This published note was corrected on 05 August 2022 to remove certain content deemed to fall short of FSSIA's publishing standards. This does not affect the overall message of the note nor the analysis within.

Thailand Market Strategy

Investment landscape as globalisation trends reverse

- FSSIA expects the Fed's rate adjustments to end at 4.0% in 2022, implying two more 0.75% hikes in Jul and Sep, and two hikes of 0.5% each in Nov and Dec 2022.
- Pricing power, cost control, and regional producers are the key for picking winners.
- SET Index target lowered to 1,629 from 1,854. 2H22 top picks are IVL, BANPU, SNNP, ASIAN, BDMS, KBANK, MINT, CPN, and MAJOR.

Fed's rate-hike-induced recession stalls growth in 2H23

Given the unrelenting inflation, driven mostly by the impacts of the West's sanctions against Russia, and continued strong consumer spending, we think the Fed is now likely to be more aggressive in scaling back its balance sheet. This implies an accelerated pace of Fed rate hikes at the expense of excessive damage to the economy in the near term, possibly leading to a "recession" as early as 4Q22 to 1Q23. FSSIA expects the Fed's rate adjustments to end at 4.0% in 2022, implying two additional 0.75% hikes in July and September, and two 0.5% hikes in November and December 2022.

Pricing power, cost control, and regional production are key

Under the major trends of de-globalisation, de-balancing the income gap, and de-carbonisation, we've identified three key factors that we believe will differentiate the winners from the market. First, high pricing power is critical for not only passing through rising costs but also commanding higher margins as a result of tighter supply and/or strong pent-up demand. Second, efficient cost controls will be needed to cope with the spikes in the prices of energy, fertiliser, grains, and metals. Third, regional producers will greatly benefit from the de-globalisation trend, which has led to higher "import parity" costs for intercontinental trade if not inter-bloc, between the West, led by the US, and the East, led by Russia-China.

Higher-for-longer inflation leading to a faster-and-larger policy rate hike

Our 2H22-2023 policy-rate-hike expectations for Thailand are more aggressive than the BBG consensus due to our higher-for-longer inflation view, driven by the persistently high prices of energy and food. We project Thailand's GDP growth at 3.0% (BoT: 3.3%) in 2022 and 4.3% (BoT: 4.2%) in 2023, assuming USD120/bbl average oil price for 2022 and USD110/bbl for 2023, and inflation of 6.5%/2.3% (BoT: 6.2%/2.5%) for 2022/2023. Key variances are our higher tourist arrival estimates of 8.5m/34m in 2022/2023.

Lower SET target to 1,629 on cuts to EPS forecasts and valuation de-rating

We cut our 2022 SET index target to 1,629 from 1,854, to reflect 1) our valuation de-rating for the SET from 17.3x 2022E P/E, the 12-year average, to 16.1x 2022E P/E, at -0.25SD, given the higher risks from rising inflation and a more aggressive BoT rate hike that could affect corporate earnings growth; 2) cuts in EPS estimates by 5.5% to THB101 in 2022 and by 23% to THB118 in 2023, mainly due to the cuts in estimates for SCC and PTT. We have switched one of our top picks from BTS to CPN and retain AOT, MINT, BA, JMT, BGRIM, IVL, SCB, KBANK, GULF, and EA as conviction BUYs for 2022.

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Investment landscape altered as globalisation makes a U-turn

We believe the Russia-Ukraine war is the trigger for revolutionary changes in the world's future political, social, and most importantly, economic landscape. Already, many nations are facing unprecedented risks from rising inflation, spikes in commodity prices, and supply-chain disruptions on a global scale, amid strong, pent-up demand for refined oils, travel, out-of-home activities, and food and beverages (F&B).

The sanctions against Russia, led by the US and the EU, are likely to linger into 2023, potentially leading to persistently high prices for energy (oil, gas, and coal), food and grains (wheat, corn, sugar), fertilisers, and metals – all of which are Russia's key export products.

We think this highly inflationary environment could lead to a faster and higher-than-expected pace of policy interest-rate hikes by global central banks, led by the US Federal Reserve (Fed). In these attempts to quell rising inflation, which is being driven by the sharp rises in energy and food prices, we see three key trends that are critical for investors in the next 12 months.

Trend #1: De-globalisation. The sanctions by the US and the EU against Russia and the looming military encirclement of Russia in Europe and China in Asia, clearly indicate that the global economy is now poised for a period of "de-globalisation". This represents a stunning reversal of the "globalisation" trend that has long been the backbone of economic growth amid an extremely low global interest-rate environment and overwhelmingly high liquidity in the financial system as a result of Quantitative Easing (QE) undertaken by central banks globally to prevent a financial crisis from the collapse of asset-backed securities (ABS) in the US in 2008 and the Covid-19 pandemic in 2020-21.

The de-globalisation trend is expected to exacerbate the global supply-chain problems that began with the lockdowns in 2020-21 due to the Covid-19 pandemic. Inflationary pressures could increase as the East (Russia-China alliances) decouples from the West (US-EU alliances), further hindering global trade flows that have rewarded the most efficient producing nations and kept inflation low for decades.

Trend #2: De-balancing the income gap. As the prices of investable assets, including commodities, metals, bonds, and cryptocurrencies, have sharply plunged from their peaks in 4Q21 by 30-70% across entire global asset classes, we believe the income gap between the rich and those with mid to low incomes is narrowing. Unfortunately, the "economic tax" of higher inflation is now gradually eroding the purchasing power of global consumers while the rising cost of energy is squeezing the margins of global producers.

Trend #3: De-carbonisation. Despite the EU's policy U-turn to restart its coal-fired power plants to replace lost gas-fired power generation capacity, we believe the megatrend of global "de-carbonisation" is likely to put even more pressure on production costs in an already injured global economy, mostly in the form of higher costs for energy and heftier carbon taxes. This is "greenflation", in our view.

Pent-up demand and tight supply are key for 2H22-23

Under the three key trends of de-globalisation, de-balancing the income gap, and de-carbonisation, we have identified three key factors that we believe will differentiate the winners from the rest of the market:

Pricing power. High pricing power is needed to not only pass on rising costs but also command higher margins as a result of tighter supply and/or strong pent-up demand.

Cost control. The spikes in the prices of energy, fertiliser, grains, and metals, have pushed up costs for producers globally. In addition, persistently high freight costs due to supply disruptions caused by the Covid-19 pandemic in 2020-21 and the political conflict between the West and the East, mainly from the intensifying sanctions against Russia's fossil-fuel trade and energy embargos, should continue to push costs higher in 2H22-2023, in our view.

Regional producers. De-globalisation has clearly led to higher "import parity" costs for intercontinental trade between the West, led by the US, and the East, led by Russia-China. Hence, companies with regional production bases on many continents where their markets are located will greatly benefit from this ongoing market de-coupling trend.

Exhibit 1: Three winning factors under the megatrends of de-globalisation, de-carbonisation, and de-balancing income gaps

Megatrend	Muscles	Causes	Winning sectors
De-balancing income gaps	High pricing power	Tight supply and strong pent-up demand	Refinery, energy, hospitals, tourism, AMCs
De-carbonisation	Cost control	Cost pressure on rising prices for energy, metals, and food	Packaging, recycled plastics, renewables
De-globalisation	Regional producers	Higher cost of "import parity" and logistics	Petrochemicals, refinery, oil & gas, financials

Source: FSSIA estimates

More aggressive monetary tightening policies in Thailand and the US

Based on the Bank of Thailand (BoT)'s statements, BNPP's "*Global Outlook Q3 2022: Softish landing*" report dated 13 Jun-22, and Bloomberg's consensus figures, our investment strategy takes into consideration all key economic forecasts.

In essence, we forecast more aggressive policy rate hikes than what the BBG consensus expects, both in the US and Thailand in 2H22-2023 due to our more bearish view of higher-for-longer inflation that will be structurally driven by the persistently high prices of energy, food, and other raw materials due to the prolonged Russia-Ukraine war. With our higher-than-consensus inflation view in 2022-23 due to rising cost pressures, we project GDP for Thailand to be lower than both BNPP's and the BoT's forecasts.

One of the key factors that could differentiate Thailand's economy from others is tourism, given that service revenue from tourism accounted for 12% of total GDP in 2019.

With the reopening of the global economy, the rising number of international flights, and the fast-fading perception of Covid-19 as a pandemic threat, we think the potential revenue upside from tourism could be a key factor driving Thailand's recovery in 2022 and possibly leading to even higher growth in 2023-24. This wildcard could have a significant impact, even amid the rising risks of global supply-chain disruptions (freightflation), de-globalisation (friendflation), and de-carbonisation (greenflation), all of which are key drivers of higher-for-longer global inflation in 2022-24, in our view.

Exhibit 2: Key economic forecasts

US economic forecasts (%)	2022E	2023E	2024E
Fed's rate (FSSIA)	4.0	4.5	3.5
Fed's rate (BNPP)	3.5	3.8	3.3
Fed's rate (FOMC's dot plot)	3.4	3.8	3.5
GDP (BNPP)	2.6	1.9	1.7
CPI (BNPP)	7.5	3.9	2.4
Thailand economic forecasts (%)	**2022E**	**2023E**	**2024E**
Headline inflation (FSSIA)	6.5	2.6	1.7
Headline inflation (BoT)	6.2	2.5	
Headline inflation (BNPP)	6.4	2.4	1.5
Core inflation (FSSIA)	2.2	2.0	
Core inflation (BoT)	2.2	2.0	
GDP (FSSIA)	3.0	4.3	3.8
GDP (BoT)	3.3	4.2	3.9
GDP (BNPP)	3.9	4.9	3.5
BoT's policy rate (FSSIA)	1.0	1.5	
Crude oil price (USD/bbl)	**2022E**	**2023E**	**2024E**
Dubai crude oil price (FSSIA)	120	110	
Dubai crude oil price (BoT)	105	105	
Dubai crude oil price (BNPP)	105	105	
Number of tourists arrivals (m)	**2022E**	**2023E**	**2024E**
No. of international tourists (FSSIA)	8.5	34.1	-
No. of international tourists (BoT)	6.0	19.0	

Sources: Bank of Thailand (BoT); Bloomberg; Airports of Thailand (AOT); BNP Paribas (BNPP); FSSIA estimates

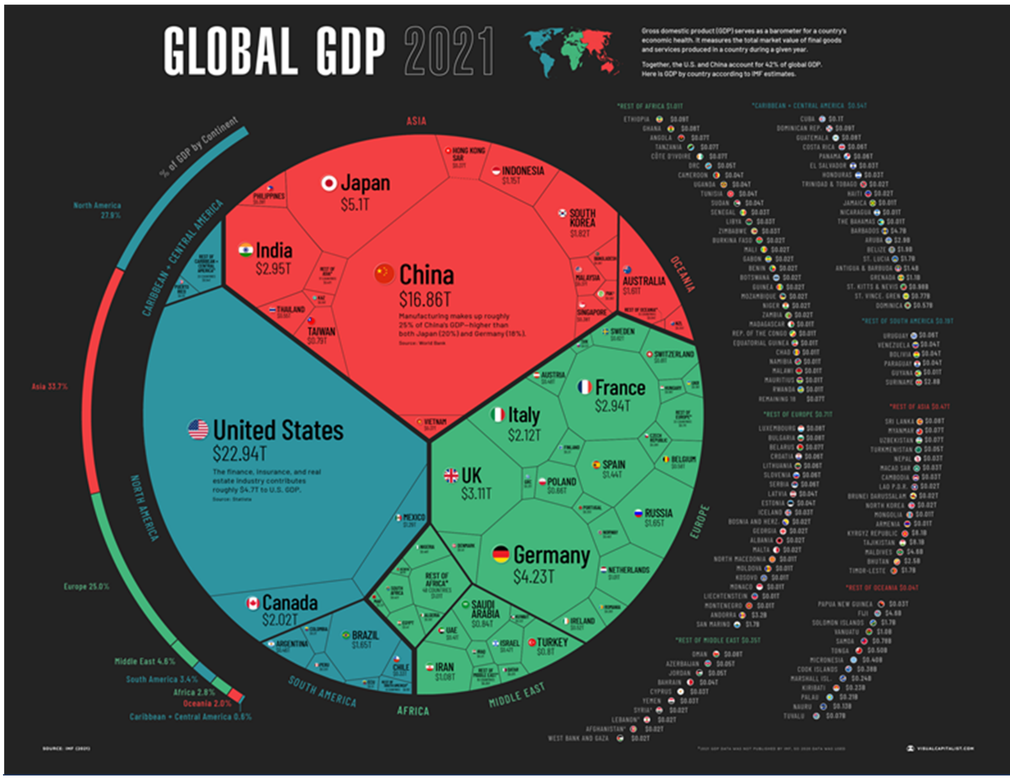
De-globalisation could further increase production costs

It is manifest that in the post-QE era, the West is now struggling to retain its control over the global economy via "dollarisation", which includes the petrodollar (USD for the global energy trade), reserves for global central banks (USD for countries' reserves), and capital markets (USD for global financial trade).

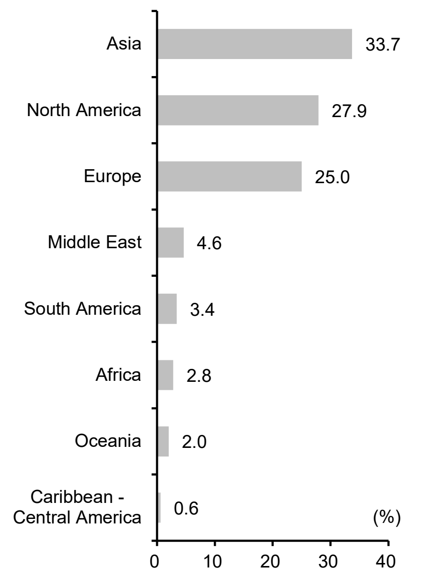
In response to Russia's invasion of Ukraine, the West has imposed sanctions on Russia in order to weaken its military by targeting its economic strength as a global exporter of commodities, metals and food. Ironically, the sanctions have backfired, making Russia even stronger both financially and strategically, and left consumers in the West bearing the brunt of global supply disruptions that have led to sharply higher prices for goods, food, and energy.

West vs East. The ongoing conflict between the East bloc, led by Russia and China, and the West bloc, led by the US, is likely to worsen inflation and lead to higher interest rates. This increases the likelihood of an economic recession in the US and the EU, which we expect to occur in 2023 when the Fed's policy-interest-rate hikes rise to over 4% as it tries to curb inflation.

Exhibit 3: USD92t global GDP 2021: US and China account for 43%



Global GDP by continent %



Source: visualcapitalist.com

As of 2021, the US and China occupy the first two places in both methods of GDP ranking. The US and China's margin is coming down in nominal ranking as China's GDP growth rate in 2021 (8.02%) was higher than the US at 5.97%. On a nominal basis, the US was ahead of China by $6 trillion in 2021. On a ppp basis, China overtook the US in 2017 and was ahead by $4 trillion, and the gap is increasing. China should remain the world's largest economy on a ppp basis over the next few decades as second-ranked US is growing slowly and third-ranked India is far behind. (StatisticsTimes)

In 2021, according to the Visual Capitalist website using IMF data, the US had the highest GDP at USD22.9t (24.9% of global GDP), with China was close behind at USD16.86t (18.3%).

If we include the GDPs of the countries allied with either the US or China, we estimate that the combined GDP for the East would be USD38.45t (41.8%), and the West would be USD52.98t (57.6%). Note that the allegiance of many countries remains unclear.

Exhibit 4: GDP breakdown by major countries in the East and West blocs

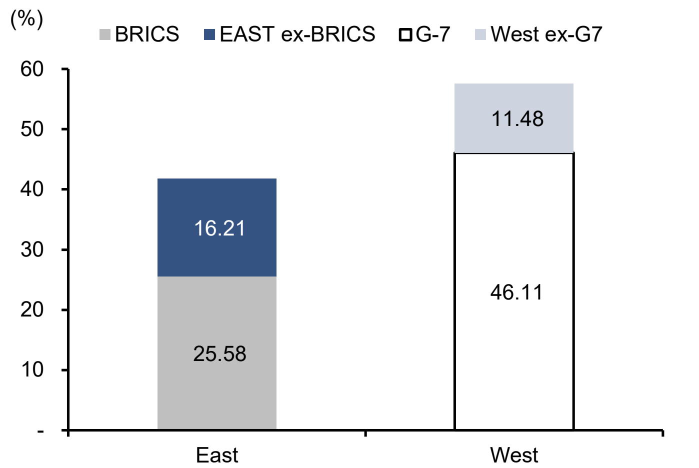
Country	GDP (USD t)	% global GDP (%)	Country	GDP (USD t)	% global GDP (%)
Brazil	1.65	1.8	US	22.90	24.9
Russia	1.65	1.8	Canada	2.02	2.2
India	2.95	3.2	UK	3.11	3.4
China	16.86	18.3	Germany	4.23	4.6
South Africa	0.42	0.5	France	2.94	3.2
Total BRICS	23.53	25.6	Italy	2.12	2.3
Iran	1.08	1.2	Japan	5.10	5.5
Saudi Arabia	0.84	0.9	Total G-7	42.42	46.1
Turkey	0.80	0.9			0.0
South America	1.48	1.6	EU	8.95	9.7
Middle East	4.42	4.8	Australia	1.61	1.8
Total East ex-BRICS	**14.92**	**16.2**	**Total West ex-G7**	**10.56**	**11.5**
Total East	**38.45**	**41.8**	**Total West**	**52.98**	**57.6**

Source: visualcapitalist.com

While the GDP of the West (USD52.98t) is 1.37x larger than the East (USD38.45t), we think, in terms of self-sufficiency and bargaining power, the East has an upper hand over the West, thanks to Russia's abundant energy resources (oil, coal, and gas), metals (aluminium), and food (wheat, corn), and China as the world's goods factory.

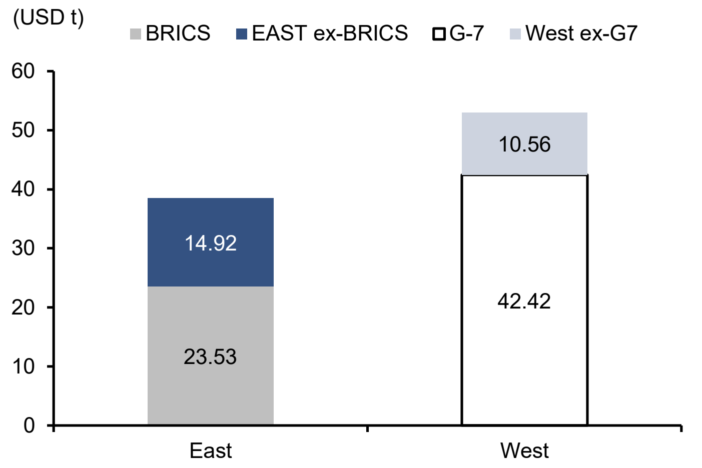
Both Russia and China are major global deflators, given Russia's exports of cheap energy, natural resources, and food, while China exports low-cost goods manufactured at the highest economies of scale thanks to China's large population of over 1.3b.

