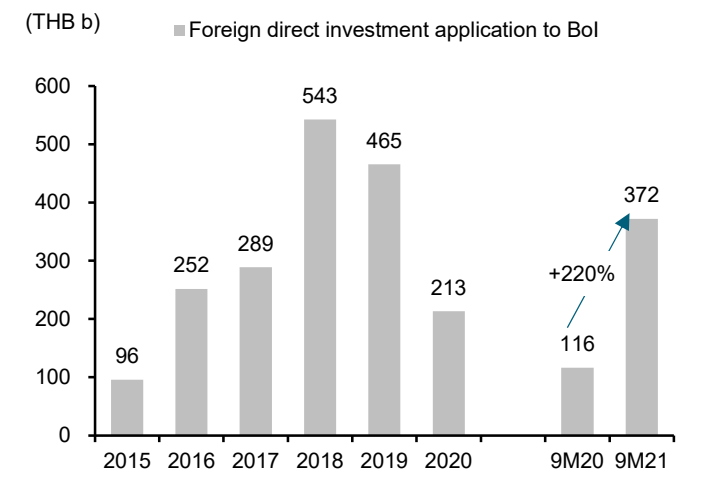
Industrial estate sector: FDI in Thailand significantly jumped y-y in 1H21. As of 1H21, Thailand has already seen a markedly higher FDI of USD5.9b. There is a potential for this to increase, given the higher FDI applications submitted to the Bol in 9M21 amounting to THB372m, an amount exceeding the entire FDI of THB213b in 2020.

Exhibit 33: Thailand foreign direct investment in 1H21



Source: Bank of Thailand (BoT)

Exhibit 34: Foreign direct investment submitted to Bol, 9M21

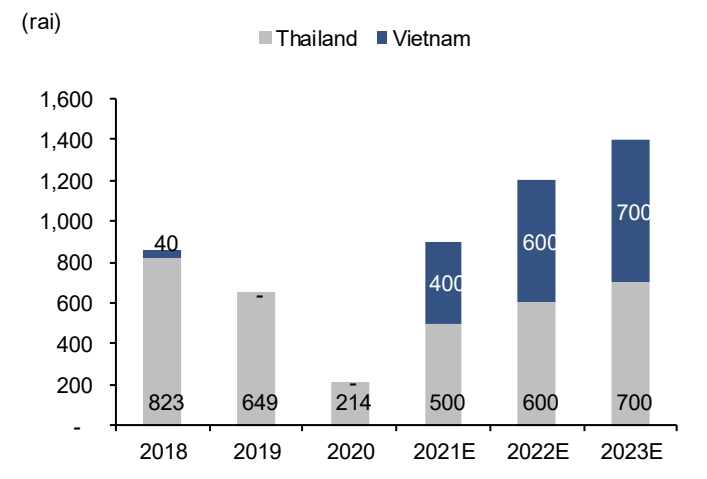


Source: Bol; FSSIA's compilation

We believe that FDI, boosted by the EEC and other investments in the government's promoted industries – including EVs and related supporting industries to create an extensive cluster for an EV-driven automotive industry, along with other biotechnology and information and platform-based industries – should surpass the USD17b-18b FDI levels in the pre-Covid years in 2018-19.

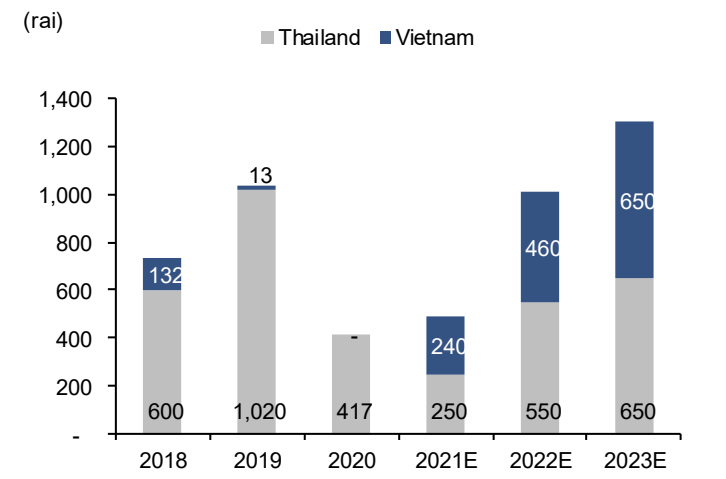
The Bol is another engine to boost FDI and demand for land sales in IEs. In 1H21, the value of the investment projects that had applied for the Bol tax privilege had already surpassed the 2020 level of USD6.2b at USD8.3b in 1H21, and we expect the Bol to approve projects worth over USD4b in 2H21, likely bringing the total Bol-approved investments to exceed the 2020 level of USD7.8b.