Exhibit 5: GDP breakdown of East and West



Source: Bloomberg

Exhibit 6: GDP breakdown of East and West (%)

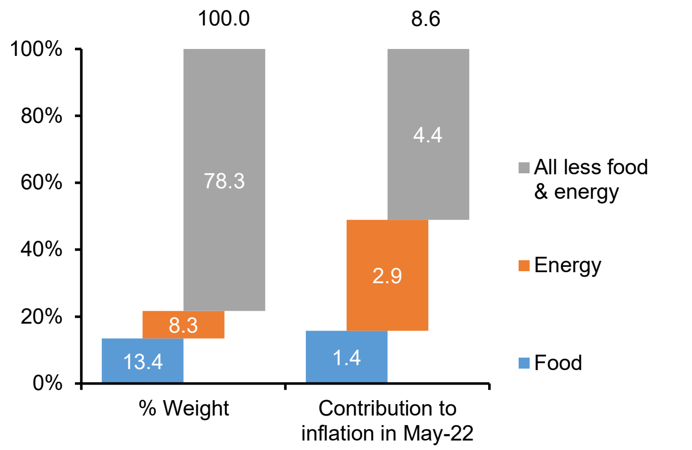


Source: Bloomberg

US inflation outlook vs the Fed's more aggressive tightening policy

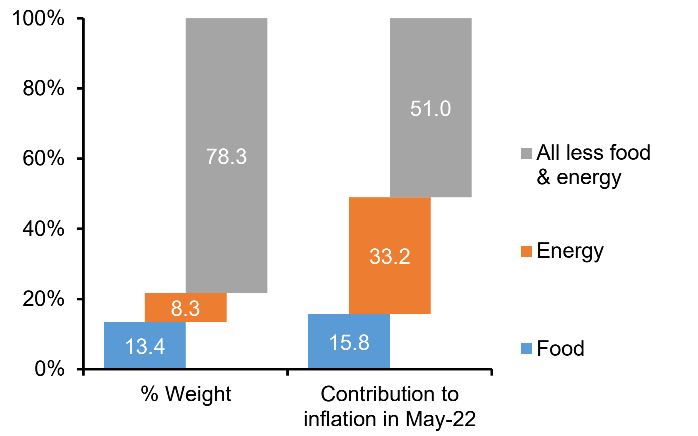
Even before the Russia-Ukraine war broke out on 24 Feb-22, the US inflation rate, represented by Personal Consumption Expenditure (PCE) headline figures, had sharply risen from the Fed's sub-2% target rate since 2008 to over 6% in Jan-22 before jumping further to 8.6% in May-22 – a 40-year high. In our view, this occurred due to the Fed's extremely low policy interest rate at 0.5% during 2008-21, combined with injections of significant liquidity under the QE scheme to fend off an economic recession caused by the 2008 global financial crisis and the impact of the Covid-19 pandemic in 2020-21.

Exhibit 7: US inflation breakdown by components; % weight and share of the 8.6% y-y hike in CPI



Sources: United States Department of Labor; FSSIA's compilation

Exhibit 8: US inflation breakdown in May-22; % weight of key items vs % of contribution of each

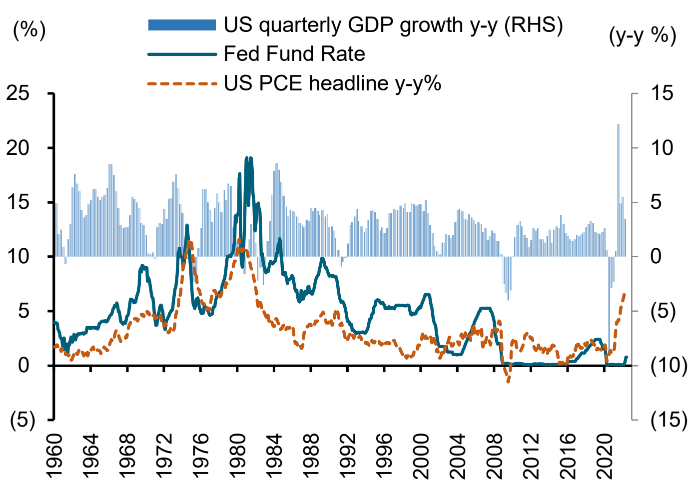


Sources: United States Department of Labor; FSSIA's compilation

The highly accommodative monetary policy that kept the Fed's policy interest rate at near zero since 2008 led to a structural depreciation of the USD against other currencies but effectively stimulated US GDP growth at a level above 2% during 2009-19, before the global economy was hit by the Covid-19 pandemic in 2020-21.

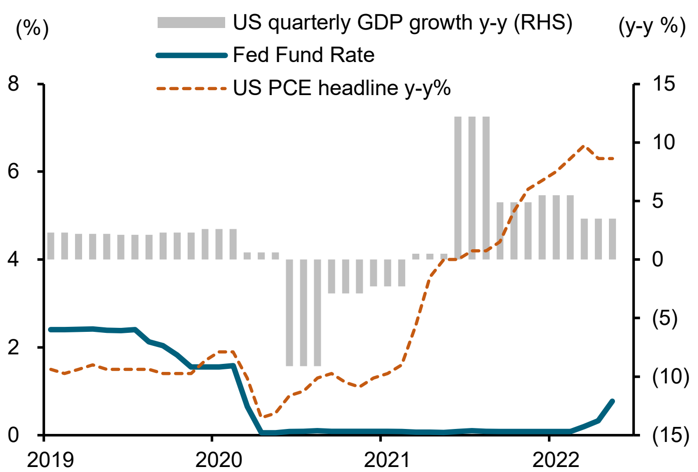
The Fed's use of monetary policy to stimulate the economy at the expense of creating liquidity bubbles via massive QE is now starting to backfire with the US economy, likely to enter a recession by 1H23, in our view. We think there is a possibility of two consecutive quarters of negative GDP growth based on our projections for accelerating hikes in the Fed's policy rate in order to curb surging inflation.

Exhibit 9: US GDP growth, Fed funds rate and CPI



Source: Bloomberg

Exhibit 10: US GDP growth, Fed funds rate and CPI



Source: Bloomberg

Fed funds rate: the wrong war at the wrong place at the wrong time?

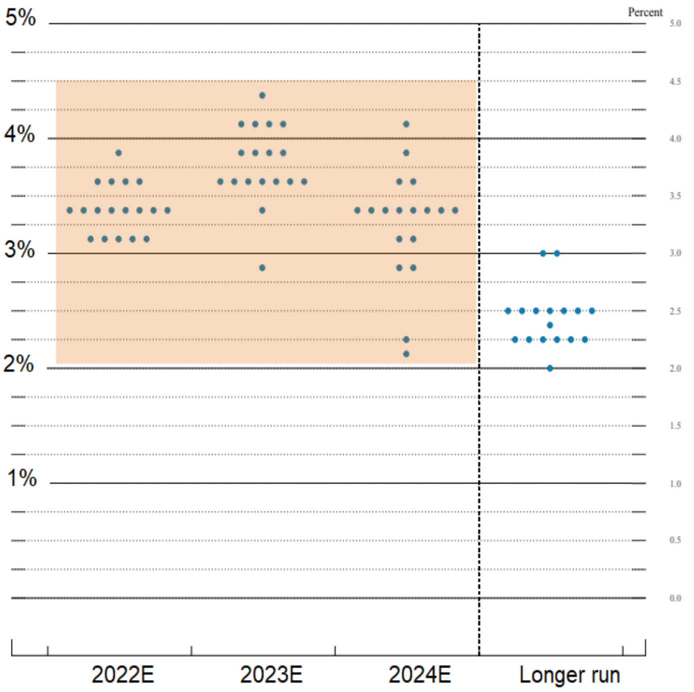
Given the unrelenting inflation driven mostly by the impacts of the sanctions by the West against Russia, and continued strong consumer spending, we think that the Fed is now likely to be more aggressive in scaling back its balance sheet and accelerating the pace of Fed rate hikes at the expense of excessive damage to the economy in the near term, possibly leading to a "recession" as early as 4Q22 to 2023.

Consensus expectations on Fed rate hikes in 2022-24. Based on the Fed's minutes in Jun-22, Fed officials signalled that they could hike the policy interest rate faster rather than later to curb inflation. According to the most recent "Dot plot", the hawkish market consensus now forecasts the Fed's rate hikes to end at the 3.0-4.0% range by end-2022 and 3.25-4.5% by end-2023, before declining to 2.75-4.25% by end-2024. However, in the more dovish, non-consensus market view, the Fed's rate is expected to decline from 3.0-4.0% in 2022 to 2.75% in 2023, and down further to 2.25% by end-2024.

The Dot plot consensus views for the Fed's rate hikes have become much more bearish than they were 12 months ago, with the Jul-21 Dot plot forecast for the range of the Fed funds rate at sub-1% in 2022, sub-2% in 2023, and sub-3% in 2024, far below the current forecasts for the Fed's rate in the Jun-22 Dot plot.

Exhibit 11: FOMC participants' assessments of appropriate monetary policy: Midpoint of target level for the federal funds rate

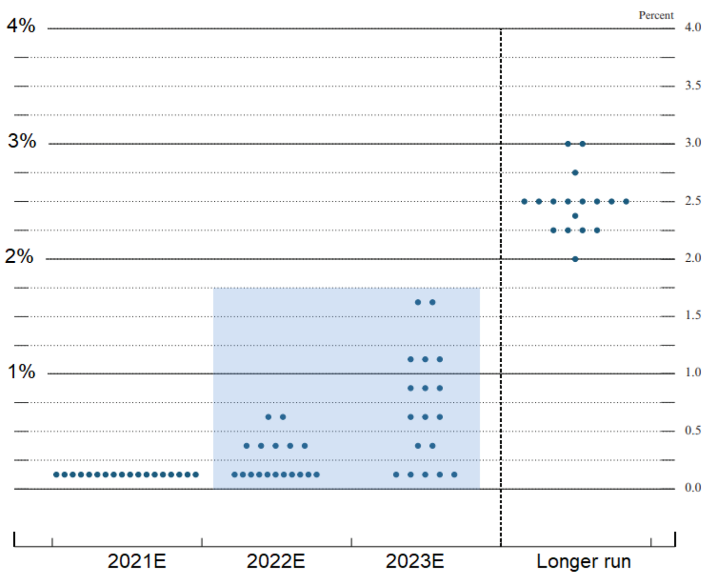
Dot plot as of 17 Jun-22



Note: Each shaded circle indicates the value (rounded to the nearest 1/8 percentage point) of an individual participant's judgment of the midpoint of the appropriate target range for the federal funds rate or the appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. One participant did not submit longer-run projections for the federal funds rate.

Source: federalreserve.gov, 17 Jun-22

Dot plot as of 9 Jul-21 before Russia-Ukraine conflict

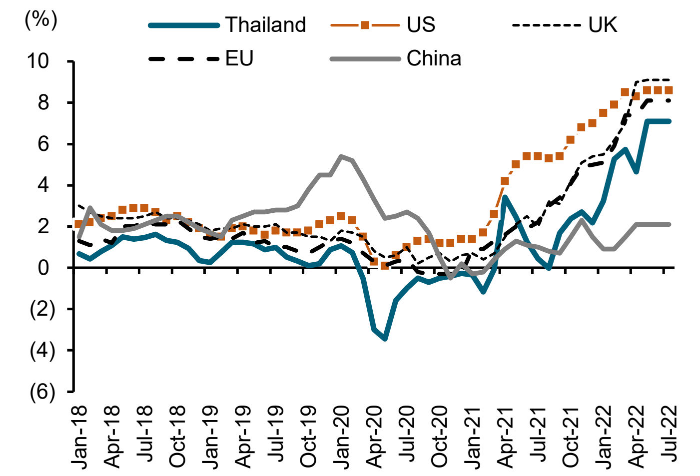


Note: Each shaded circle indicates the value (rounded to the nearest 1/8 percentage point) of an individual participant's judgment of the midpoint of the appropriate target range for the federal funds rate or the appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. One participant did not submit longer-run projections for the federal funds rate.

Source: federalreserve.gov, 9 Jul-21

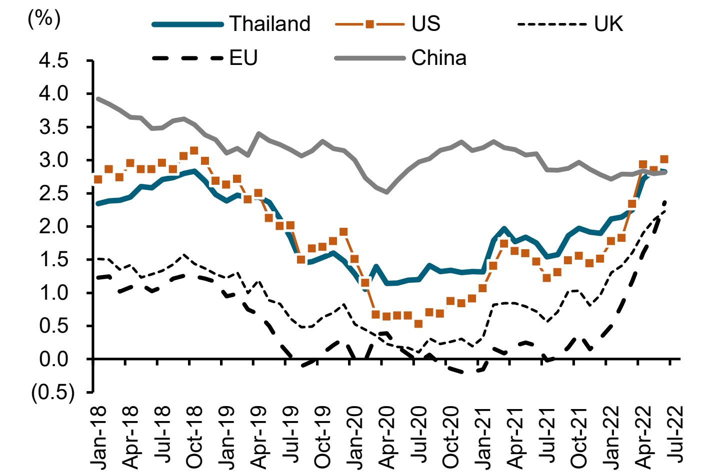
The main reason for the Fed's more aggressive stance comes from the faster- and higher-than-expected inflation triggered by the impact of energy, food, and fertiliser prices, and continued strong consumer spending that has raised housing prices further in the US.

Exhibit 12: Inflation in the US, UK, China and Thailand



Source: Bloomberg

Exhibit 13: 10-year bond yields in US, UK, China and Thailand



Source: Bloomberg

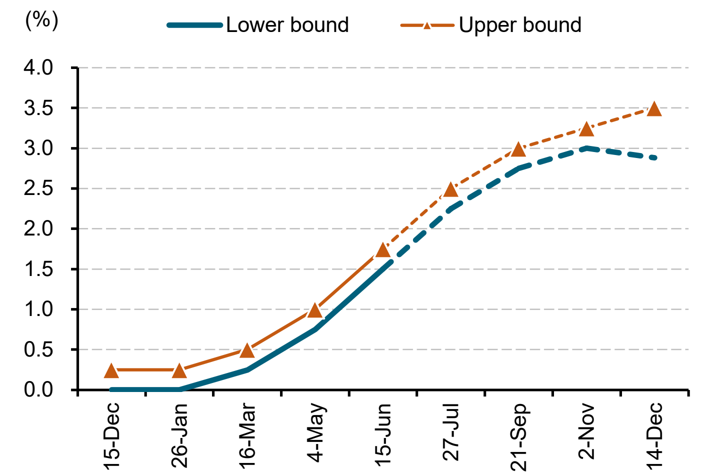
FSSIA's Fed funds rate target: 4.0% in 2022, 4.5% in 2023, and 3.5% in 2024. FSSIA expects the Fed's rate hikes to end at 4.0% in 2022, implying two additional 0.75% hikes in July and September, and two hikes of 0.5% each in November and December 2022.

Reasons for our more aggressive Fed rate hike view. We see two reasons to support our more aggressive Fed rate hike projections than the median consensus forecasts of 3.4% in Dec-22 and 3.8% in Dec-23. First, we note the recent track record of the Fed persistently signalling its intention of "benign" monetary policy tightening but later raising its interest rate at a more aggressive trajectory than the market expected. Second, we cite the higher-for-longer inflation due to the relentless pressure from rising energy, food, and freight costs as a result of global supply disruptions, de-globalisation, and de-carbonisation.

Exhibit 14: FOMC rate decisions and market surveys from end-2021 to end-2022

	----------- Lower bound ----------		----------- Upper bound ----------	
Meeting	Survey (%)	Actual (%)	Survey (%)	Actual (%)
15-Dec-21	0.00	0.00	0.25	0.25
26-Jan-22	0.00	0.00	0.25	0.25
16-Mar-22	0.25	0.25	0.50	0.50
4-May-22	0.75	0.75	1.00	1.00
15-Jun-22	1.25	1.50	1.50	1.75
27-Jul-22	2.25		2.50	
21-Sep-22	2.75		3.00	
2-Nov-22	3.00		3.25	
14-Dec-22	2.88		3.50	

Sources: Bloomberg consensus; FSSIA's compilation



Note – dash line indicates survey data as of 23 Jun-22
Sources: Bloomberg consensus; FSSIA's compilation

Reason #1: Benign signals from the Fed ahead of more aggressive rate hikes. First, in the past five meetings of the Federal Open Market Committee (FOMC) since Dec-21, the Fed has always delivered signals that led to "underestimated expectations" by the market of the Fed's rate directions ahead of the FOMC meetings.

Starting with no possibility of a rate hike, the Fed has continued to surprise the market on the downside, with more aggressive rate hikes than the market's expectations, including "actual hike vs the Fed's no-hike signal", "sooner vs the Fed's later hike", "0.25% rising to 0.75% hikes vs the Fed's incremental 0.25% hikes", "0.75% hike vs the Fed's 0.5% hike signal", and "0.75% hikes vs the Fed's 0.75% hikes once-or-twice" signal.

Exhibit 15: Revisions of commodity price assumptions

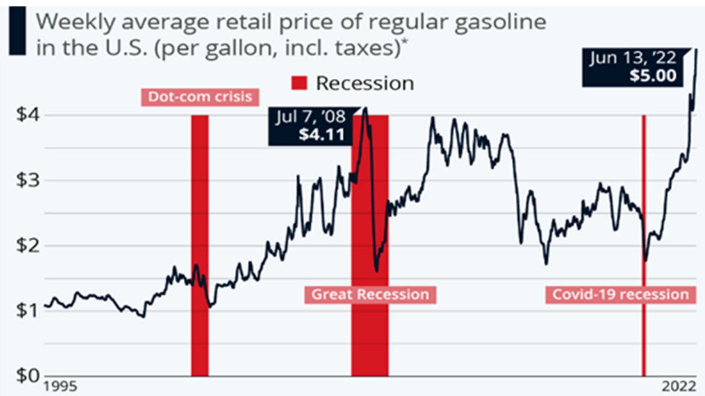
	2022E	2023E	2024E
Newcastle coal price index	**(USD/t)**	**(USD/t)**	**(USD/t)**
Previous	200	150	150
New	300	250	250
% change	*50*	*67*	*67*
Dubai crude oil price	**(USD/bbl)**	**(USD/bbl)**	**(USD/bbl)**
Previous	100	90	90
New	120	110	110
% change	*20*	*22*	*22*
Henry Hub gas price	**(USD/mmbtu)**	**(USD/mmbtu)**	**(USD/mmbtu)**
Previous	5.0	4.0	4.0
New	7.0	6.0	6.0
% change	*40*	*50*	*50*
Spot JKM LNG price	**(USD/mmbtu)**	**(USD/mmbtu)**	**(USD/mmbtu)**
Previous	10	8	8
New	20	15	15
% change	*100*	*88*	*88*

Sources: FSSIA estimates

Reason #2: Higher-for-longer inflation is here to stay. While US inflation at 8.6% in May-22 has already created alarm that triggered the Fed to pursue a more aggressive tightening policy and raise its interest rate faster and higher than it previously indicated, we think that in 2H22-23, global inflation is likely to stay high, and possibly higher, driven by the persistently high prices for oil, coal, and gas that we project in 2022-24.

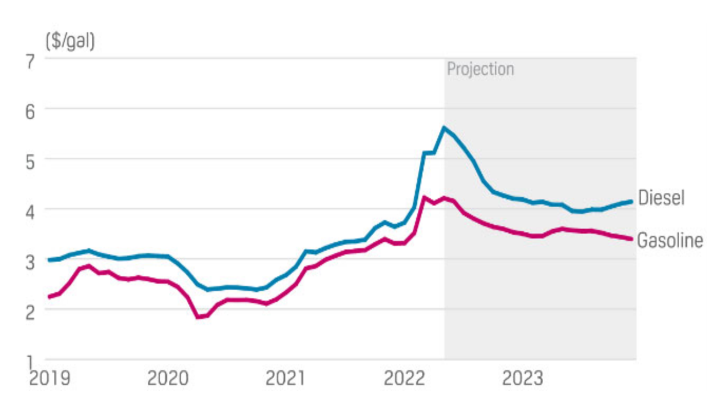
High energy prices, particularly the gasoline price that has already hit a record high at USD5.6/gallon in June, significantly boosted inflation in the US in May-22. The 48.7% spike y-y in the gasoline price accounted for 20% of US inflation, according to the Energy Information Administration (EIA).

Exhibit 16: US gasoline price trend



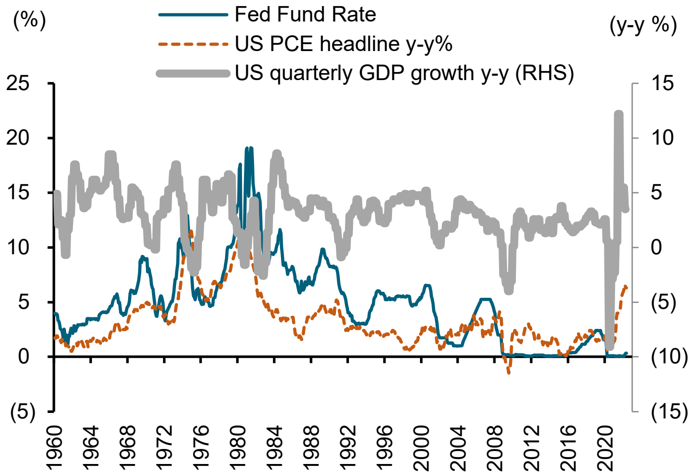
Source: EIA (as of 28 Jun-22)

Exhibit 17: US gasoline price trend



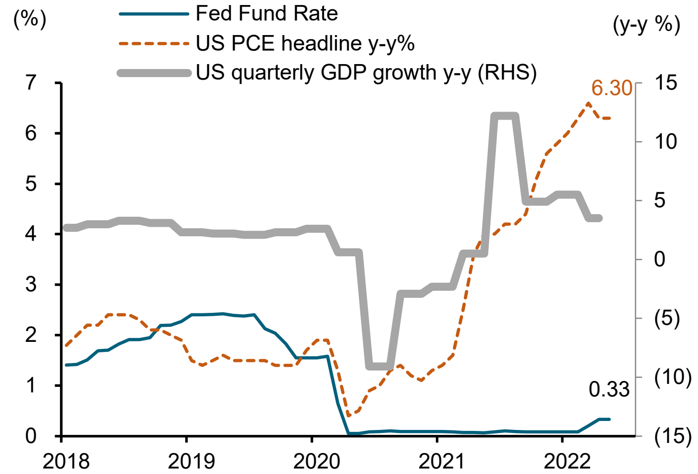
Source: EIA (As of 26 Jun-22)

Exhibit 18: US rates and GDP growth since 1960



Source: Bloomberg

Exhibit 19: US rates and GDP growth from 2018



Source: Bloomberg

In addition, the gas price in the US has similarly spiked to hit USD5/mmbtu in Jun-22, which in turn greatly increased inflation in May-22. Although the US is a major global exporter of LNG and crude oil, the prices of gasoline and gas spiked in 2021-22 at a rate roughly matching the rise in energy prices globally. Why?

Why have energy prices in the US spiked? We think four factors are responsible for the currently high prices of energy in the US.

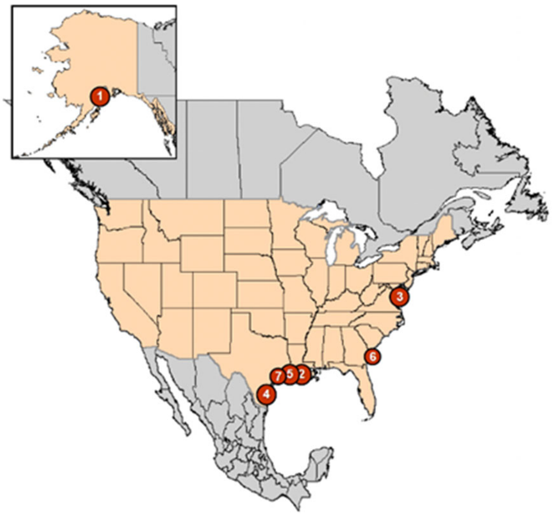
Factor #1: Biden's halting of the Keystone XL pipeline and bans on drilling in the Arctic National Wildlife Refuge (ANWR). On his first day in office, US president Joe Biden halted the completion of the Keystone XL pipeline via an Executive Order. Ironically, the Keystone XL pipeline would have been the world's first zero-emission energy pipeline.

Factor #2: Simultaneously, Biden placed a temporary ban on drilling in ANWR, again via an Executive Order, which otherwise would have increased the use of the Alaskan pipeline and effectively allowed energy development on federal land. Also, his order to halt an 80m-acre oil lease land sale in the Gulf of Mexico put the Louisiana oil and gas industry in danger. With the stroke of a pen, he eliminated the chance for US energy independence, in our view.

Factor #3: Higher LNG exports to the EU. On 25 Mar-22, Biden announced an agreement committing the US LNG industry to supply an additional 15b cubic metres (cbm) of LNG to Europe throughout 2022, according to the Middle East Institute (MEI), a Washington-based institution dedicated to the study of the Middle East.

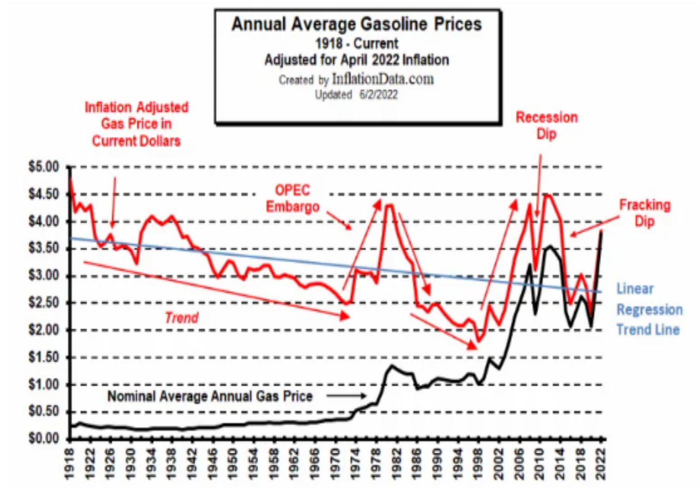
The agreement also envisions increasing the supply of US LNG to the EU to 50bcm by 2030, equating to approximately one-third of the EU's gas imports from Russia in 2021. Interestingly, while well received by the EU and the US LNG industry, the announcement had never been discussed with US LNG industry producers, leading some to question how the US government, in a free market, would direct commercially independent companies to ship LNG to Europe.

Exhibit 20: Current North American LNG export terminals



Sources: MEI; Federal Energy Regulatory Commission (FERC)

Exhibit 21: US gasoline price (nominal vs adjusted)



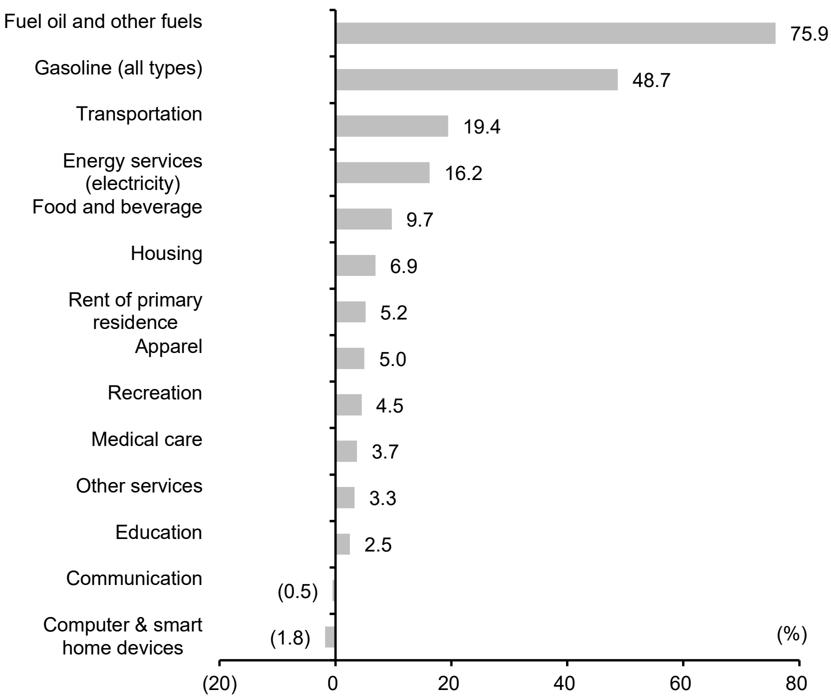
Source: Inflation Data

The oil & gas business is a very capital-intensive business, and large investments are required to explore and drill for oil and gas. But due to the anti-oil and gas policies of the Biden administration, large banks and other investors are reluctant to risk capital on oil exploration since the prospect could be halted mid-stream by government fiat.

Instead of buying cheaper oil produced from the oil sands in Canada, the Biden administration is courting countries like Saudi Arabia, Venezuela, and Iran, placing the US energy situation on an even more unstable footing, and leading to the currently rising inflation, in our view.

Factor #4: Russian oil embargo. To make matters worse, Biden's policies were followed by Russia's invasion of Ukraine. Russia is the world's third largest oil & gas producer, pumping around 10% of global oil and 40% of Western Europe's natural gas. Hence, when the West embargoed Russian oil, it drastically reduced energy supplies for the West, which led to the skyrocketing prices of gas, oil, and coal.

Exhibit 22: US CPI - 12-month percentage of change May 2022, by expenditure

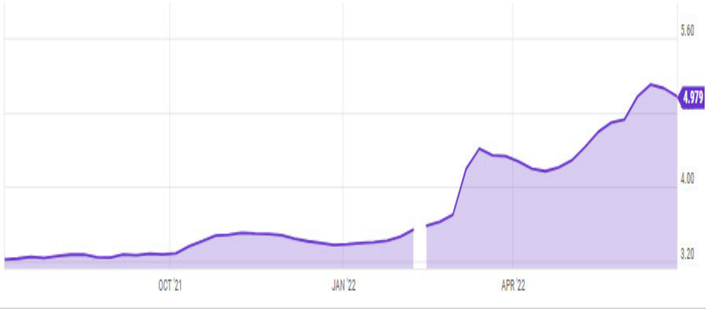


Source: Statista

The average inflation-adjusted gasoline price (AIGP) since 1918 in “Apr-22 dollars” is USD3.2/gallon. Hence, whenever AIGPs were above USD3.2/gallon, it is deemed “high” and below USD3.2/gallon is regarded as “low”. On 13 Jun-22, the nominal retail gasoline price in the US hit USD5.1/gallon, or USD4.17/gallon AIGP. The average retail gasoline price in 1H22 was USD4.1/gallon or USD3.35/gallon AIGP, above the historical AIGP at USD3.2/gallon.

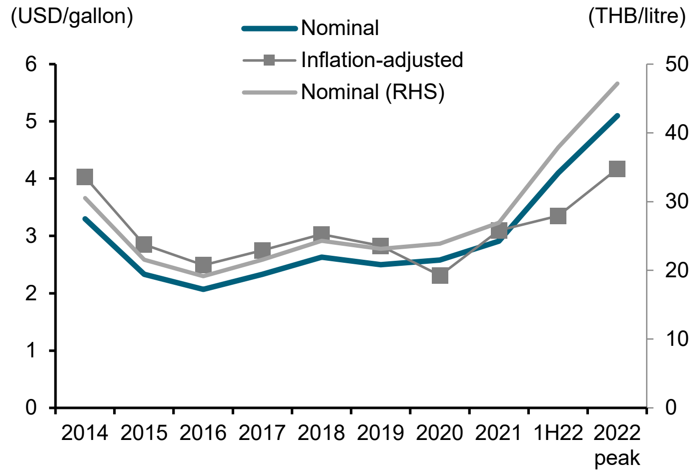
Gasoline price comparison: US vs Thailand. Converted to THB, the price of retail gasoline is THB45.9/litre in the US, just slightly higher than the E10 gasoline price of THB45.15/litre in Thailand on 29 Jun-22, reflecting the impact of the Biden administration’s politics-driven foreign policies. The hefty sanctions on Russia’s fossil fuel trade, and the promotion of green policies domestically, has led to higher energy costs for consumers and is one of the true causes for the current high US inflation, in our view.

Exhibit 23: US retail gasoline price hit a record high at USD5.1/gallon on 13 Jun-22



Source: YCharts.com

Exhibit 24: US gasoline prices (nominal vs inflation adjusted)



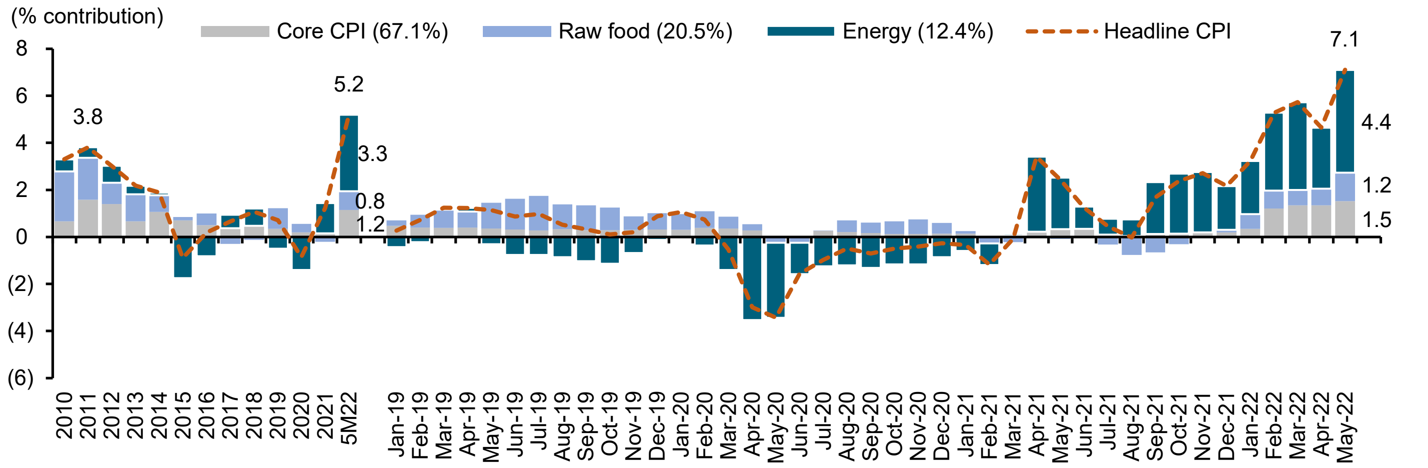
Sources: YCharts.com; FSSIA estimates

Thailand’s inflation: not as bad as it looks

Even as one of the world’s leading exporters of food, agricultural products, auto parts, refined oils and petrochemicals, and electronics and electrical components, Thailand has similarly seen its headline inflation jump to a 13-year high at 7.1% in May-22, driven by the sharp rises in food and energy prices. Core inflation, excluding energy and raw food impacts, was 1.5% in May-22, still lower than the 1.7% seen in 2011.

We forecast headline inflation at 6.5% vs the BoT’s 6.2% in 2022 and 2.6% vs the BoT’s 2.5% in 2023 based on our higher oil price assumptions of USD120/bbl in 2022 and USD110/bbl in 2023 vs the BoT’s projection of USD105/bbl in 2022-23. We forecast core inflation to match the BoT’s at 2.2% in 2022 and 2.0% in 2023 as we expect the prices of food and other items, mostly domestically produced or highly regulated, to remain relatively stable y-y in 2022-23.

Exhibit 25: Contribution to CPI, at the end of May-22

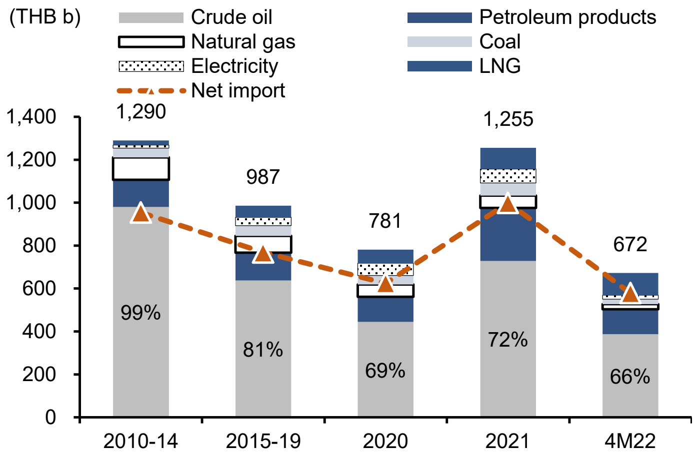


Source: BoT

As a net importer of energy, Thailand's inflation and GDP are closely influenced by the value of energy imports, which in turn are driven by the global price of crude oil, LNG, and coal. According to the BoT, the value of energy imports in 4M22 jumped markedly y-y to hit THB672b, already around 50% of the total value of energy imports in 2021. Imports of crude oil and LNG are the two largest components that pushed the total value of Thailand's energy imports much higher y-y.

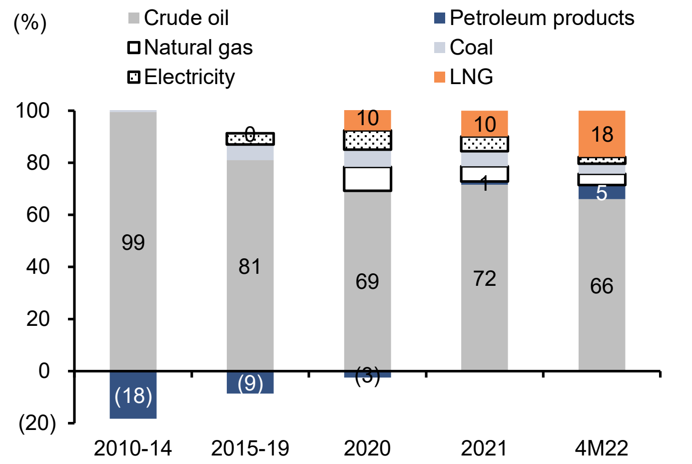
Back in 2010-14, Thailand had been a net exporter of energy, mostly LPG, followed by higher sulphur fuel oil (HSFO), gasoline, and diesel. However, since 2020, the country has begun to import not only LPG but also gasoline and LNG to meet domestic needs as demand for LPG from the transportation sector has grown markedly due to the government's subsidy policy.

Exhibit 26: Value of energy imports



Percentage numbers in crude oil bar indicate <u>net</u> crude oil import value as % of total net energy imports
Source: Ministry of Energy

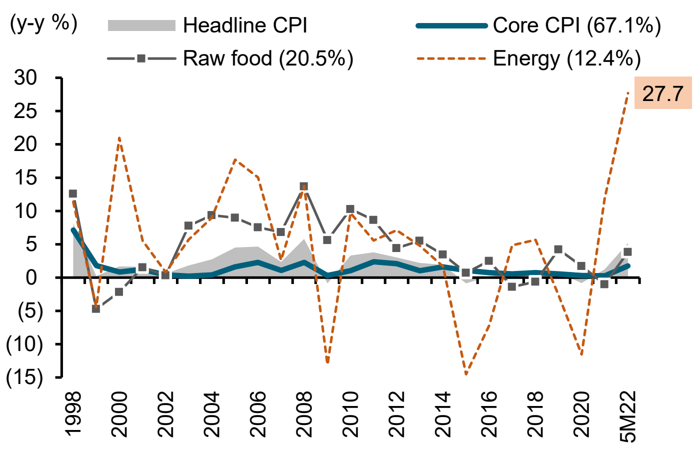
Exhibit 27: Proportional value of net energy imports (exports)



Source: Ministry of Energy

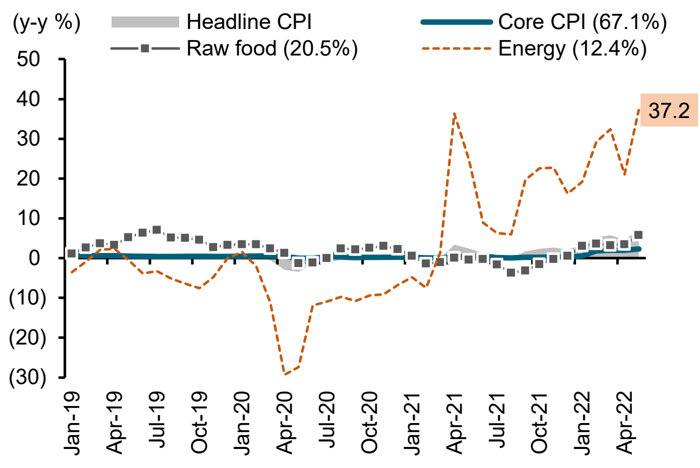
In 5M22, according to the Ministry of Commerce (MOC), energy price inflation surged to 27.7% y-y and raw food inflation rose by 20.5% y-y as a result of the higher global prices of food and energy caused by the Russia-Ukraine war. With an open economic structure, Thailand has been impacted by the global price trends of food and energy (as a net importer) despite being a net exporter of many food and agricultural products, including rice, sugar, rubber, tapioca starch and flour, raw and processed chicken, and shrimp.