Exhibit 35: IE land sales



Sources: AMATA; FSSIA estimates

Exhibit 36: IE land transfers



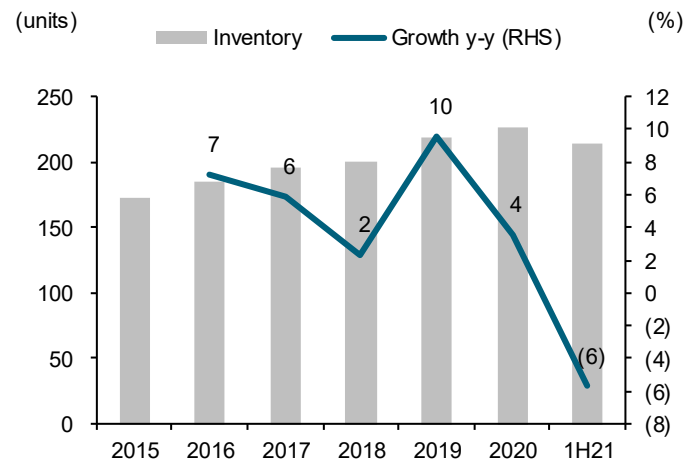
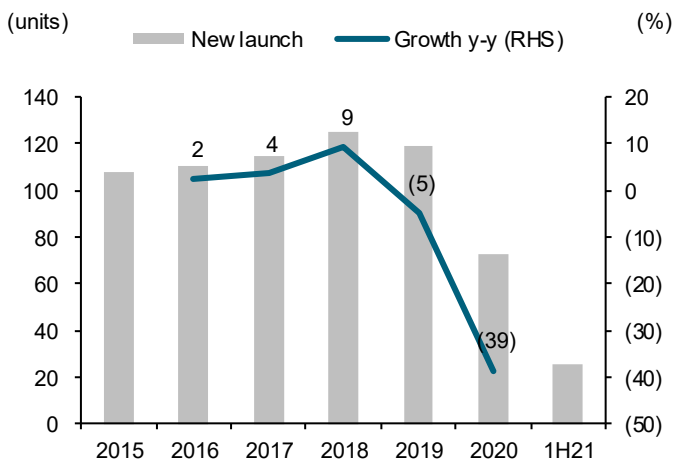
Sources: AMATA; FSSIA estimates

AMATA is our top pick in Thailand's IE sector. We think AMATA would be a prime winner on the return of FDI after travel restrictions are eased. The current power shortage and environmental issues in China are likely to trigger investment diversification amid the intensifying US-China trade war during the post-Covid era in 2022 onward. AMATA is trading at 15.5x 2022E P/E, or at a slight discount to its 5-year average of 16.2x.

Property sector: On 21 Oct-21, the BoT announced it would temporarily ease its LTV regulations for mortgage lending to 100% until Dec-22. Hence, the second and third mortgage loans for houses priced both below and above THB10m/unit will increase to 100% from 70-90%. The first mortgage loans for houses priced below THB10m/unit are unchanged at 110% if the top-up mortgage is included.

Exhibit 37: New launches have declined over the past two years

Exhibit 38: Housing inventory started to decline in 1H21



Sources: AREA; FSSIA's compilation

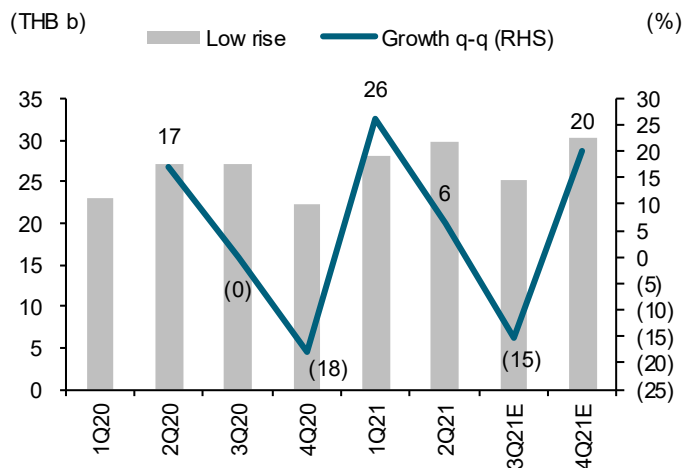
Sources: AREA; FSSIA's compilation

We are positive on the LTV easing, which surprised the market as there was no indication from the BoT before. We expect to see an upside risk to the sector's earnings in 2022 on the heels of higher purchasing power and a low rejection rate from banks.

For the sector's 4Q21 outlook, we expect low-rise and high-rise presales to grow by 20%/5%, respectively, following the aggressive launches in 4Q21. Looking forward to 2022, we expect new launch projects to return to positive growth in 2022 after seeing a positive sign from the housing inventory which started to drop in 1H21.

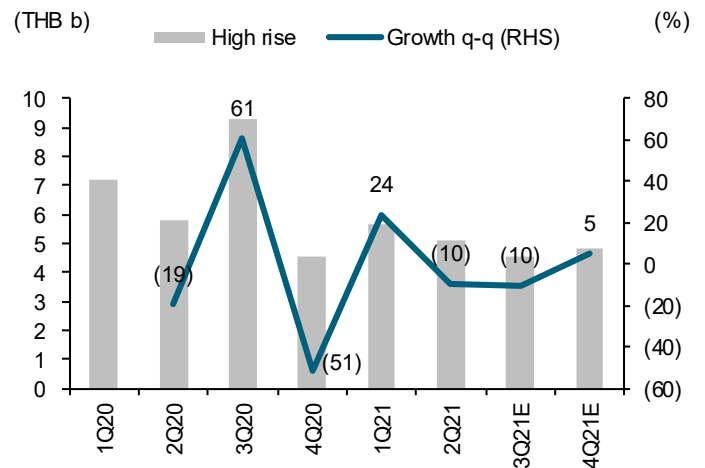
We believe that property developers with a focus on the low to mid-income segments with high backlogs and inventories that are ready to be transferred in 2022 could benefit the most. Our top picks remain Supalai (SPALI TB, BUY, TP THB28) and AP (Thailand) (AP TB, BUY, TP THB 11.1) due to their solid earnings growth, high earnings visibility and strong positions to capture the upcoming demand.