Exhibit 28: Annual change in key inflation since 1998 to 5M22



Note: Data in bracket of the legend indicates weighting in CPI basket
Sources: Ministry of Commerce; FSSIA's compilation

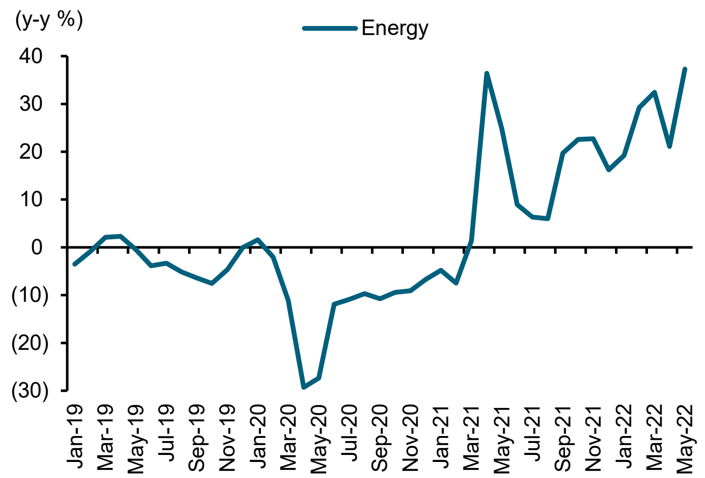
Exhibit 29: Change in key inflation from 2019, monthly



Sources: Ministry of Commerce; FSSIA's compilation

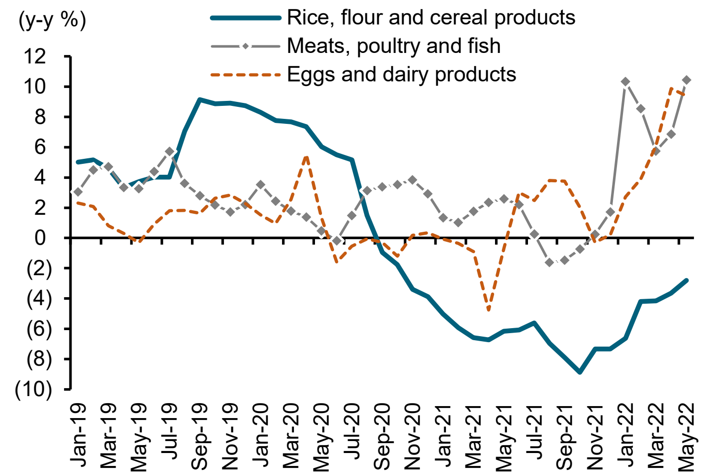
For food price inflation, the key culprits are the surging prices of meat, poultry, fish, eggs, and dairy products due to higher feed prices caused by the rise in the price of imported soybean meal. However, the prices of rice, flour, and cereal grains, mostly produced domestically, remain in negative territory, thanks to the government's price controls and abundant production in the country.

Exhibit 30: Change in energy CPI post Covid-19 since Jan-19



Sources: Ministry of Commerce; FSSIA's compilation

Exhibit 31: Selected raw foods with substantial change

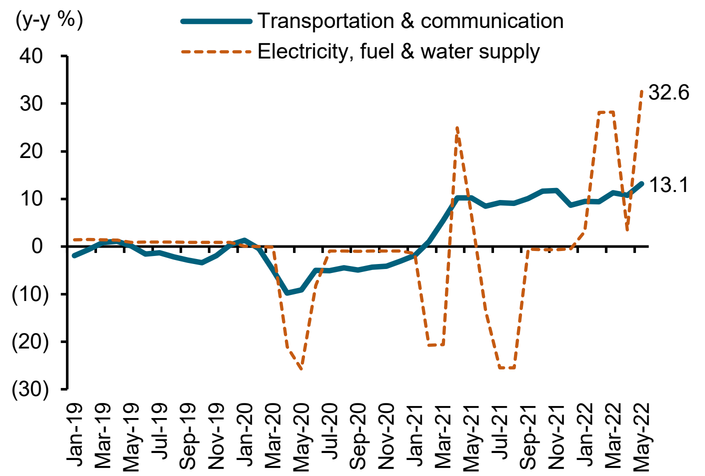


Ministry of Commerce; FSSIA's compilation

The hikes in electricity, fuel and water supply by 32.6% y-y in May-22 were mostly caused by the spike in overall gas prices as a result of higher imports of costly spot LNG to substitute a gas production shortfall from the Erawan gas field, Thailand's largest gas field with a production capacity of 1,200mmscfd (27% of Thailand's gas supply).

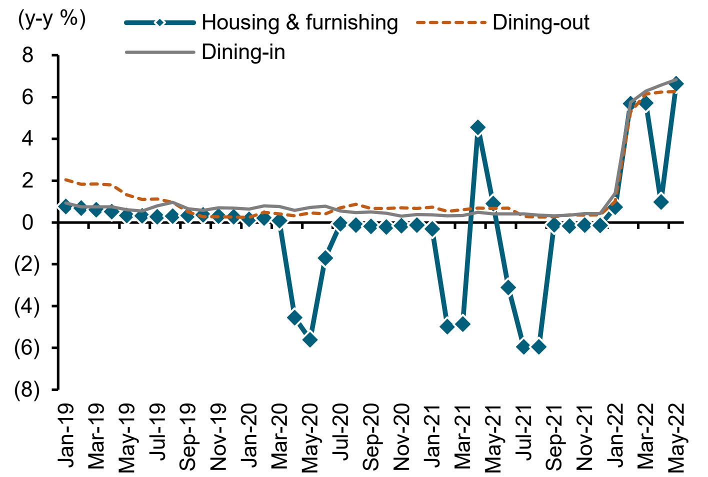
In addition, the spikes in housing & furnishing prices, and dine-in and dining-out components, are rooted in higher raw food prices and consumers' higher inflation expectations.

Exhibit 32: Selected core CPI items with substantial increases



Sources: Ministry of Commerce; FSSIA's compilation

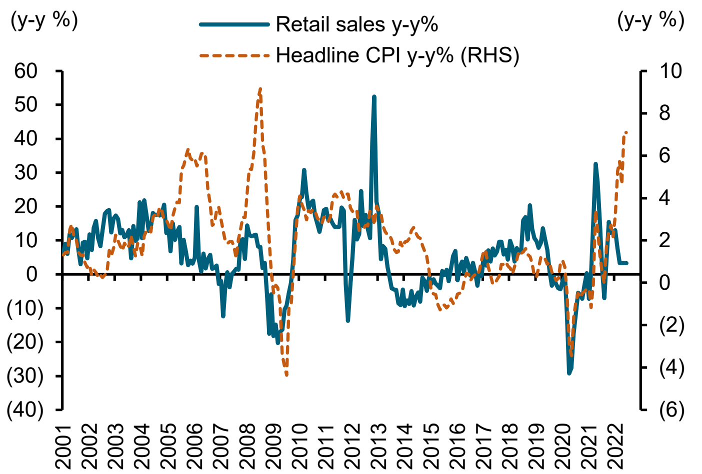
Exhibit 33: Selected core CPI items with increases



Sources: Ministry of Commerce; FSSIA's compilation

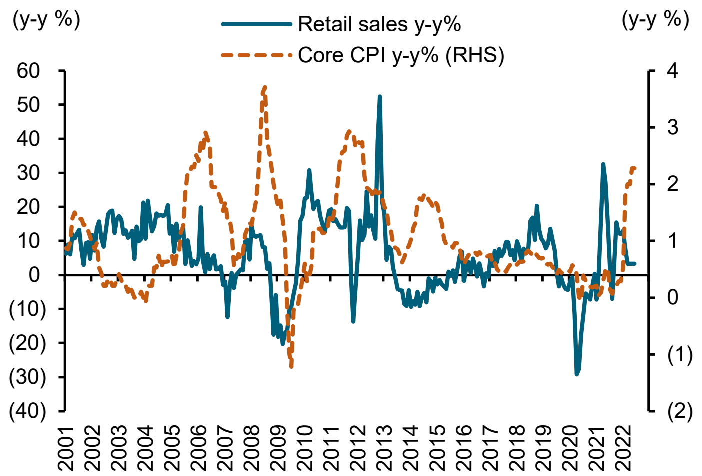
Inflation vs consumption. Historically, Thailand has seen a close relationship between retail sales and headline CPI. As the headline CPI is projected to remain high in 2H22-2023, according to the Bloomberg consensus, we expect retail sales growth to be moderate thanks to two years of pent-up demand during the Covid-19 pandemic in 2020-21 and the now-open economic activity.

Exhibit 34: Retail sales vs headline inflation



Source: Bloomberg

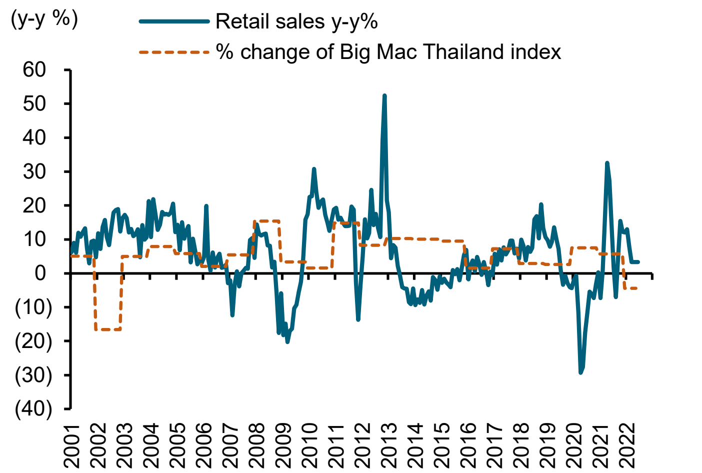
Exhibit 35: Retail sales vs core inflation



Source: Bloomberg

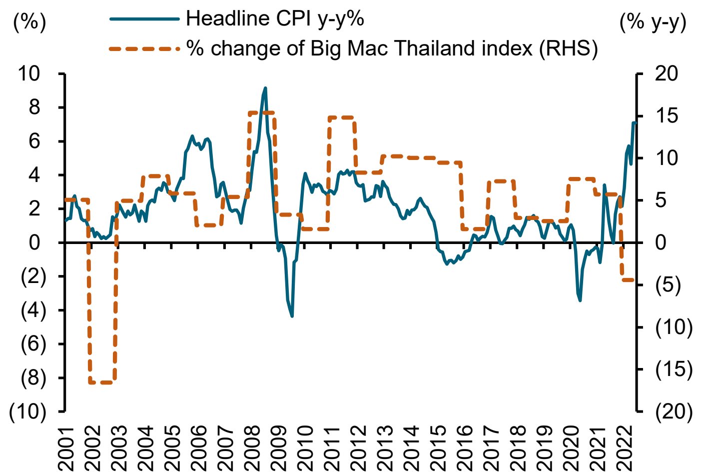
Thailand's inflation vs consumer purchasing power in Thailand. Using the "Big Mac" price as a proxy for inflation, we expect the purchasing power of Thai consumers to deteriorate in 2H22-23, as higher inflation will erode gains in real disposable income. However, we think the strong pent-up demand for many products, particularly travel and hospitality, should help offset the negative impact of higher inflation.

Exhibit 36: Retail sales vs Big Mac price in Thailand



Source: Bloomberg

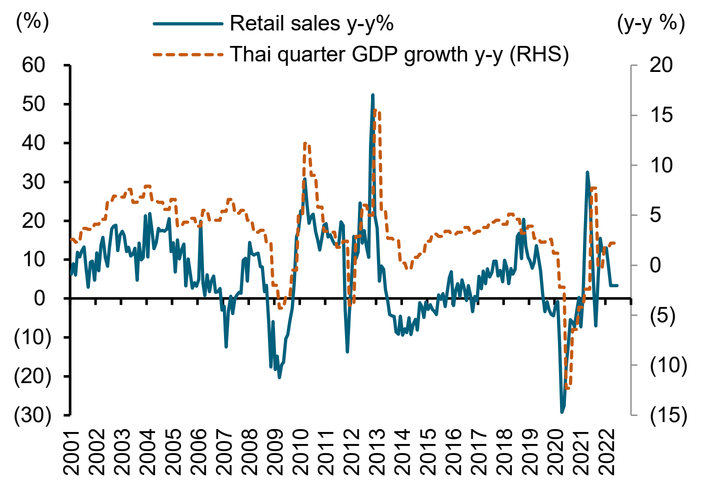
Exhibit 37: Headline inflation vs Big Mac price in Thailand



Source: Bloomberg

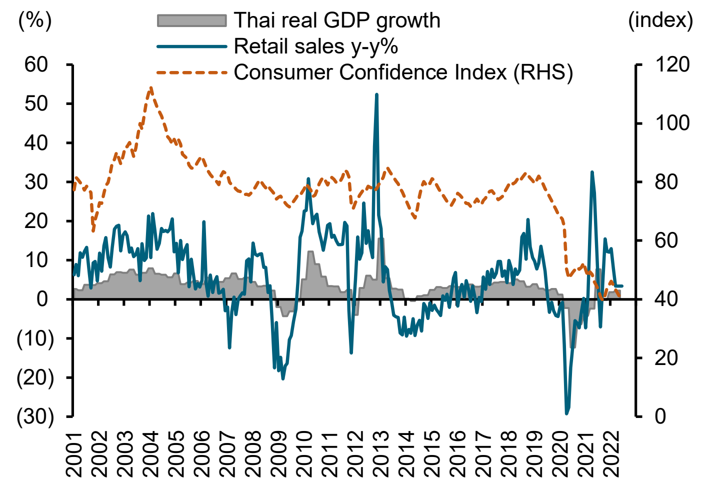
Retail sales have historically been a strong leading indicator for near-term GDP, as strong retail sales typically come from high levels of consumer spending that should lead to higher domestic investments for business expansion and rising imports of goods. With retail sales at 5% y-y in May-22, we expect a decent GDP figure in 2Q22, likely to surpass 3% thanks to strong domestic demand, investments, and exports to help offset the rising cost of energy imports.

Exhibit 38: Retail sales vs GDP growth



Source: Bloomberg

Exhibit 39: Retail sales vs GDP growth and CCI

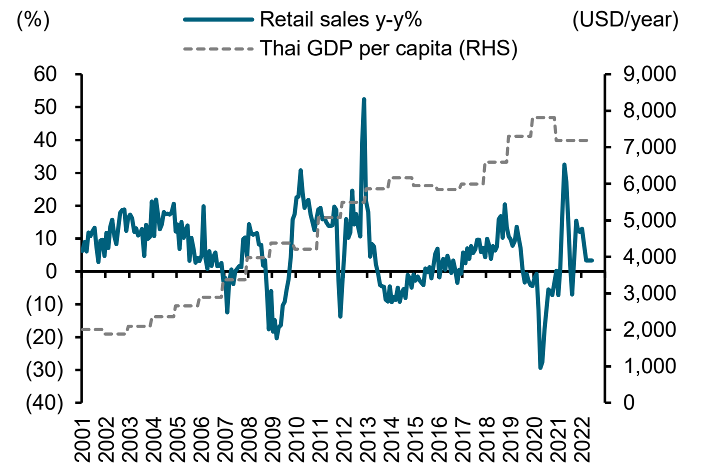


Source: Bloomberg

Thailand's consumer inflation vs producer inflation. While the CPI (consumer inflation) has increased to 7.1% in May-22, the producer price index (PPI) rose even higher to 13% y-y in May-22, driven by the higher cost of energy, electricity, and freight, in line with global price trends.

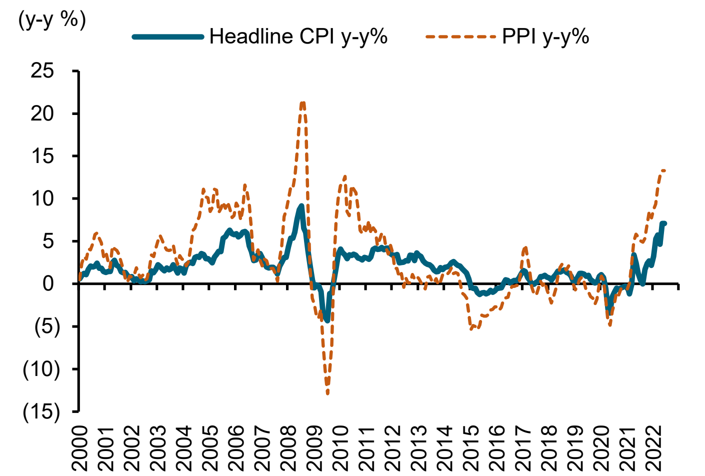
As a result, manufacturing production, represented by the manufacturing index, dropped in May, along with declines in capacity utilisation rates. We expect production to stay weak in 2H22-23 due to the high energy and electricity costs.

Exhibit 40: Retail sales vs GDP per capita



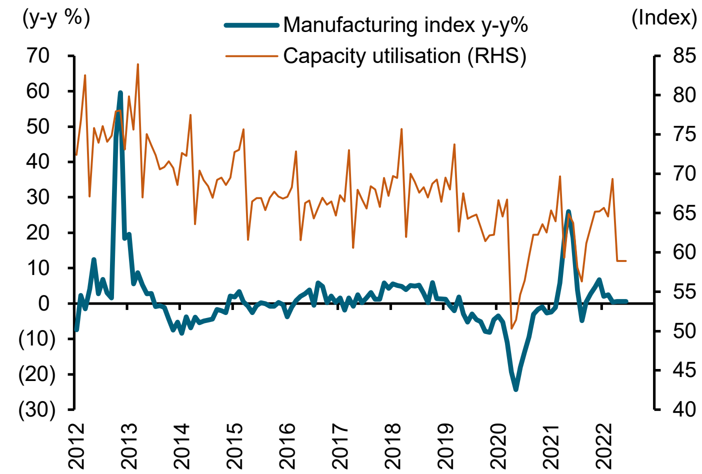
Source: Bloomberg

Exhibit 41: Headline CPI vs PPI



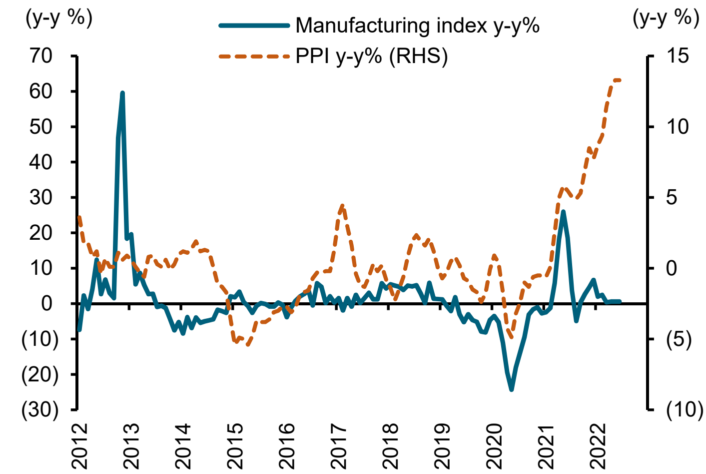
Sources: Bloomberg; Ministry of Commerce

Exhibit 42: Manufacturing index vs capacity utilisation



Source: Bloomberg

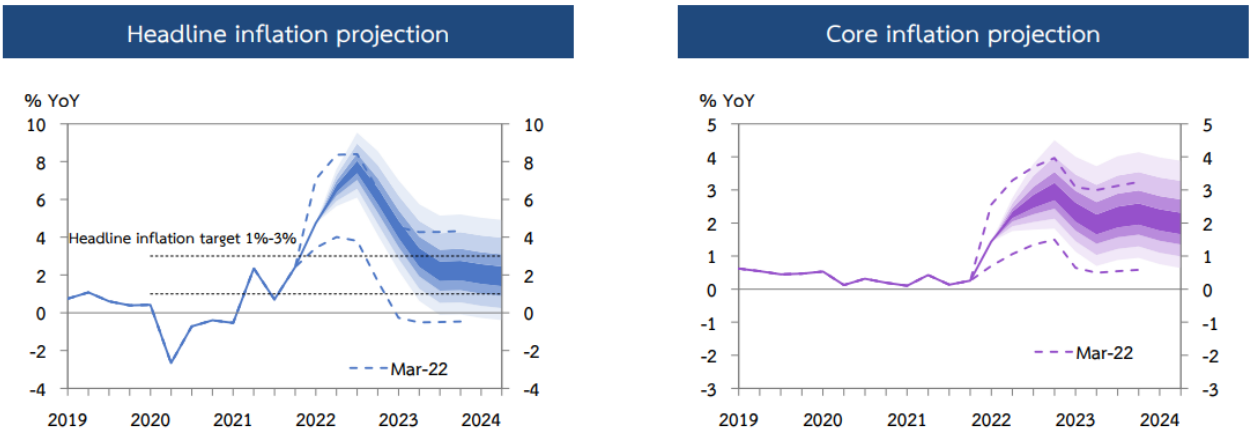
Exhibit 43: Manufacturing index vs PPI



Sources: Bloomberg; Ministry of Commerce

According to the BoT, Thailand's Jun-22 headline inflation forecast is projected to rise to 6.2%, up from its previous forecast of 4.9% in Mar-22 with a monthly peak level of around 8% likely in 2Q22 before declining towards 3-4% by end-2023, which is still higher than the BoT's headline inflation target range of 1-3%. Core inflation is expected to rise to 2.2% (Jun-22 forecast), up from the previous forecast of 2.0% (Mar-22).

Exhibit 44: BoT's latest projections for headline and core inflation



%YoY	2021	2022	2023
Headline inflation	1.2	6.2 (4.9)	2.5 (1.7)
Core inflation	0.2	2.2 (2.0)	2.0 (1.7)

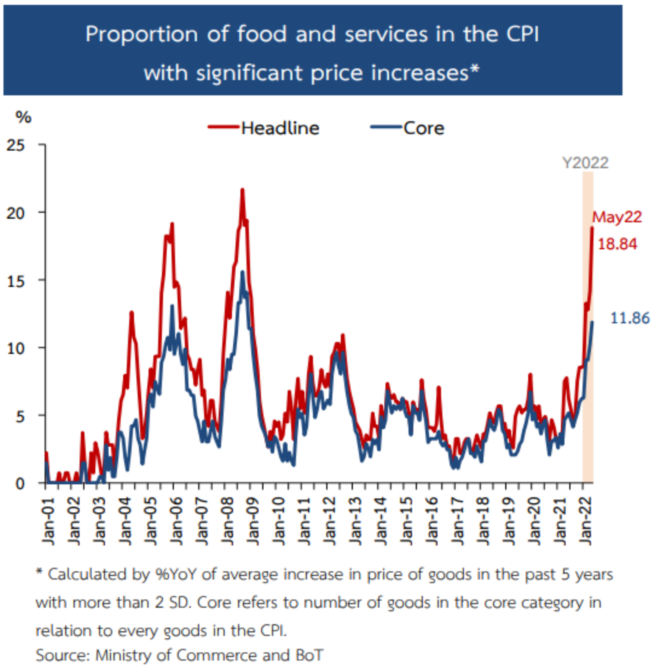
( ) Previous projection in March 2022

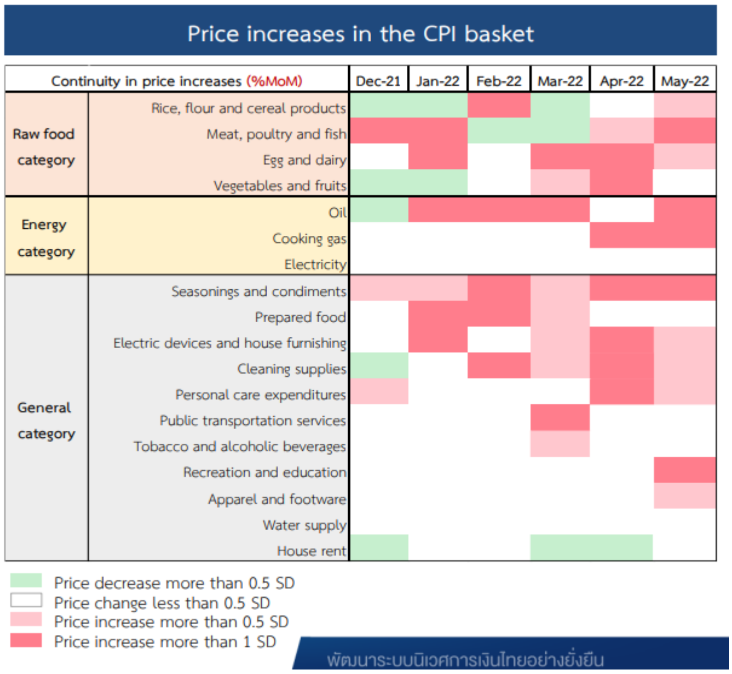
Source: Ministry of Commerce and BOT

Source: Bank of Thailand

Based on the BoT's forecasts, there are two components that will drive up headline and core inflation in 2H22-23. First, the high prices of oil and gas will boost energy inflation substantially as they remain high into 2023. Second, rising food prices, mainly for raw food, will worsen inflation in 2H22 but should soften in 2023 when Thailand is expected to see higher production of agricultural products.

Exhibit 45: BoT: Price increases have broadened with continued price increases in some groups, particularly those in the food category

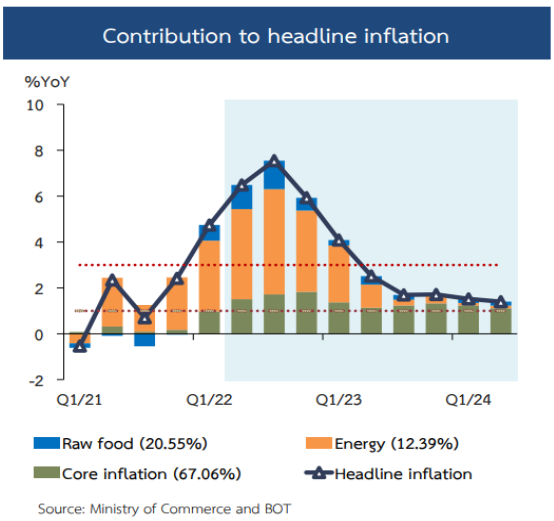


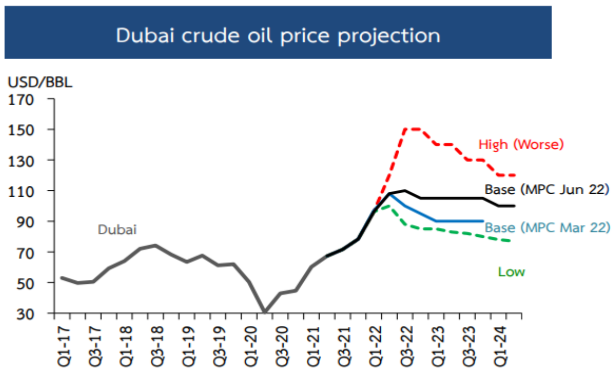


Source: Bank of Thailand

FSSIA forecasts headline inflation at 6.5% in 2022 and 2.6% in 2023. The key assumption that underlines the BoT's lower projection for energy price inflation is based on its estimate of a USD105/bbl average crude oil price in 2022-23, lower than our USD120/bbl forecast in 2022 and USD110/bbl in 2023. Hence, we forecast headline inflation at 6.5% vs the BoT's 6.2% in 2022, and 2.6% vs the BoT's 2.5% in 2023. Our core inflation forecast matches the BoT's at 2.2% in 2022 and 2.0% in 2023 as we expect the prices of food and other items, mostly domestically produced or highly regulated by the regulators, to remain relatively stable y-y in 2022-23.

Exhibit 46: BoT: The rise in inflation has been mainly due to cost-push factors





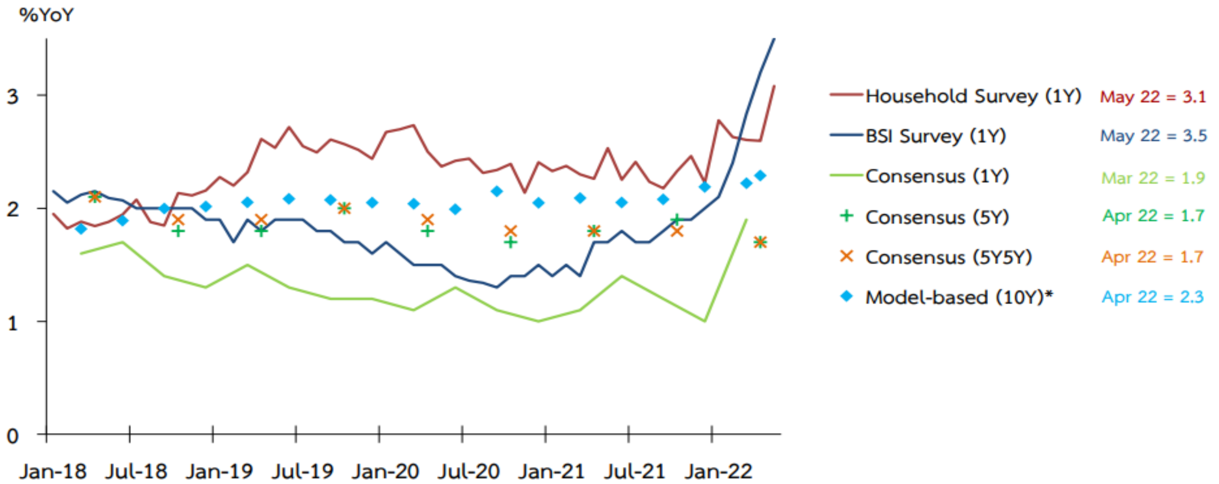
Crude oil assumption (USD/BBL)	2020	2021	2022	2023
MPC Mar	42.2*	69.4*	100	90
MPC Jun			105	105

* Outturns
Source: PPT and BOT

Source: Bank of Thailand

We expect Thailand's Business Sentiment Index (BSI) to continue to improve in 2H22 thanks to the return of domestic consumption after the full reopening of economic activity, rising tourist arrivals, and the return of foreign direct investment, particularly for the Eastern Economic Corridor (EEC) area.

Exhibit 47: BoT: BSI shows steady improvement from Jan-22



* Estimated with affine term structure model using yield curve and macroeconomic variables

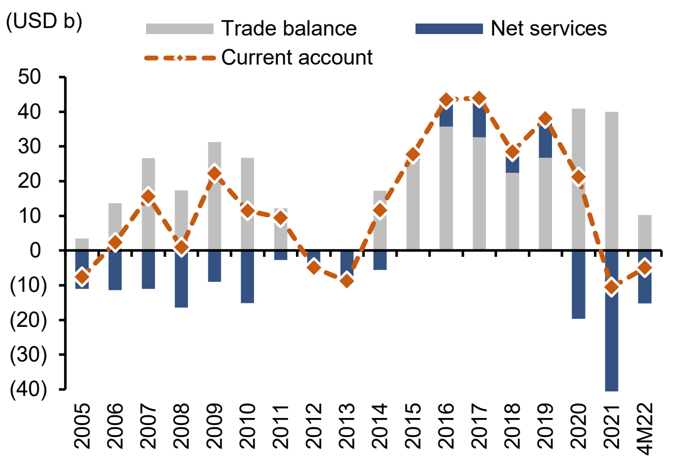
Source: Asia Pacific Consensus Economics, Business Sentiment Survey (BOT), Consumer Confidence Index (Ministry of Commerce)

Source: Bank of Thailand

We think Thailand's balance sheet and cash flows should remain healthy in 2022-23. Due to the Covid-19 pandemic that began in 1Q20, Thailand's current account has remained negative from 2021-4M22 due to the sharp drop in net service income as global lockdowns and bans on international flights significantly reduced the number of tourist arrivals to Thailand.

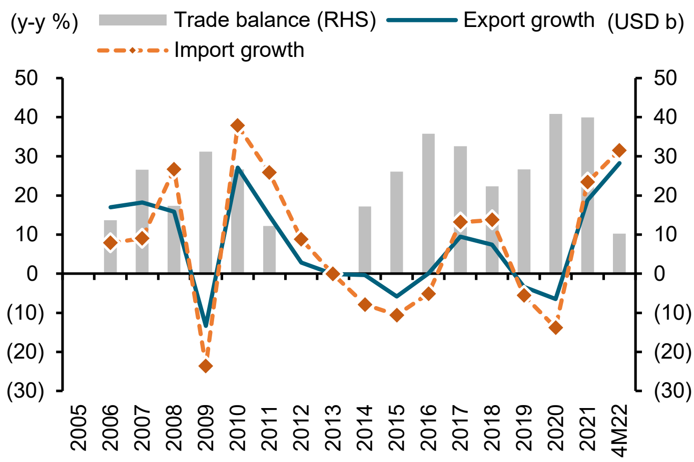
However, export growth remained strong in 2021-4M22 after a period of negative growth in 2020, backed by rising exports from the automotive, electronics, and agricultural industries.

Exhibit 48: Trade balance + net service = current account



Source: Bank of Thailand

Exhibit 49: Export and import growth vs trade balance



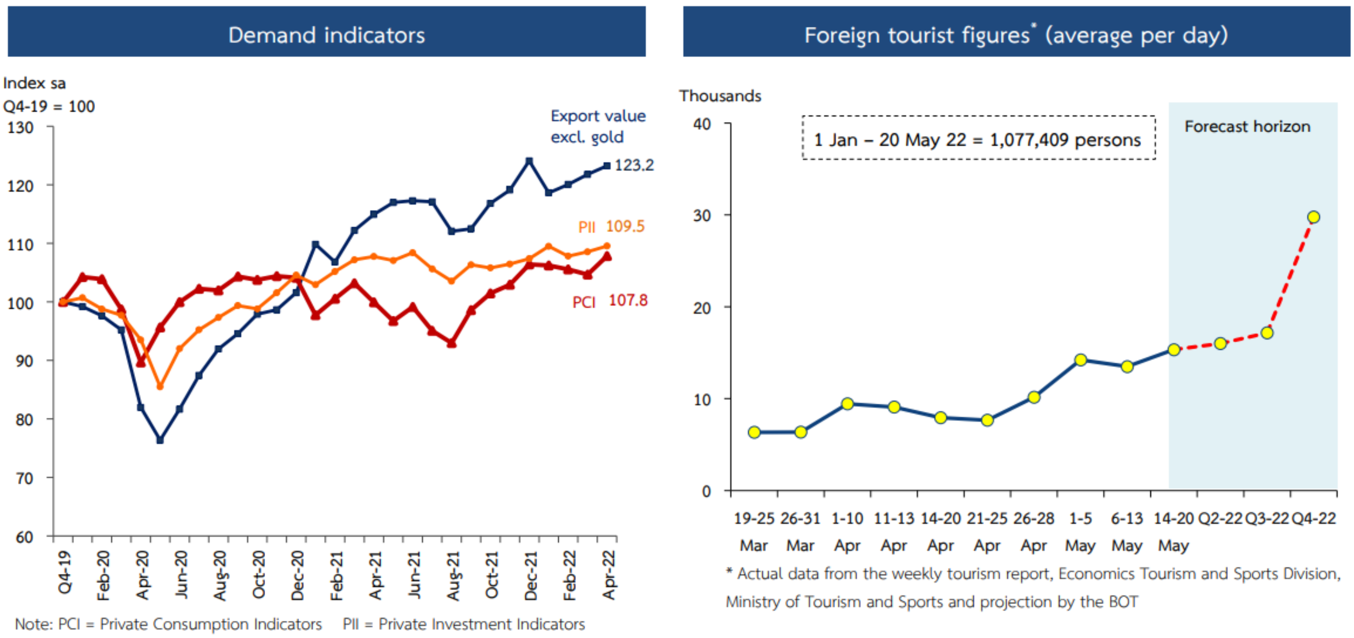
Source: Bank of Thailand

Based on the number of tourist arrivals, which the Bot predicted in Jun-22 would rise from 15,000 tourists a day in May-22 to 30,000 tourists a day in Dec-22, we believe Thailand's current account balance will significantly improve and turn positive within 2H22, bolstered by the rising service revenue from tourism. Furthermore, the trade balance should remain strong backed by the high exports of automotive, agricultural, electronics, and electrical products.

The BoT projects 5M22 export growth at 12.9% to THB4t. In May-22, Thailand's export growth hit 10.5% worth USD25.5b, while imports grew 24.2% worth USD27.4b, resulting in a USD1.87b trade deficit for that month. In Jan-May 2022, exports grew by 12.9% worth USD122.6b, while imports rose by 20.2% worth USD127.4b, leading to a trade deficit of USD4.7b.

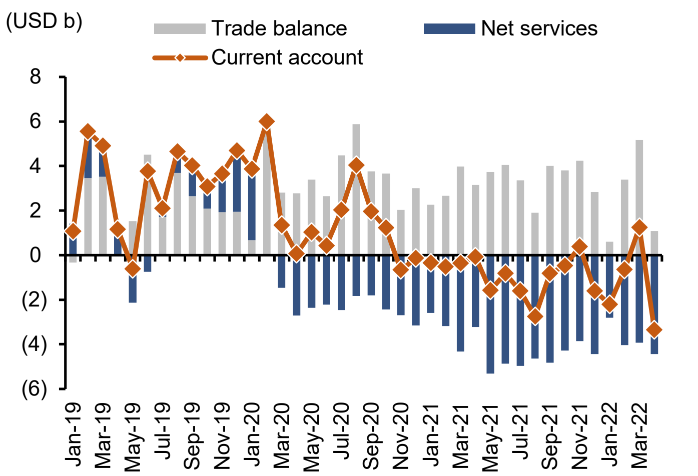
While the export growth of Thailand's top two industries declined to -3.1% for automotive and -17.9% for computers and components, the export growth for the third, fourth, and fifth-largest industries accelerated at 27.6% y-y for fresh, dried and frozen fruit, 64.2% y-y for refined oil products, and 114.8% for jewellery.