Exhibit 39: Planned new launches of property developers under our coverage



Sources: Companies; FSSIA estimates

Exhibit 40: Presales trend of companies under coverage



Sources: Companies; FSSIA estimates

Transportation sector: Late 2021 and 2022 should be the most interesting time for mass transit in Thailand. There are three upcoming mass transit projects that the Thai government would like to launch within this year and next. We believe the construction of the Purple Line extension will be the first project to open for bidding. This project is the simplest, in our view, because it only needs civil operators.

We believe the Orange Line is the trickiest project because there are numerous outstanding issues like the terms and conditions of the bidding process and lawsuits. The total value for these mass transit projects is over THB369b.

Exhibit 41: Future mass transit projects

	Project type	Project value (THB b)	Length (km)	Expected bidding	Year of operation
Red Line extension (4 sections)	n.a.	80	55.24	Mid-22	2026-2028
Purple Line extension	Gross-cost	78	23.6	Nov-21	2027
Orange Line (East and West)	Net-cost	211	35.9	2021	2027

Source: Mass Rapid Transit Authority of Thailand (MRTA); FSSIA's compilation

Besides the mass transit projects, Thailand also has various motorway projects planned with a total project value of THB255b. This could be an opportunity for transportation companies like BTS Group Holdings (BTS TB, BUY, TP THB11), BEM, and Don Muang Tollway (DMT TB, BUY, TP THB17) to join and participate in the bidding.

We believe DMT has the highest possibility to win the M5 project as it will connect to DMT's existing infrastructure. We think the BTS-Gulf Energy Development (GULF TB, BUY, TP THB56)-Sino-Thai E&C (STEC TB, HOLD, TP THB12.8)-Ratch Group (RATCH TB, BUY, TP THB60) (BGSR) consortium has a possibility of winning projects, given that it won operation and maintenance contracts for the M6 and M81 motorways in 2019.

Exhibit 42: Future motorway projects

Section	Code	Length (km)	Project value (THB b)	Expected bidding period
Ekachai-Ban Phaeo	M82	16.4	32	Sep-21
Rangsit-Bang Pa-in	M5	22	28	2022
Srinakarin-Suvarnabhumi Airport	M7	18	38	2022
Bang Khun Thian - Bang Pa-in	M9	78	78	2023
The Nakhon Pathom - Cha Am	M8	106	79	n.a.

Sources: Department of Highways; FSSIA's compilation

We are Overweight on the transportation sector as we think expressway traffic and mass transit ridership numbers should see a continuous recovery from Sep-21 once Covid is more under control and most of out-of-home (OOH) activities resume. DMT is our top pick in the sector as its traffic should gain two benefits from the restriction easing starting in Sep-21, including 1) the resumption of OOH activities; and 2) the return of airline services. Domestic air travel resumed in Covid-19 dark-red zones in Sep-21.

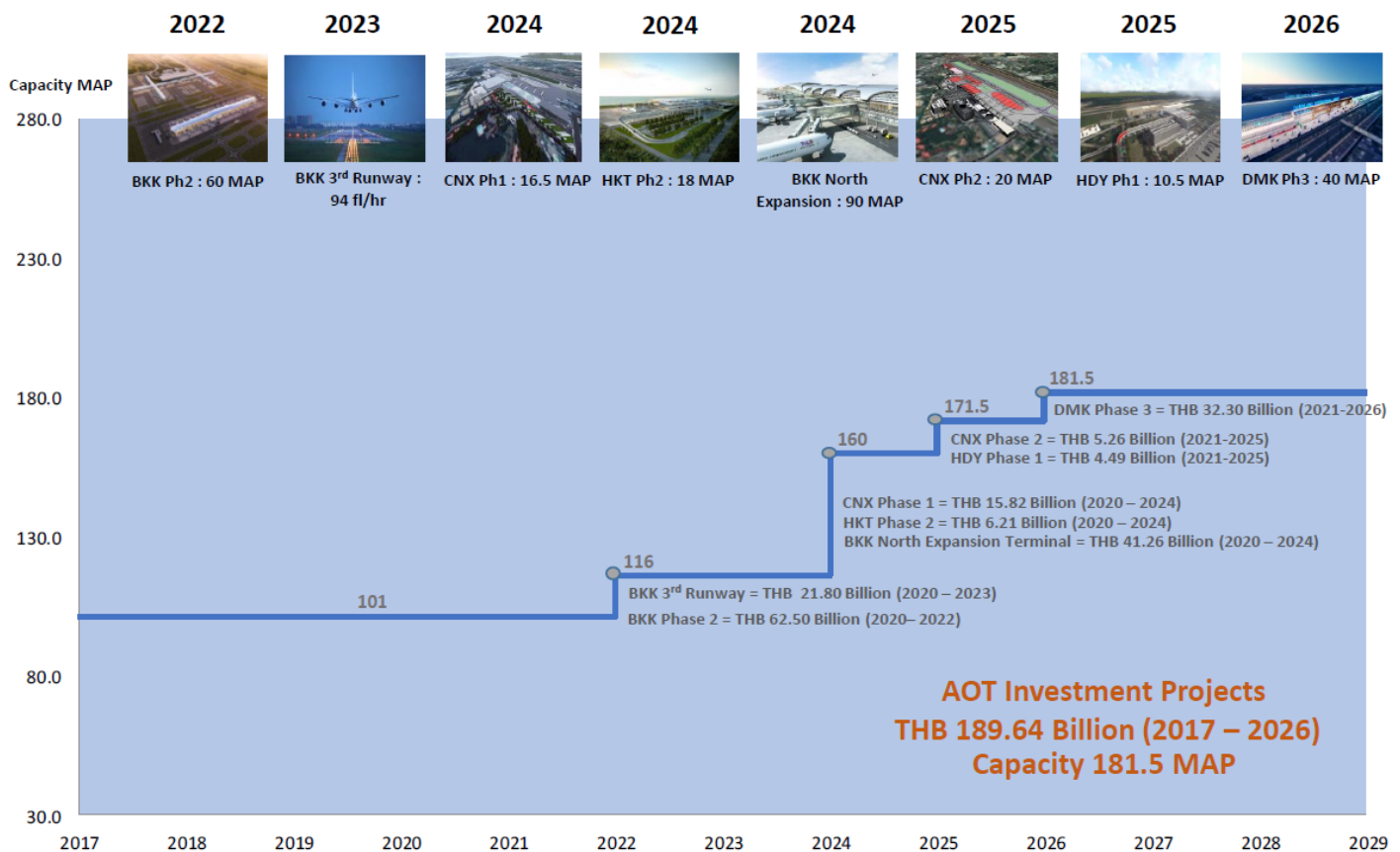
Investments in the tourism sector: We expect the government and private sector to invest in tourism infrastructure in order to build confidence to capture international tourists. AOT is linked to the investment theme, as it plans to expand its six airports. Currently the capacity for its six airports is 101 million annual passengers (MAP).

AOT plans to expand the capacity to 181.5 MAP by 2026 with a total CAPEX of THB190b. The major projects include a satellite terminal at Suvarnabhumi Airport, which is scheduled to open in Oct-22, and the North Expansion project which is also at Suvarnabhumi Airport and is scheduled to open in 2025.

As a result, we expect the passenger volume to recover to the pre-Covid level by 2023 and then grow by an average of 8-10% p.a. In addition, the airport expansions will increase the commercial space available and should lead to higher concession revenue.

Aside from the expansion of its six existing airports, three airports (Udon Thani, Krabi and Buri Ram) may be transferred to AOT from the Department of Airports (DOA) and could be upgraded from domestic to international airports. Overall, AOT's investments should improve Thailand's infrastructure and facilitate passenger traffic over the next five years.

Exhibit 43: Airport investment projects



Source: AOT

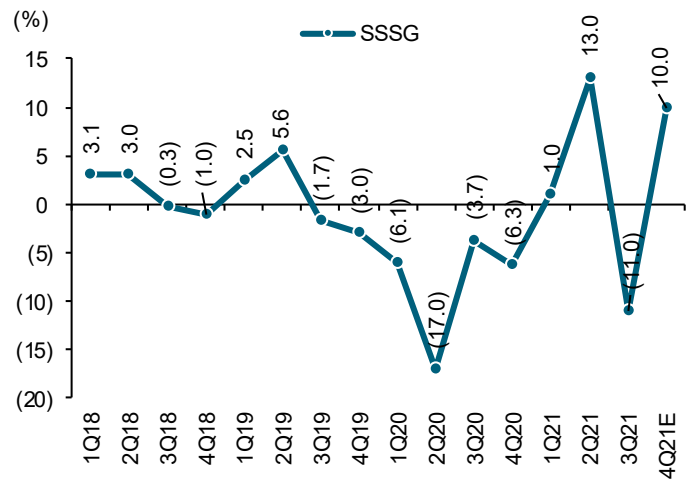
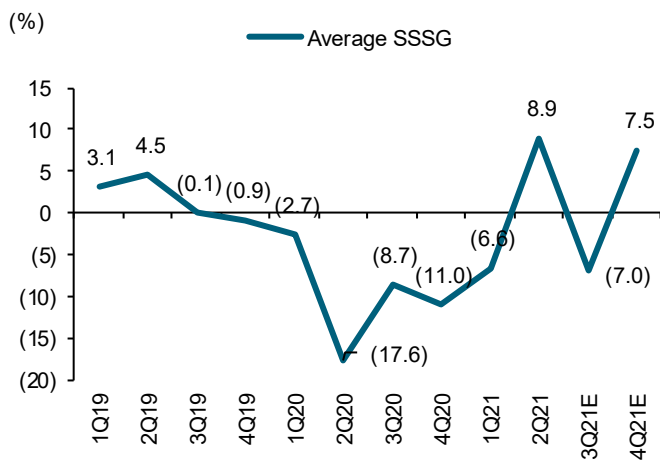
Consumption-driven investment theme

Commerce sector: We expect the sector’s earnings to bottom out in 3Q21 due to the lockdown restrictions. Consumer sentiment has improved in Sep-21 from the lockdown easing. Hence, we expect same-store sales growth (SSSG) to recover strongly to positive mid to high single-digits (vs an expected average SSSG of -7% in 3Q21), driven by pent-up demand, school reopenings, and domestic travel resuming.

We like HMPRO among home improvement players due to its solid 2022E earnings growth of 22%. We expect to see pent-up demand from the lockdown easing and for home repairs in flood-affected areas, along with potential shopping tax breaks and a windfall benefit from increasing housing demand due to the LTV easing. HMPRO is trading at 29.4x 2022E P/E or close to -1.0SD of its 5-year average of 33x.