Exhibit 50: BoT: Demand indicators and tourist arrival forecasts



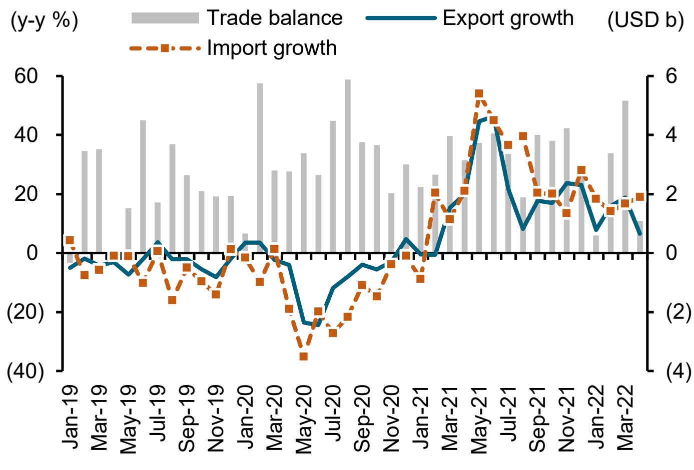
Source: Bank of Thailand

Exhibit 51: Current account, monthly since 2019



Source: Bank of Thailand

Exhibit 52: Trade balance, monthly since 2019



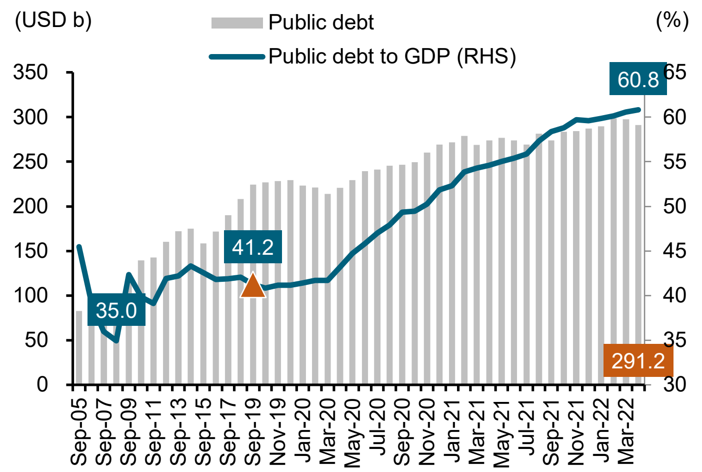
Source: Bank of Thailand

Thailand's public debt remains low and reserves remain high. While the current account balance has been negative since May-20 to date, the country's public debt to GDP remained manageable at 60.8% in Apr-22, slightly dropping m-m as the government limited spending for a number of relief packages, stimulus measures, and economic growth gradually returned to normal.

International reserves totalled USD48.6b in May-22, down slightly m-m as the BoT intervened to manage the THB's decline against the USD due to the wider interest rate differential as the Fed hiked its policy rate to 1.5% while the BoT held its policy interest rate at 0.5%.

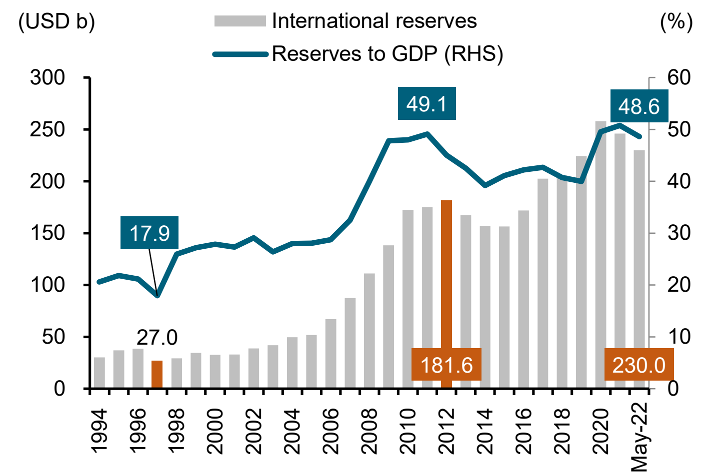
We believe the risk for the country's insolvency remains remote given its high level of international reserves, an expected improvement in the current account, and its small proportion of short-term debt.

Exhibit 53: Public debt to GDP*



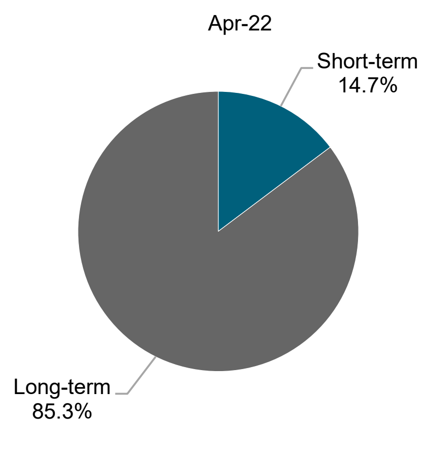
*Thai government on 20 Sep-21 extended the debt ceiling to 70% of gross domestic product (GDP) from 60%; as of Apr-22
Sources: Public Debt Management Office, Ministry of Finance

Exhibit 54: International reserves to GDP



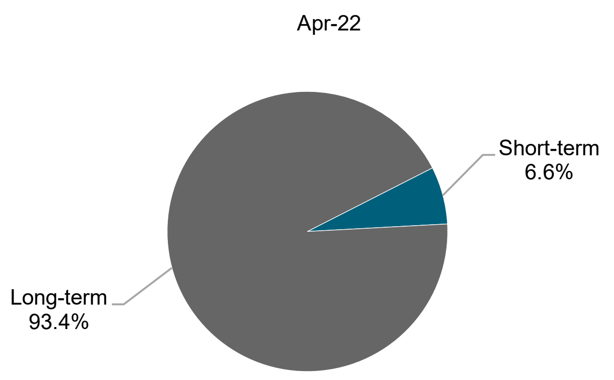
As of May-2022
Sources: Public Debt Management Office, Ministry of Finance

Exhibit 55: Public debt by remaining maturity



Sources: Public Debt Management Office, Ministry of Finance

Exhibit 56: Public debt by instrument type



Sources: Public Debt Management Office, Ministry of Finance

Thailand's GDP: As good as it gets

Thailand's GDP has long been supported by its strong exports and high service revenue from tourism. However, in 2020-21 when the Covid-19 pandemic hit the global economy, GDP grew by only 1.5% in 2021, dragged down by lower private consumption as a result of multiple lockdowns.

Exhibit 57: BoT: GDP forecast as of Jun-22

"Given the increased upside risks for the economic recovery and inflation, the current accommodative monetary policy would be less needed going forward".

Annual percentage change	2021*	2022	2023
GDP growth	**1.5**	**3.3 (3.2)**	**4.2 (4.4)**
Domestic demand	1.6	3.6 (3.4)	3.0 (3.2)
Private consumption	0.3	4.9 (4.3)	3.6 (4.1)
Private investment	3.2	5.4 (4.7)	4.5 (4.8)
Government consumption	3.2	-1.9 (-0.7)	-0.5 (-1.7)
Public investment	3.8	3.5 (4.2)	3.4 (4.4)
Exports of goods and services	10.4	7.1 (6.3)	8.2 (8.5)
Imports of goods and services	17.9	5.3 (4.9)	4.2 (4.2)
Current account (billion, U.S. dollars)	-10.6	-8.0 (-6.0)	5.0 (10.0)
Value of merchandise exports	18.8	7.9 (7.0)	2.1 (1.5)
Value of merchandise imports	23.4	13.8 (11.6)	3.5 (2.0)
Number of foreign tourists (million person)	0.4	6.0 (5.6)	19.0 (19.0)
Dubai crude oil price (U.S. dollar per barrel)	69.4	105.0 (100.0)	105.0 (90.0)
Headline inflation	**1.2**	**6.2 (4.9)**	**2.5 (1.7)**
Core inflation	**0.2**	**2.2 (2.0)**	**2.0 (1.7)**

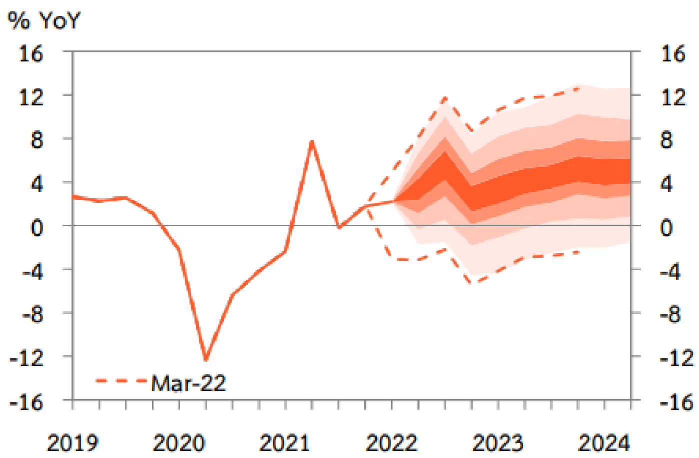
หมายเหตุ: *Outturns

( ) Monetary Policy Report March 2022

Source: Bank of Thailand

BoT's Jun-22 forecast revises its GDP outlook. In 2022-23, the BoT projects GDP at 3.3% and 4.2%, respectively, mainly driven by stronger domestic consumption and demand for investments, except for government spending which is expected to decline y-y due to the election year.

Exhibit 58: BoT's GDP growth forecasts



Source: Bank of Thailand

Exhibit 59: BoT: Thailand's economic recovery gaining traction

GDP growth (%YoY)	2022	2023
Previous projection (March 2022)	3.2	4.4
- Better-than-expected GDP Q1/2022	0.2	
- Higher foreign tourist figures from country re-opening	0.2	
- Lower merchandise exports from slower global economy	-0.1	-0.1
- Impact from higher living costs	-0.1	-0.1
- Decreasing fiscal impulse	-0.1	
Total changes from the previous projection	+0.1	-0.2
Latest projection (June 2022)	3.3	4.2
Average%QoQ*	0.7	1.2

** Average %QoQ during 2010 – 2021 is 0.8% while the average %QoQ during 2010 – 2012 is 1.2% which is the recovery 3 years following the Global Financial Crisis.*

Source: Bank of Thailand

However, on a broader basis, Bloomberg's consensus forecasts that Thailand's GDP will range from 2.5% to 4.3% in 2022 and 2.5% to 6.2% in 2023, with the key variance being the different tourist arrival numbers and the values of net energy imports based on different projections for the prices of oil, gas, and coal, in our view.

Exhibit 60: Consensus of Thai GDP growth – annual

	2022E (%)	2023E (%)	2024E (%)
Median	3.5	4.2	3.6
Mean	3.4	4.3	3.6
Bloomberg weighted average	3.4	4.3	3.6
High	4.3	6.2	4.5
Low	2.5	2.5	2.6
Responses	33	27	7
May survey	3.5	4.4	3.6
Feb survey	3.9	4.2	

As of 1 Jul 2022
Source: Bloomberg consensus

Exhibit 61: Consensus of Thai policy rate - quarterly

	3Q22 (%)	4Q22 (%)	1Q23 (%)	2Q23 (%)	3Q23 (%)	4Q23 (%)
Median	0.50	0.50	0.75	1.00	1.25	1.25
Mean	0.58	0.68	0.84	1.05	1.21	1.30
Bloomberg weight avg	0.60	0.70	0.85	1.05	1.20	1.30
High	0.75	1.00	1.50	1.75	2.00	2.00
Low	0.50	0.50	0.50	0.50	0.50	0.50
Responses	22	22	17	16	14	14
May survey median	0.50	0.50	0.75	1.00	1.25	1.25
Feb survey median	0.50	0.50	0.75	0.75	1.00	1.00
Change in median	*0.00*	*0.00*	*0.00*	*0.25*	*0.25*	*0.25*

As of 1 Jul 2022
Source: Bloomberg consensus

Exhibit 62: Consensus of Thai inflation rate - quarterly

	2Q22 (y-y %)	3Q22 (y-y %)	4Q22 (y-y %)	1Q23 (y-y %)	2Q23 (y-y %)	3Q23 (y-y %)	4Q23 (y-y %)
Median	5.4	5.4	4.1	2.7	1.8	1.5	1.4
Mean	5.5	5.4	4.1	2.6	1.8	1.5	1.4
Bloomberg wg avg	6.1	5.8	4.4	2.7	1.8	1.5	1.4
High	6.2	6.9	5.8	3.5	2.6	2.8	2.1
Low	4.8	3.3	2.3	1.5	0.8	0.7	0.6
Responses	12	11	12	7	8	7	6
May survey	5.3	5.3	4.1	2.5	1.5	1.5	1.8
Feb survey	2.7	2.0	1.0	1.3	1.3	1.5	

As of 1 Jul 2022
Source: Bloomberg consensus

Exhibit 63: Consensus of THB/USD - quarterly

	---------------------- Exchange rate (THB/USD) ----------------------					
	3Q22	4Q22	1Q23	2Q23	2023	2024
Median	34.9	34.5	34.0	33.5	32.7	32.5
Mean	34.9	34.3	34.1	34.0	32.9	33.5
High	36.0	36.5	37.0	37.5	35.5	35.5
Low	33.8	33.0	32.0	32.3	32.0	32.4
Forward	35.6	35.4	35.3	35.1	35.1	35.2

As of 1 Jul 2022
Source: Bloomberg consensus

Thailand's economic recovery appears strong with substantial financial stability. We believe Thailand's economy, despite growing at a slower rate than its peers in ASEAN, is a much more resilient economy, based on:

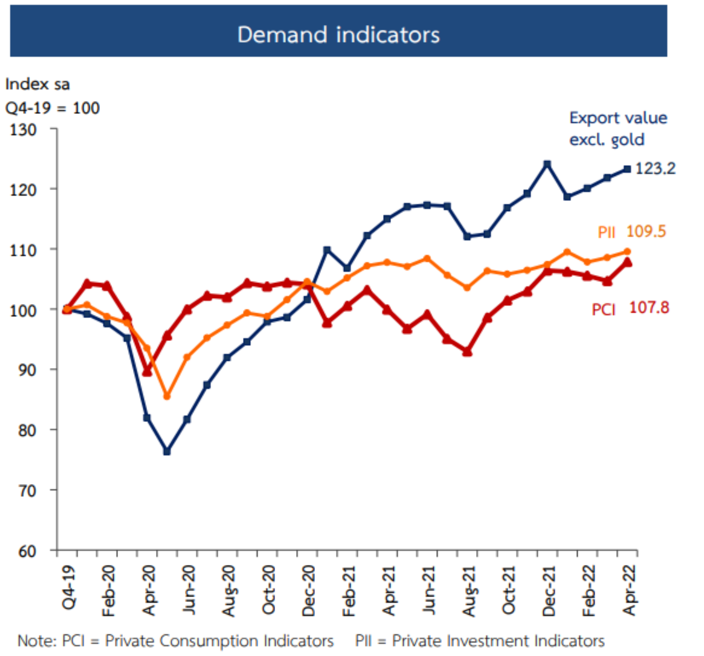
More benign monetary policy. With a gradual economic recovery underway and a sound financial system, the BoT recently announced its new normalised policies, which we deem as benign and accommodative for the economy to slowly recover from the low-growth and moderately inflationary environment.

The BoT's new policies include:

- Eliminating the dividend payment rate cap of not more than 50% of net profit due to the strong capital position of Thai banks;
- Increasing the Financial Institutions Development Fund (FIDF) rate to a normal level at 0.46% from 2023 onward, up from 0.23% currently;
- Retaining three programs to support debt repayments, which are 1) the comprehensive long-term debt restructuring program that ends in 2023; 2) the asset warehousing program set to end in Apr-23; and 3) the debt rehabilitation program to end in Apr-23; and 4) an extension of the 5% minimum payment rate for credit cards to the end of 2023 from end-22, shifting the 8% minimum payment rate to apply in 2024, and then returning to the normal 10% minimum payment rate in 2025 onward.

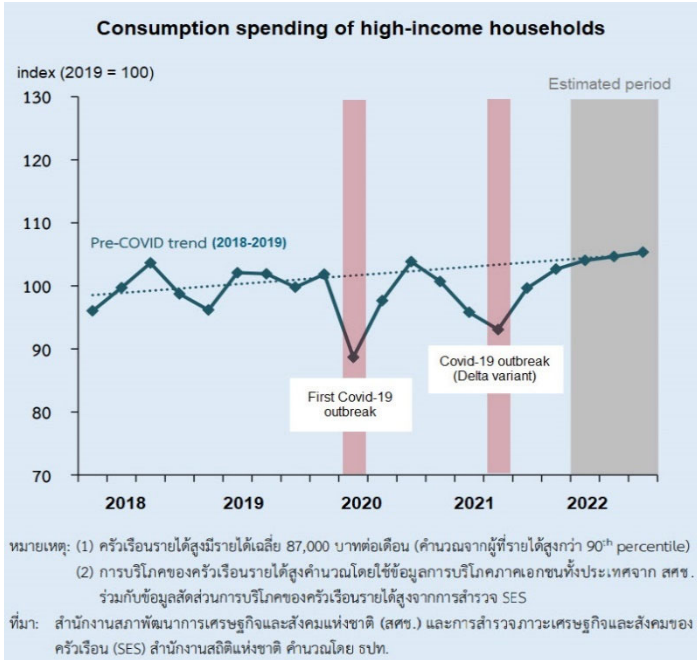
Cash flow: We see solid cash flow with visible capital inflows from the rebound in tourism and exports, with a healthy current account balance despite the rising cash outflow from the country's oil imports due to the globally higher crude oil price. We think the improving revenue from tourism in 2022 onward should support Thailand's current account balance, thus providing a buffer against rising US interest rates.

Exhibit 64: Key economic demand-side indicators



Source: Bank of Thailand

Exhibit 65: Recovery in real consumption by high income households

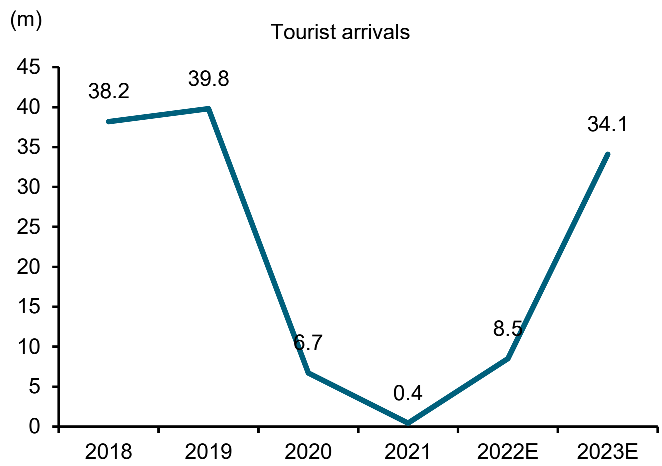


Source: Bank of Thailand

Exhibit 66: Thailand's exports continue to grow

Source: Bank of Thailand

Exhibit 67: FSSIA - Thailand's foreign tourist arrivals forecast

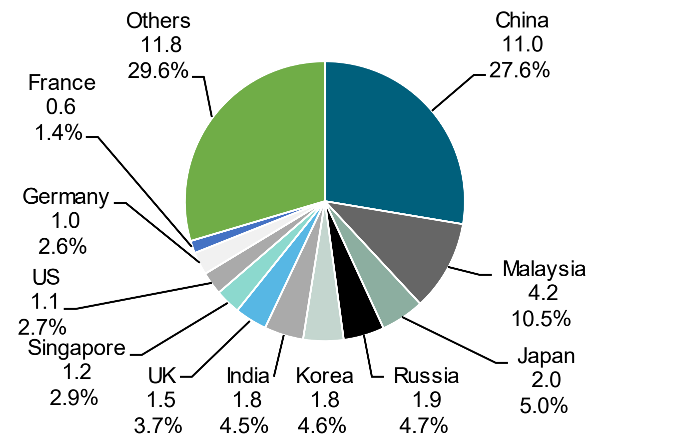


Sources: AOT and FSSIA estimates

FSSIA forecasts Thailand's GDP at 3.0% in 2022 and 4.3% in 2023. FSSIA forecasts Thailand's GDP growth at 3.0% (vs the BoT's 3.3%) in 2022 and 4.3% (vs the BoT's 4.2%) in 2023. The variances are our higher tourist arrival estimates of 8.5m in 2022 and 34m in 2023.