Exhibit 44: Expect average SSSG of retailers to recover to positive mid to high single-digits in 4Q21

Exhibit 45: Expect HMPRO to post solid SSSG in 4Q21



Sources: Companies; FSSIA estimates

Sources: HMPRO; FSSIA estimates

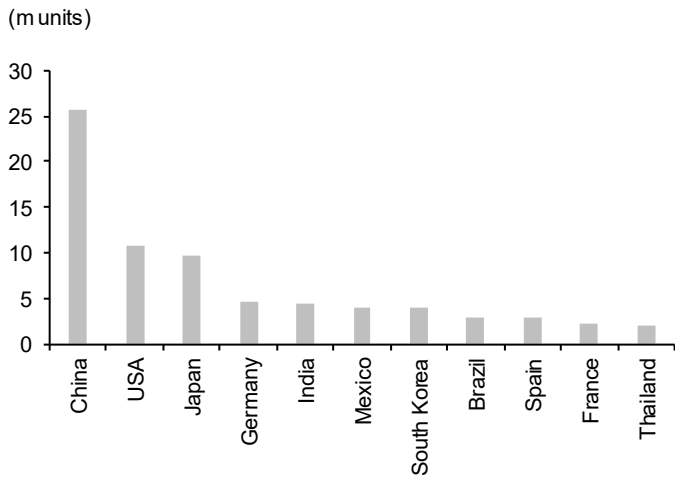
Auto sector – car production is starting to recover: Thailand’s automotive industry has played an important role in the country’s economy, especially in terms of exports. Automobiles and auto parts contributed the highest value to Thailand’s exports in 2019 at around THB850b, accounting for almost 10% of the country’s total export value that year.

Thailand’s car production capacity is around 4m units per year, while the country usually produces about 2m units per year. Moreover, Thailand ranked as the 11th largest car producer in 2019; 5th in Asia, and 1st in ASEAN. Thailand is especially proficient in manufacturing commercial vehicles, or pickup trucks, as the country produces around 1.2m units per year, ranking 6th out of commercial vehicle producers globally in 2019.

This represents that the auto sector in Thailand is attractive for foreign automakers. Recently, Chinese automaker, Great Wall Motors (GWM), has made Thailand the base for its first smart factory in Southeast Asia in a move to boost sales in international markets. The company did not reveal whether the facility, located in Rayong, will be used to produce battery electric vehicles (BEVs), although it announced in March that BEVs will be rolled out of a manufacturing plant in Thailand within 2023, with an investment of over THB22b.

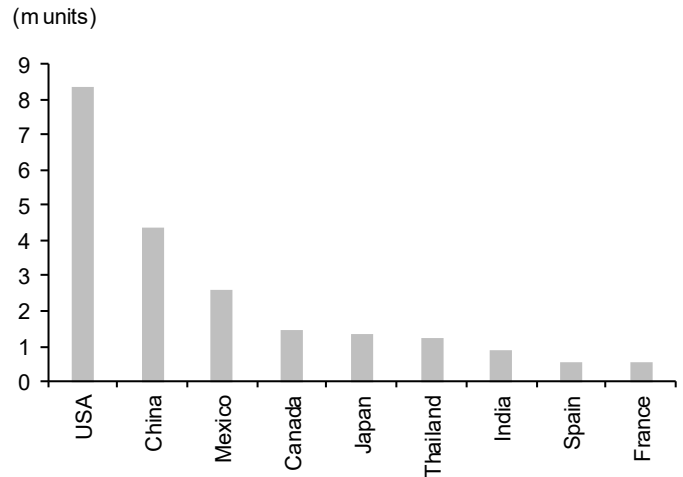
We believe this is the first step for the auto sector in Thailand to enter a new chapter of EV production. The National New Generation Vehicle Committee has set the goal of having 50% of vehicles made locally being EVs by 2030. The BoI has also supported the auto sector by providing various tax benefits for automakers, especially to produce EVs. We believe this could attract more automakers to Thailand and boost the number of cars produced in Thailand significantly once mass production starts.

Exhibit 46: Global car production in 2019



Source: International Organization of Motor Vehicle Manufacturers (OICA)

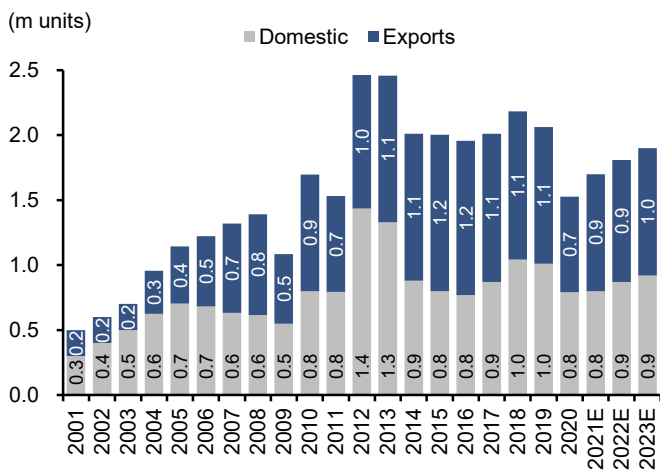
Exhibit 47: Global commercial vehicle production in 2019



Source: International Organization of Motor Vehicle Manufacturers (OICA)

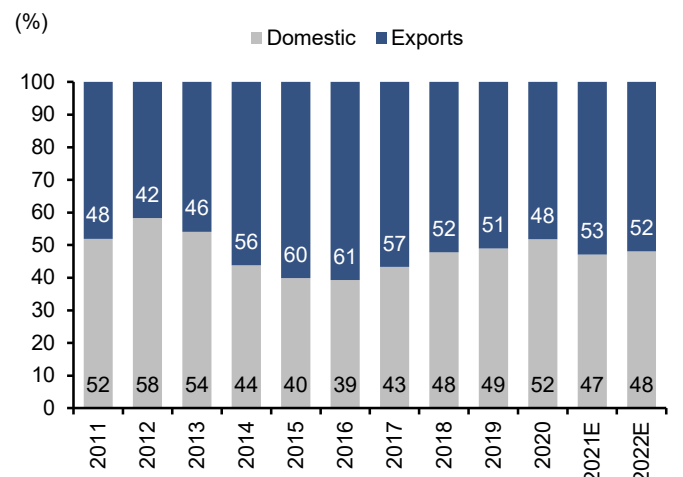
We expect Thailand’s car production in 2021 to post a strong recovery by 16% y-y to 1.65m units and continue to grow by 6% y-y in 2022 to 1.76m units. We maintain our Overweight rating on the auto sector. We believe this is a good time to re-invest in auto companies after they have underperformed for over two months due to the various downside pressures. Somboon Advance Technology (SAT TB, BUY, TP THB29) remains our top pick as we think its earnings in 2021 could reach an all-time high and it should also provide a decent dividend yield of over 7% p.a.

Exhibit 48: Thailand’s car sales (domestic and export)



Sources: Thai Automotive Industry Association; FSSIA estimates

Exhibit 49: Thailand’s domestic sales vs exports



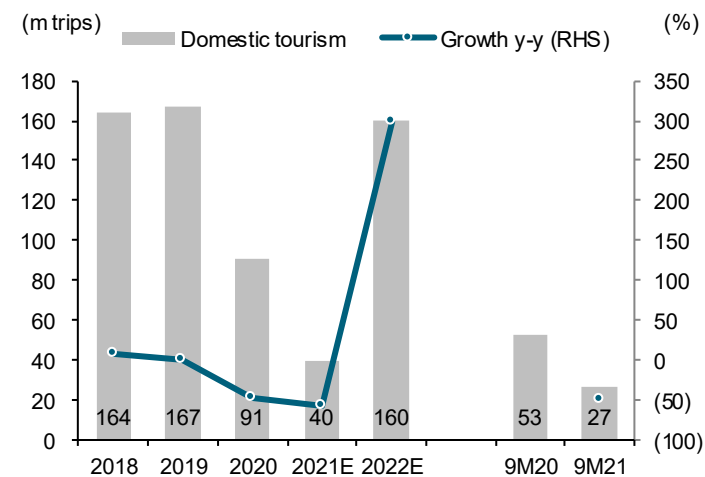
Sources: Thai Automotive Industry Association; FSSIA estimates

Consumption within the tourism sector: We expect domestic tourism to improve in 4Q21-1Q22, which is the high tourism season. During the Covid pandemic, domestic trips have dropped by 46% from 167m trips in 2019 to 91m trips in 2020. The situation has not improved in 2021 with the numbers continuing to decline by 49% in 9M21 due to the lockdown restrictions. We believe that domestic trips will improve after the lockdown restrictions ease. In addition, the government has also launched the ‘We Travel Together’ campaign phase 3, which should boost domestic tourism demand in the upcoming high season.

The recovery of domestic trips would benefit hotel and airline operators. We expect the domestic trip numbers to gradually recover to the pre-Covid level by 2H22. The room rate of hotels and ticket fares for airlines should also recover along with the demand. We believe they have the potential to surpass their pre-Covid levels due to the strong pent-up demand, while the supply for both hotels and airlines has reduced during the Covid pandemic.

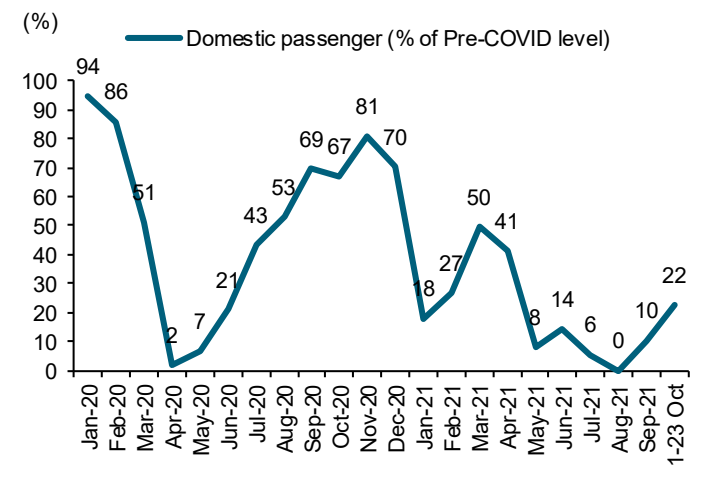
We expect AAV to benefit the most under this investment theme, given that around 43% of its revenue is contributed from the domestic market. AAV’s market share in the domestic market was 35% as of 2020, and we expect it to gain market share from competitors, especially Thai Airways, Thai Smile and Nok Air, which have a combined market share of 30% and are under rehabilitation plans. We also expect less competition to occur between airlines compared to 2019 due to the lower aircraft supply. This should lead to higher ticket fares over the next three years.

Exhibit 50: Domestic tourism



Source: Ministry of Tourism and Sports (MOTS)

Exhibit 51: Domestic passenger volume



Source: AOT

Banks: After the Covid dust settles, we believe that business activities will return to normal. Moreover, we expect the government to invest more in infrastructure, resulting in benefits to all supply chains. On top of that, we expect some corporates to expand their businesses via the M&A method.