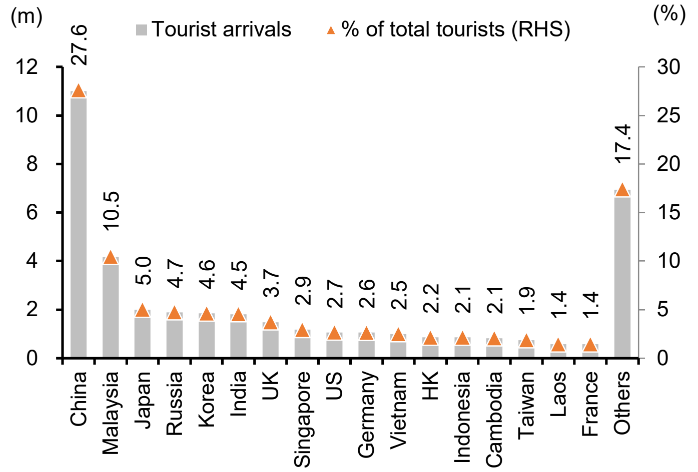
Our forecast for 2022 still excludes Chinese, Japanese, and Russian tourists. These three countries accounted for over 38% of total tourist arrivals in Thailand in 2019 before the Covid-19 pandemic hit.

Exhibit 68: Tourist arrivals breakdown by nationality in 2019 (pre-Covid)



Source: Center for COVID-19 Situation Administration (CCSA)

Exhibit 69: Number of tourists visiting Thailand vs % of total tourists in 2019 (pre-Covid)



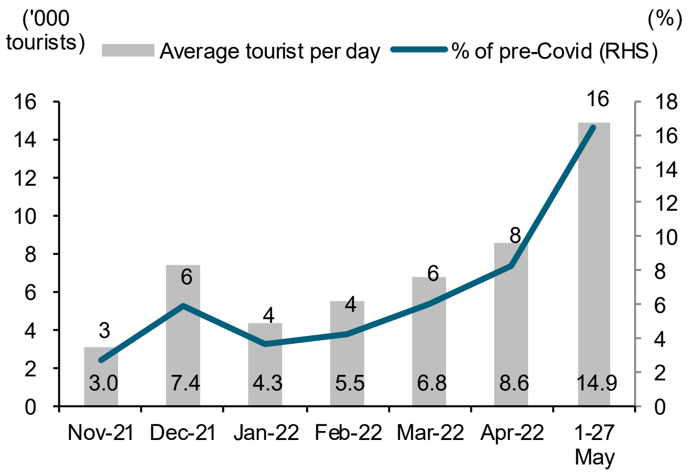
Source: CCSA

We believe that in 2023 onward, Thailand still has ample upside potential from the return of tourists from China (27.6% of the 39.8m total tourist arrivals in 2019), Japan (5%), Russia (4.7%), and the Middle East (1.8%), which together could boost the country's total number of tourists by up to 15.6m, based on the 2019 number.

FSSIA's forecasts are slightly higher than the recently revised forecasts announced by Airports of Thailand (AOT TB) on 23 Jun-22, which revised down passenger volume forecasts by 27% in FY22, 18% in FY23 and 1% in FY24 from its previous forecasts in Oct-21.

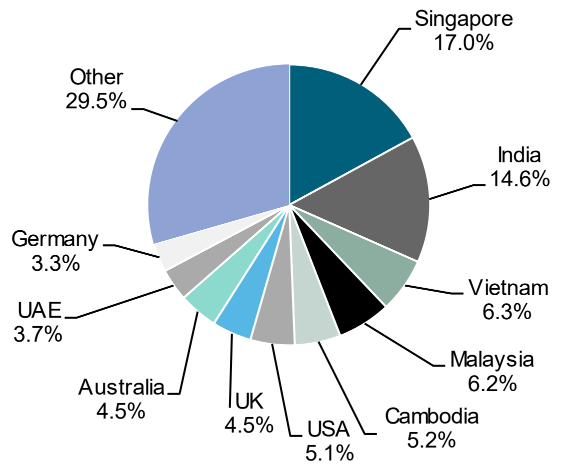
AOT's forecasts cut the number of international passengers by 52% in FY22, 26% in FY23 and 3% in FY24, which implies that the number of international passengers should recover to 15% of the pre-Covid level of 58m by FY22, 58% in FY23 and 101% in FY24. Note that AOT assumes China will reopen its borders on 1 Jan-23.

Exhibit 70: International tourist arrivals



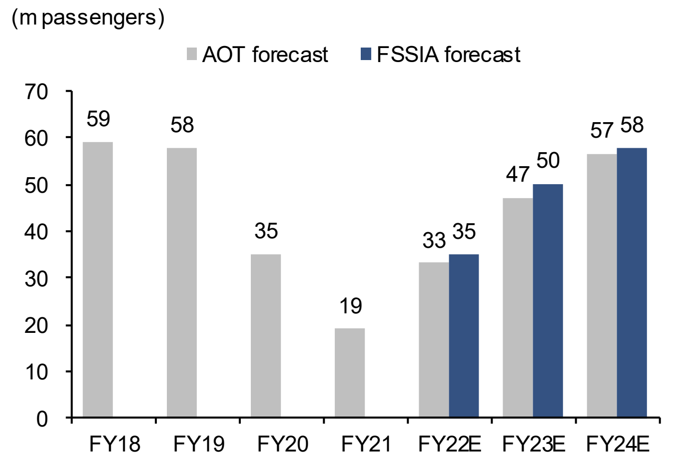
Source: CCSA

Exhibit 71: Tourist arrivals breakdown by nationality (1-27 May-22)



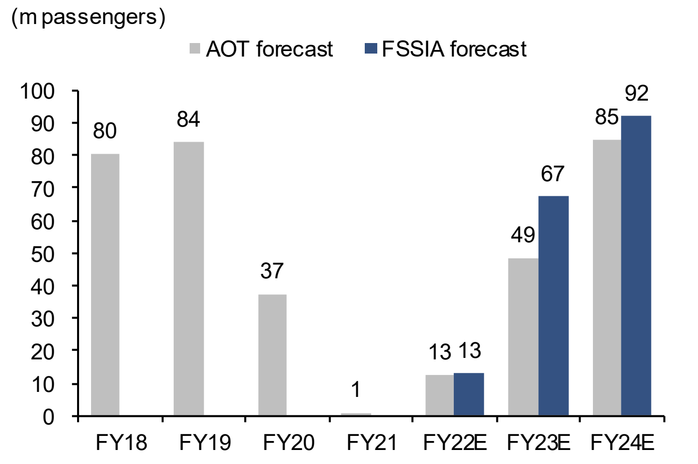
Source: CCSA

Exhibit 72: Domestic passenger volume



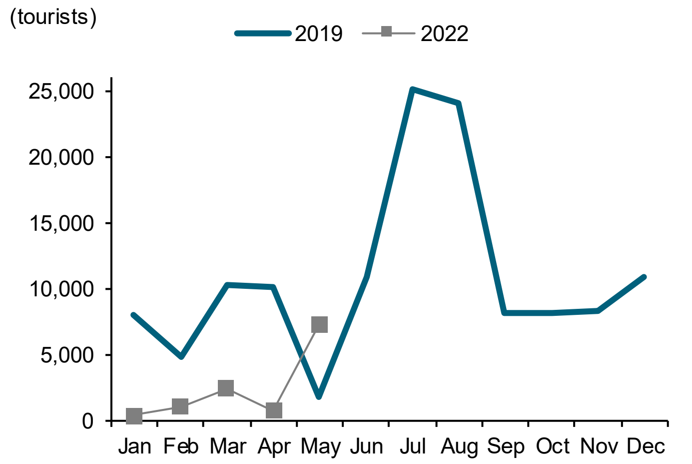
Source: AOT; FSSIA estimates

Exhibit 73: International passenger volume



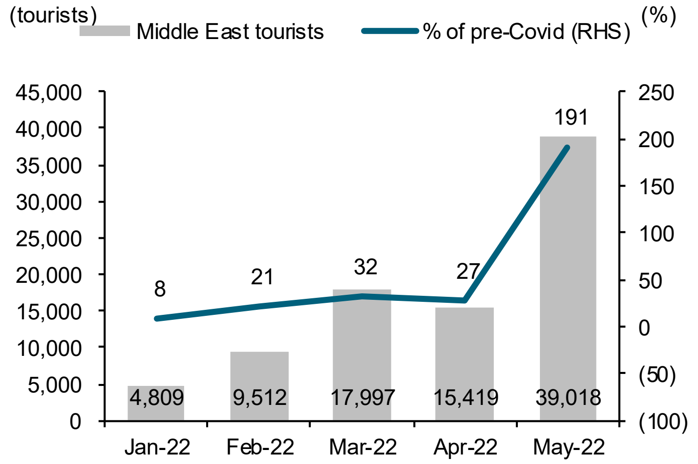
Source: AOT; FSSIA estimates

Exhibit 74: UAE tourist arrivals in Thailand



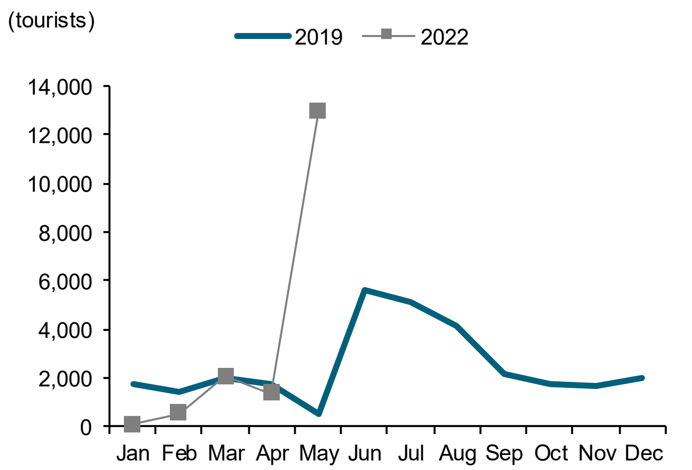
Source: Ministry of Tourism and Transport

Exhibit 75: Middle East tourist arrivals in Thailand



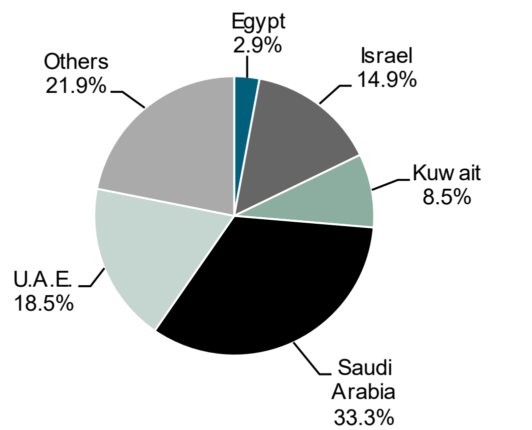
Source: Ministry of Tourism and Transport

Exhibit 76: Saudi Arabian tourist arrivals in Thailand



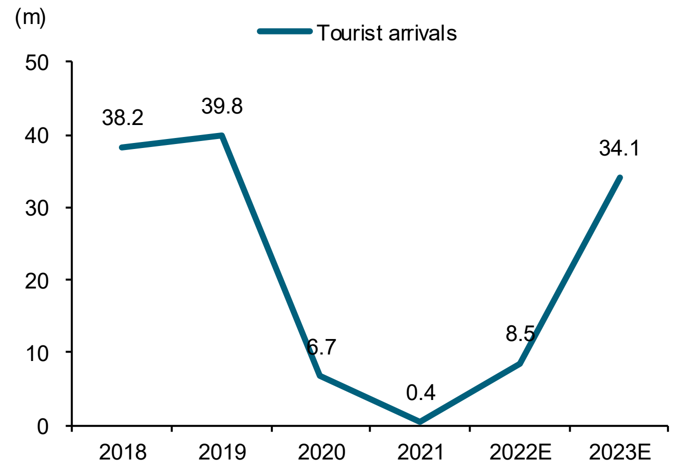
Source: Ministry of Tourism and Transport

Exhibit 77: Middle East tourist arrivals breakdown by country in Thailand (Jan-May 2022)



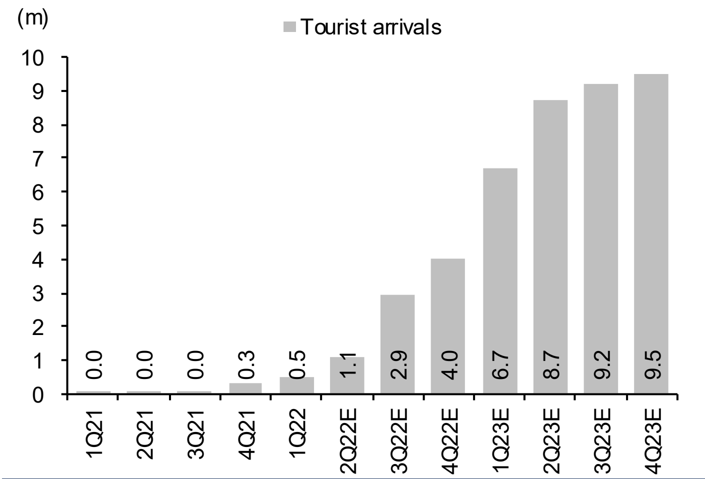
Source: Ministry of Tourism and Transport

Exhibit 78: Tourist arrivals forecast, annual



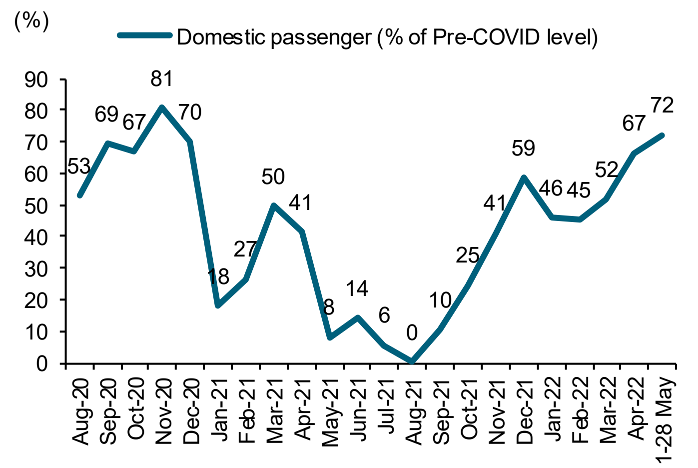
Source: FSSIA

Exhibit 79: Tourist arrivals forecast, quarterly



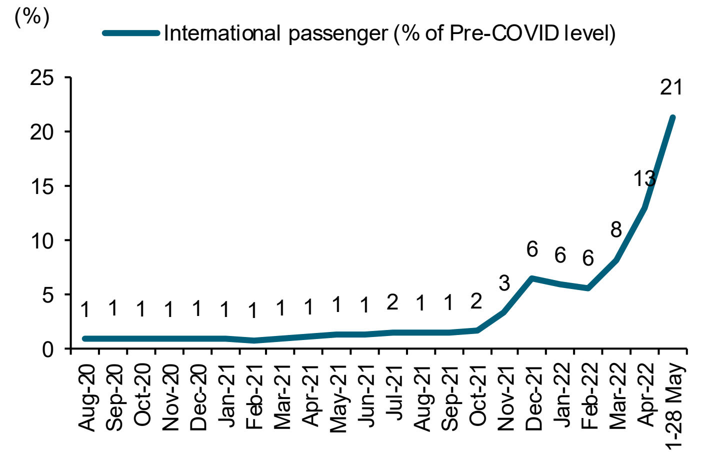
Source: FSSIA

Exhibit 80: Percentage of domestic passengers to pre-Covid level, monthly



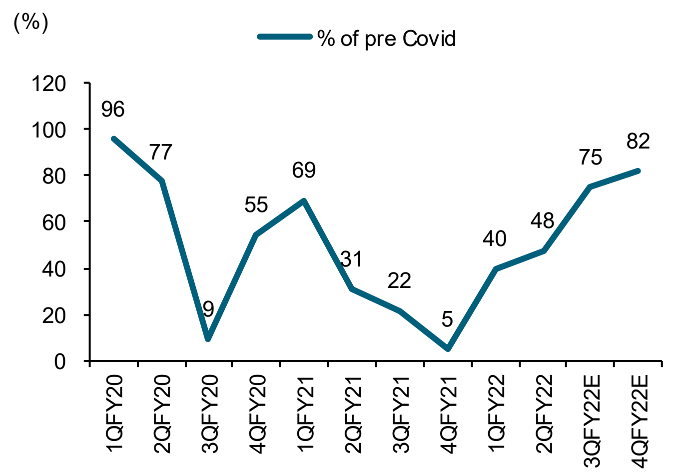
Source: AOT

Exhibit 81: Percentage of international passengers to pre-Covid level, monthly



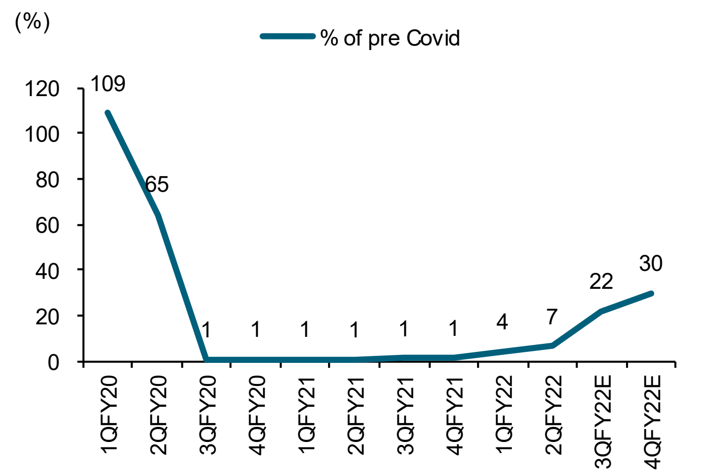
Source: AOT

Exhibit 82: Domestic passenger volume, quarterly



Sources: AOT; FSSIA estimates

Exhibit 83: International passenger volume, quarterly



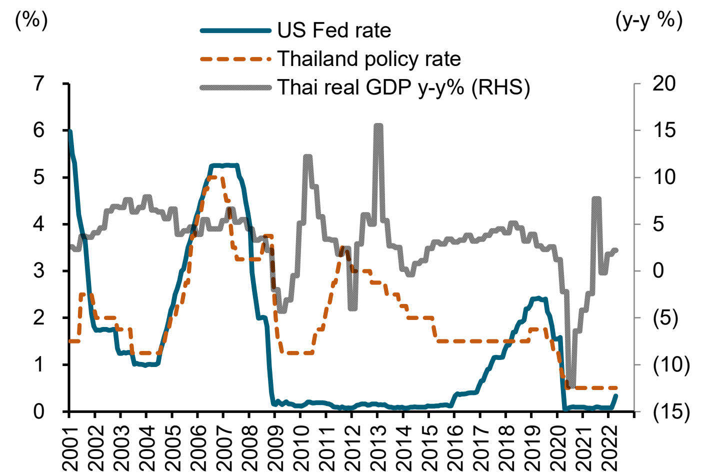
Source: AOT; FSSIA estimates

Thailand's policy rate hike: sooner, not later

Thailand experienced a long rate hike cycle that began in 2010, rising from 1.25% in Jun-10 to 3.5% in Aug-11, due mainly to the strong 7.5% y-y real GDP growth at the time and a rise in the inflation rate from an increase in energy prices.