Exhibit 52: 3Q21 loan structure

	BAY (THB b)	BBL* (THB b)	KBANK (THB b)	KKP (THB b)	KTB* (THB b)	SCB (THB b)	TTB (THB b)	TISCO (THB b)
Corporate	668	968	834	38	646	815	489	35
SME	297	557	782	53	323	405	109	9
Retail	890	315	744	192	1,019	1,059	747	159
- Housing	297	315	423	32	438	693	299	12
- Unsecured	185	-	206	8	581	132	54	-
- Auto	408	-	115	144	-	226	394	146
- Other retail	-	-	-	8	-	8	-	-
Other loans**	-	581	23	9	497	-	14	2
Total loans	1,854	2,420	2,383	291	2,486	2,279	1,359	204

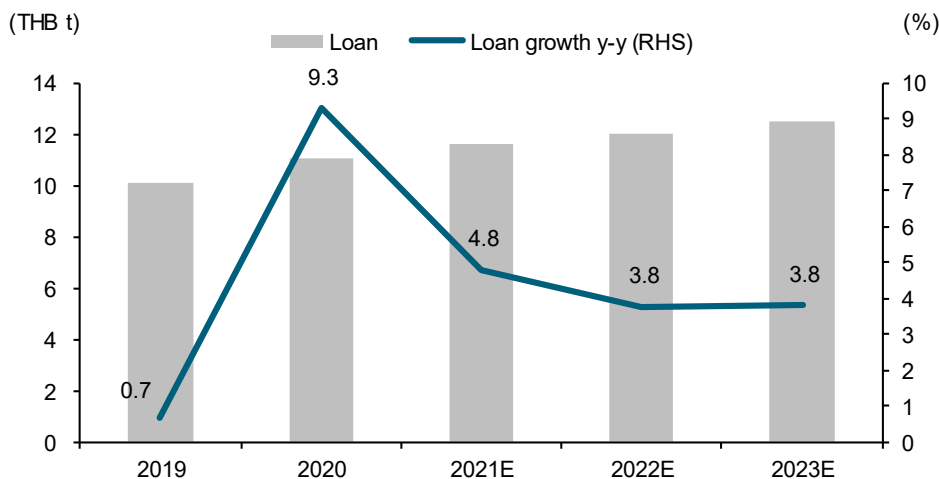
*Data for BBL and KTB are as of 2Q21; ** Other loans for BBL = international loans, KTB = government loans

Sources: Company data; FSSIA’s compilation

All of these activities could provide an upside risk to our loan growth projection for 2022-23, which is currently 3.8% p.a. in 2022-23. We think the banking sector's loan growth will be led by corporate clients, followed by the retail segment.

Accordingly, we believe big banks could gain benefits over small banks. Bangkok Bank (BBL TB, BUY, TP THB134) might benefit the most from solid corporate demand, followed by Kasikornbank (KBANK TB, BUY, TP THB172) and Siam Commercial Bank (SCB TB, BUY, TP THB160). However, we still prefer SCB and KBANK to BBL as BBL is still sticking with the traditional banking framework. It applies an asset-heavy strategy with less digital investment to expand its business. On the other hand, SCB and KBANK are breaking through the traditional banking framework by penetrating high-growth potential industries like digital platforms and small ticket size retail lending. We believe KBANK and SCB could deliver higher long-term growth and higher ROE.

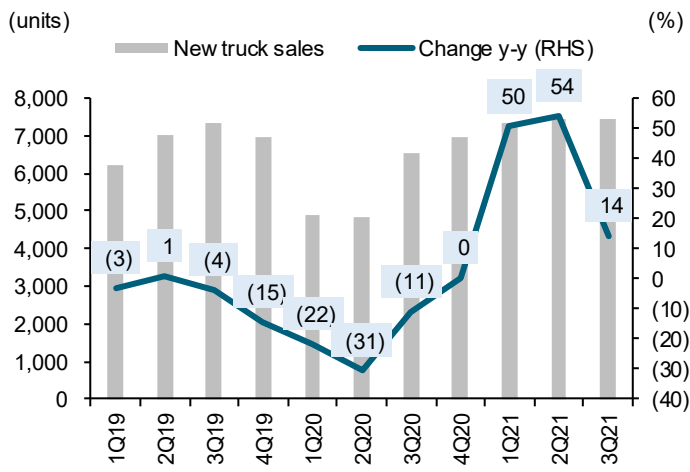
Exhibit 53: Banking sector loan growth



Sources: Company data; FSSIA estimates

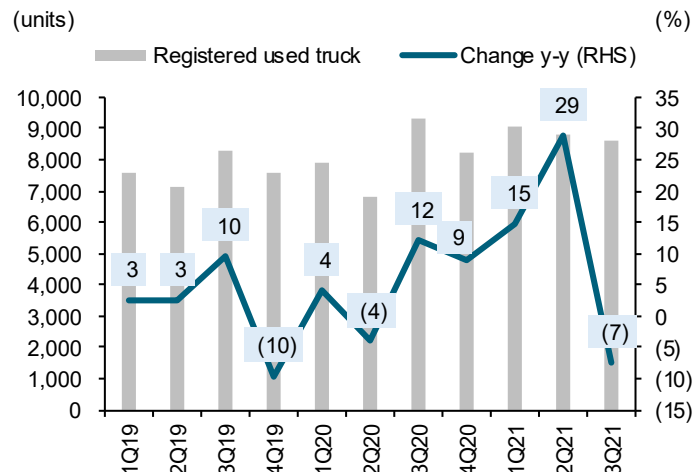
Non-banks: Amid the resumption of business activities, we expect truck lenders will benefit the most among the diversified financial companies under our coverage. We believe that the demand for trucks could grow continuously, supported by the expansion of agricultural production, food products, the fast-moving consumer goods sector, the construction sector, and especially the e-commerce industry. Moreover, we see less competition and fewer regulatory risks in the truck lending segment compared to auto title loans and unsecured lending. Our most preferred stocks are Singer Thailand (SINGER TB, BUY, TP THB51) and MICRO.

Exhibit 54: New truck sales



Sources: The Federation of Thai Industries; FSSIA's compilation

Exhibit 55: Registered used trucks



Sources: Department of Land Transportation; FSSIA's compilation

Top picks: sectors and stocks for November 2021

We reiterate our Overweight recommendation on Thai equity by end-2021 with a SET index target of 1,700 based on 19.2x 2021E P/E, supported by 1) full Covid vaccinations (two doses) for the majority of the Thai population; 2) more domestic flights resuming; and 3) a Thai economic recovery post border reopening and the relaxation of Covid restrictions.

In Nov-21, we expect the SET index to remain choppy and range-bound between 1,630-1,670. Our two investment strategies, based on the investment cycle and a consumer-driven theme, favour the property, IE, construction material, commerce, auto, tourism, and finance sectors. Our top stock picks are AMATA, BEM, AOT, MICRO, AAV, SAWAD and HMPRO.

Exhibit 56: Summary of key valuations of our top picks as of 1 Nov 2021

Company	BBG code	---Share price ---		Up side (%)	----- Recur Profit -----			Rec profit grth		----- P/E -----		DivYld (%)	ROE (%)	P/B (x)
		Current (THB)	Target (THB)		20 (THB m)	21E (THB m)	22E (THB m)	21E (%)	22E (%)	21E (x)	22E (x)			
Amata Corp	AMATA TB	20.60	27.50	33	1,119	1,054	1,520	(6)	44	22.5	15.6	1.8	6.6	1.5
Bangkok Expressway	BEM TB	9.00	9.90	10	2,048	966	3,176	(53)	229	142.4	43.3	0.4	2.5	3.6
Srisawad Corp	SAWAD TB	63.00	86.00	37	4,508	4,827	5,723	7	19	17.7	14.9	2.9	20.7	3.5
Micro Leasing	MICRO TB	7.70	10.70	39	135	204	272	51	33	35.3	26.5	0.8	10.8	3.7
Home Product Center	HMPRO TB	14.60	18.30	25	5,155	5,255	6,402	2	22	37	30	2.1	23.7	8.4
Airports of Thailand	AOT TB	64.50	80.00	24	3,236	(15,116)	3,570	nm	nm	(61)	258	0.8	(11.8)	8.1
Asia Aviation	AAV TB	2.82	3.50	24	(4,997)	(5,290)	(778)	nm	nm	(2.6)	(46.6)	0.0	(47.7)	1.7

Source: FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAH	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Songklod Wongchai FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Amata Corp	AMATA TB	THB 20.60	BUY	Downside risks to our SoTP-derived TP include 1) lower-than-expected IE land sales and transfers in Thailand and Vietnam; and 2) a lower-than-expected utilization rate from the utilities business in Vietnam.
Bangkok Expressway and Metro	BEM TB	THB 9.00	BUY	The key downside risks to our SoTP-based TP are 1) traffic and ridership recovering more slowly than our expectation; and 2) the company being unable to win the new mass transit project bids.
Airports of Thailand	AOT TB	THB 64.50	BUY	Downside risks to our DCF-based target price include 1) a slowdown in the recovery of international passengers; 2) delays in the Suvarnabhumi Airport expansions (satellite terminal and northern expansion); and 3) the termination of the duty-free concession contracts from King Power.
Micro Leasing	MICRO TB	THB 7.70	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) a slower-than-expected reduction in the cost of funds due to a shift toward more long-term loans.
Home Product Center	HMPRO TB	THB 14.60	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) the slow recovery of tourist numbers; and 3) operating losses from its overseas business.
Supalai	SPALI TB	THB 23.40	BUY	Downside risks to our P/E derived TP are cost overruns, delays or poor reception of new launches, presale cancellations, homebuyers' inability to obtain mortgage financing, weak take-up rates and reduced pricing power from rising competition.
AP (Thailand)	AP TB	THB 8.95	BUY	Downside risks to our P/E based TP are declining profitability from rising cost pressure in tandem with weakening pricing power and increased competition, such that it hurts take-up rates. This is especially true for condominium projects which typically have more units than low-rise projects.
BTS Group Holdings	BTS TB	THB 9.50	BUY	The key downside risks to our SOTP-based TP include a slower-than-expected recovery of the Thai economic outlook and the company not being able to win new mass transit projects.
Don Muang Tollway	DMT TB	THB 12.50	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected tollway traffic, and 2) dispute risks.
Gulf Energy Development	GULF TB	THB 43.00	BUY	The downside risks to our SoTP-based TP on GULF include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) delays in project commercial operation dates.
Sino-Thai E&C	STEC TB	THB 13.70	HOLD	Downside risks to our P/BV multiple valuation-based TP are 1) prolonged political uncertainty; and 2) delays in projects and the construction margin contracting more than expected. The upside risk is if STEC can win the Orange Line bid.
Ratch Group	RATCH TB	THB 45.00	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price; and 3) delays in starting new projects.
Somboon Advance Technology	SAT TB	THB 20.40	BUY	The key downside risks to our P/E-based TP are the domestic car manufacturing industry recovering more slowly than expected, a slower-than-expected adoption rate for electric vehicles in Thailand, and worse global demand for pickup trucks.
Asia Aviation	AAV TB	THB 2.82	BUY	Downside risks to our P/BV multiple target price include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.
Bangkok Bank	BBL TB	THB 123.00	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on its NIM and potential new regulations from the Bank of Thailand on debt-servicing programs. The upside risk would be better-than-expected synergies with Permata.
Kasikornbank	KBANK TB	THB 141.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.

Siam Commercial Bank	SCB TB	THB 125.00	BUY	Downside risks to our SOTP-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on its NIM.
Singer Thailand	SINGER TB	THB 40.25	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 1-Nov-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.