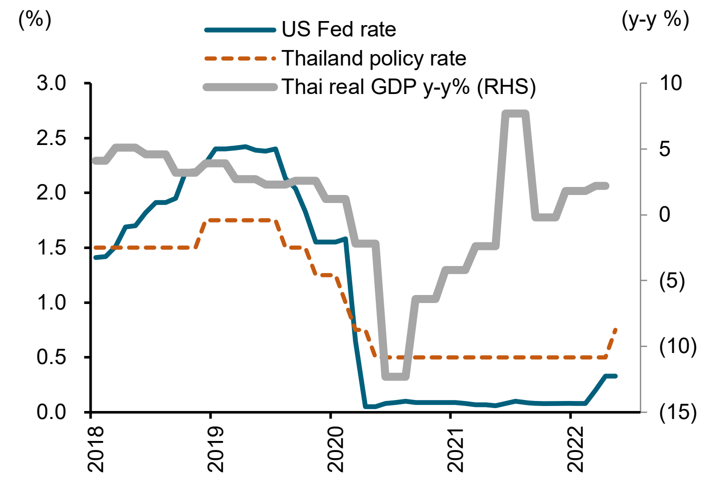
After the inflation rate hit 7.1% y-y, a 13-year high, in May-22, the Monetary Policy Committee (MPC) shifted its policy priority to curbing the inflation rate after previously focusing on supporting the economic recovery. At its meeting on 8 Jun-22, the MPC stated that the very accommodative monetary policy will be less needed going forward and they are considering gradual increases in the policy rate at the appropriate time.

Exhibit 84: Thai policy rate vs GDP growth since 2001



Source: Bloomberg

Exhibit 85: Thai policy rate vs GDP growth from 2018

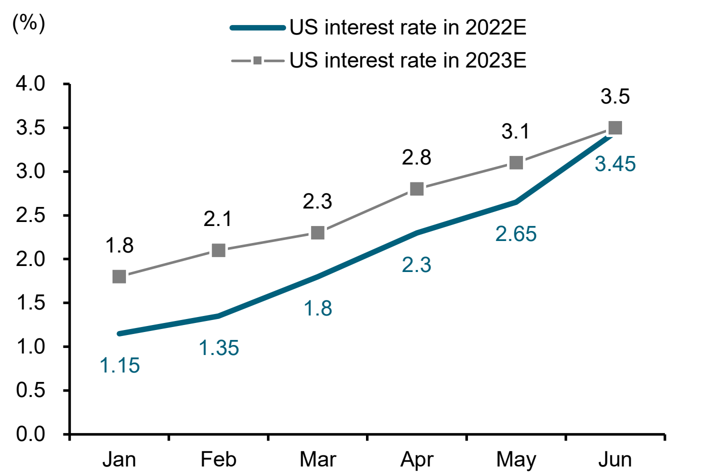


Source: Bloomberg

The Bloomberg consensus view, then, changed from no rate hike in 2022 to at least one rate hike in 2022 and at least two more incremental rate hikes in 2023. This implies that the Thai policy rate should increase from the record low of 0.5% to at least 0.75% in 2022 and 1.25% in 2023. The most aggressive rate rise projection by the Bloomberg consensus now forecasts three hikes in 2022, followed by four in 2023, while the least aggressive view is for just two hikes in the policy rate in 2023.

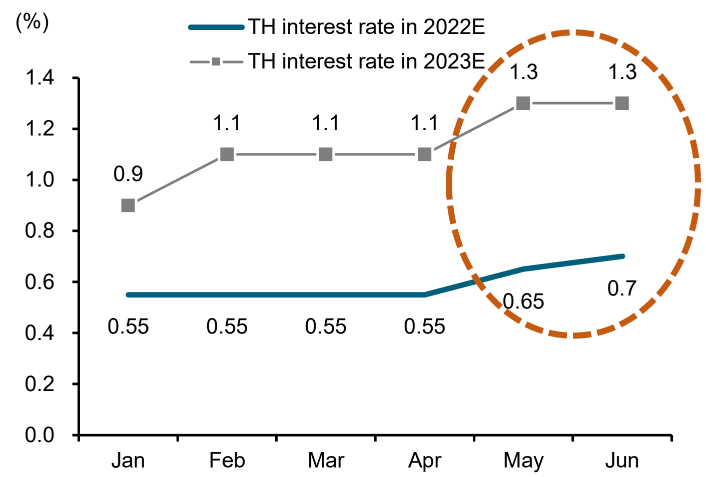
FSSIA expects two 0.25% rate hikes, bringing the BoT's policy rate to 1.0% in 2022 and to 1.5% in 2023. We believe that in the upcoming round of policy rate hikes, the BoT is likely to raise its policy rate by 0.25% twice in 2022, followed by an additional two 0.25% rate hikes in 2023 – likely in 1H23. We think it will take at least 1-1.5 years before the BoT ends its long rate hike cycle by end-2023.

Exhibit 86: Changes in US rate consensus since Jan-22



Sources: Bloomberg consensus; FSSIA's compilation

Exhibit 87: Changes in Thai rate consensus since Jan-22



Sources: Bloomberg consensus; FSSIA's compilation

Consumer inflation expectations, not cost-push factors, are speeding up the pace of the BoT's rate hikes. While Thailand will have to bear the burden of rising energy, food, and transportation costs that will result in higher headline inflation in 2022-23, we think the real reason for the change in the BoT's policy stance is due to three reasons – taming inflation expectations, stabilising the THB, and preserving fund flows within the country to maintain the stability of reserves, financial markets, and GDP.

Exhibit 88: Upcoming meetings of the BoT, ECB, and BoE

Country	Date	Rate	Current
Thailand	8-Jun-22	BoT Benchmark Interest Rate	0.50%
	10-Aug-22	BoT Benchmark Interest Rate	
	28-Sep-22	BoT Benchmark Interest Rate	
	30-Nov-22	BoT Benchmark Interest Rate	
European Central Bank (ECB)	21-Jul-22	ECB Main Refinancing Rate	0.00%
		ECB Marginal Lending Facility	0.25%
		ECB Deposit Facility Rate	-0.50%
	8-Sep-22	ECB Main Refinancing Rate	
	27-Oct-22	ECB Main Refinancing Rate	
	15-Dec-22	ECB Main Refinancing Rate	
United Kingdom	4-Aug-22	Bank of England Bank Rate	1.25%
	15-Sep-22	Bank of England Bank Rate	
	3-Nov-22	Bank of England Bank Rate	
	15-Dec-22	Bank of England Bank Rate	

BoT = Bank of Thailand; BoE = Bank of England
Sources: Bloomberg; FSSIA's compilation

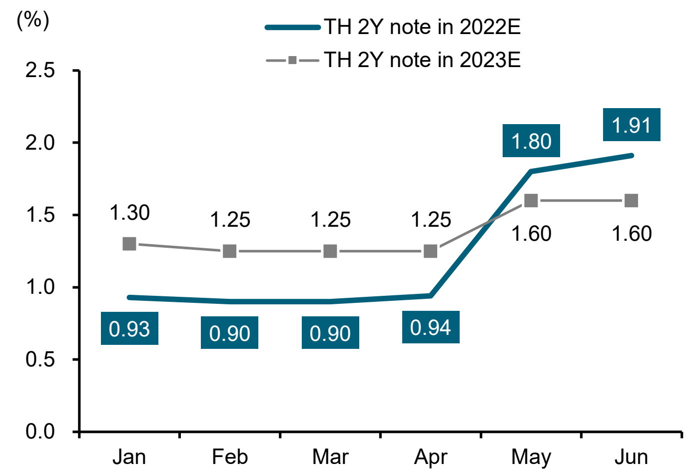
BoT's target #1: Inflation expectations. We believe the BoT's upcoming MPC meeting on 10 Aug-22 is likely to result in a hike in its policy rate by 0.25%, followed by another 0.25% hike in Nov-22, with the aim of proactively reining in consumer inflation expectations, given the rising prices of energy, electricity, and food despite the potential for collateral damage in the form of lower GDP in 2022-23.

Deflating the vicious cycle of inflation. We think inflation in Thailand in 2H22 will need to be curbed sooner, not later, to ensure that the vicious cycle of higher inflation expectations is halted before it leads to higher wages and rising costs for producers, higher selling prices for consumers, and back again to further increased inflation expectations.

Based on the recent bond yield curve of two-year notes that will mature in 2022 and 2023, the backend interest rates in May-Jun 2023 are 1.80-1.91%, rising by 0.98% for the 2022 notes and by 0.30% for the 2023 notes during Jan-Jun 2022. Similarly, the yield curves of the government's long-term 10-year bonds issued in 2022 and 2023 have risen from 2.2% to 3% for both years.

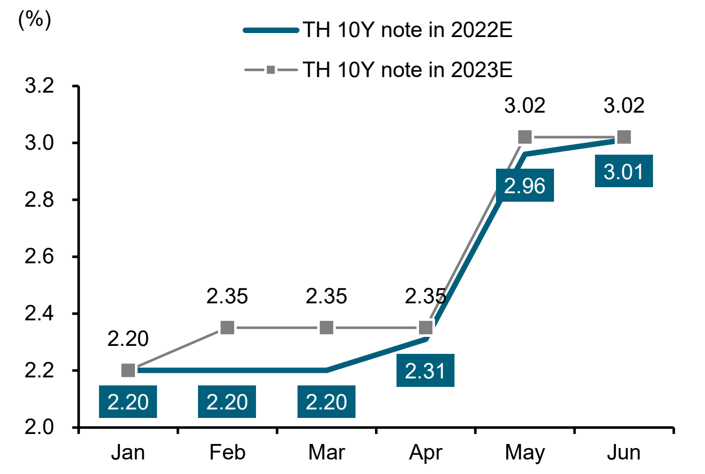
The rate hikes of 0.3-0.9% for short-term two-year notes and 0.9% for long-term 10-year bonds clearly substantiate our more hawkish view on inflation both globally and in Thailand, which could lead to more tightening of monetary policy within the next 12 months, based on our estimate.

Exhibit 89: Change in Thai 2Y bond yields since Jan-22



Sources: Bloomberg consensus; FSSIA's compilation

Exhibit 90: Change in Thai 10Y bond yields since Jan-22



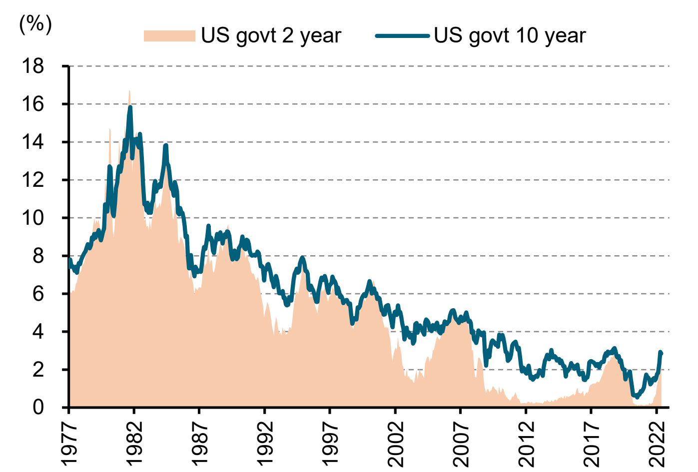
Sources: Bloomberg consensus; FSSIA's compilation

Compared to our projected BoT policy rate of 1.0% at end-2022 and 1.5% at end-2023, we think the current yield curves of short-term notes are in line with our forecasts. We believe the higher-for-longer energy prices will lead to higher-than-expected inflation of 6.5% in 2022, prompting the BoT to hike its policy rate faster and higher by 0.5% in 2H22. Then, in 2023 we expect the BoT's rate to rise by 0.25% twice, likely in 1H23 in order to curb inflation and mostly importantly to quash consumers' higher inflation expectations.

The US treasury bond yield curve has already priced in a 3.5% Fed funds rate in 2023. Using the US government's short-term, two-year bond yield curve and the 10-year long-term bond yield curve as proxies for the market's expectations of future inflation, we think that investors already expect the Fed's funds rate to rise sharply to 3.5% for both the two-year and 10-year bond yield curves.

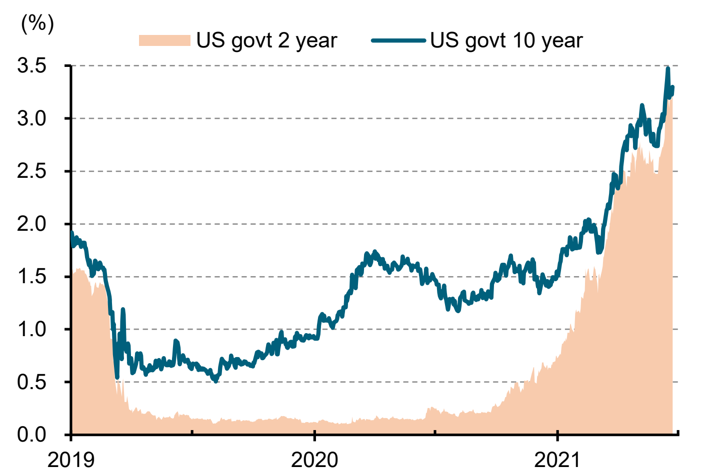
The negative yield curve, which will occur when the short-term yield (two-year bond) is higher than the long-term yield (10-year bond), is normally regarded as one of the leading indicators for a future economic recession as central banks need to raise the policy rate higher in the near term, normally within 1-2 years, to cool down inflation at the expense of lower economic growth rates. As a result, central banks will have to cut their policy rates lower in order to stimulate economic growth.

Exhibit 91: US bond yields from 1977, monthly



At end of May-2022; two-year yield and 10-year yield are 2.56% and 2.84%, respectively.
Source: Bloomberg

Exhibit 92: US bond yields from 2019, daily

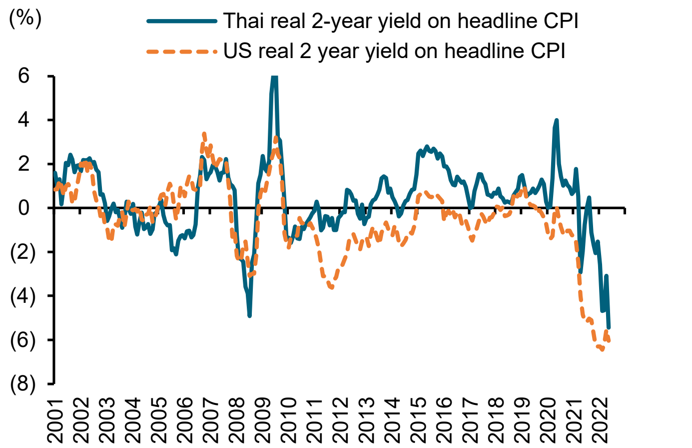


As of 20 Jun-22; two-year yield and 10-year yield are 3.25% and 3.30%, respectively.
Source: Bloomberg

BoT's target #2: Narrowing negative real interest rates. Since 2021, the real interest rates (RII) (bond yield minus headline CPI) in Thailand and the US have turned negative as a result of the sharp rise in inflation. However, the RII in the US was far more negative than in Thailand, thanks to the sharp rises in US headline and core CPIs. Hence, we believe the Fed is now mandated to hike its fund rate faster and higher in order to curb inflation and narrow the negative RII.

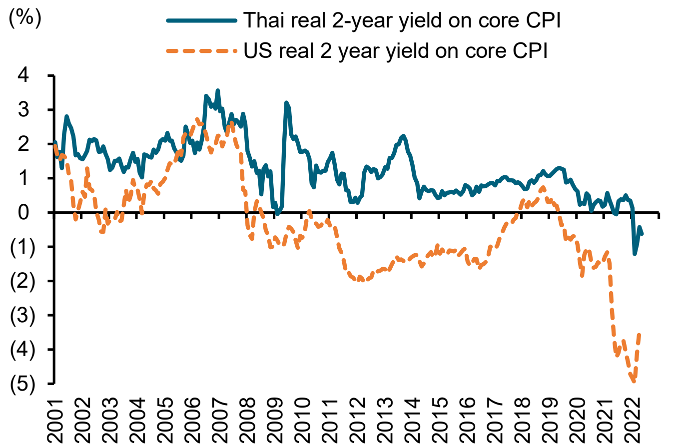
Why is RII critical to monetary policy? When RII is negative, consumer and investor inflation expectations rise and demand higher returns on investments such as fixed-income bonds, which could lead to rising inflation and short-term yields.

Exhibit 93: Thailand vs US, real two-year yield on headline CPI



As of 21 Jun-22
Source: Bloomberg

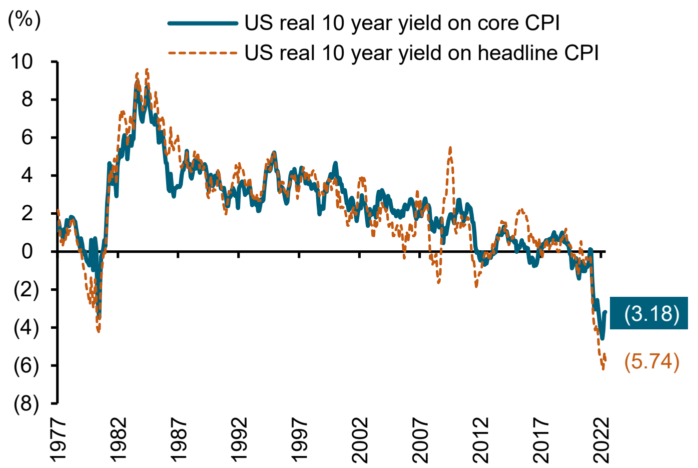
Exhibit 94: Thailand vs US, real two-year yield on core CPI



As of 21 Jun-22
Source: Bloomberg

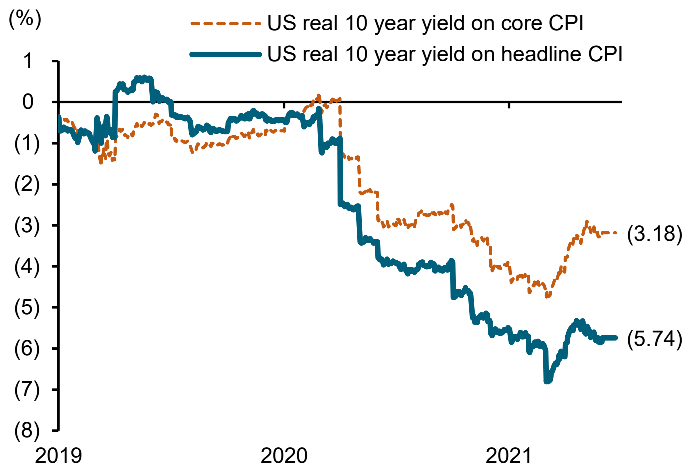
We believe the current near-zero to inverse (negative) yield curves in the US clearly indicate the high possibility of the Fed hiking its rate faster and then lowering its rate sooner. We think this means a period of recession for the US economy is highly visible and may arrive sooner, possibly by 1Q23, or into 2H23, and then the economy could revive meaningfully by the end of 2023-24, based on our estimate.

Exhibit 95: US real 10-year yield from 1977, monthly



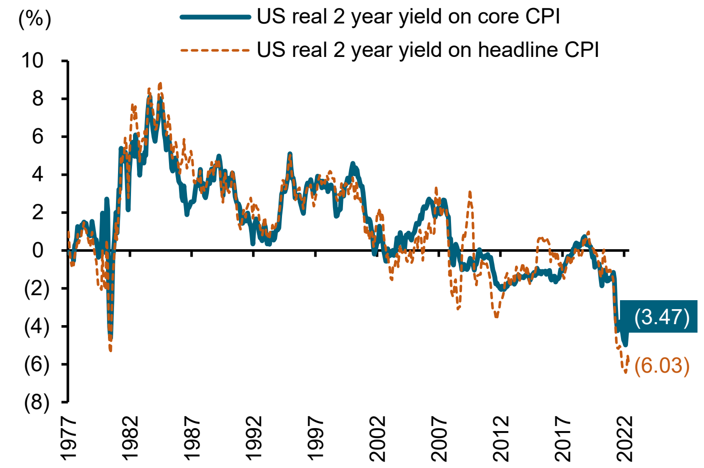
At end of May-22
Source: Bloomberg

Exhibit 96: US real 10-year yield from 2019, daily



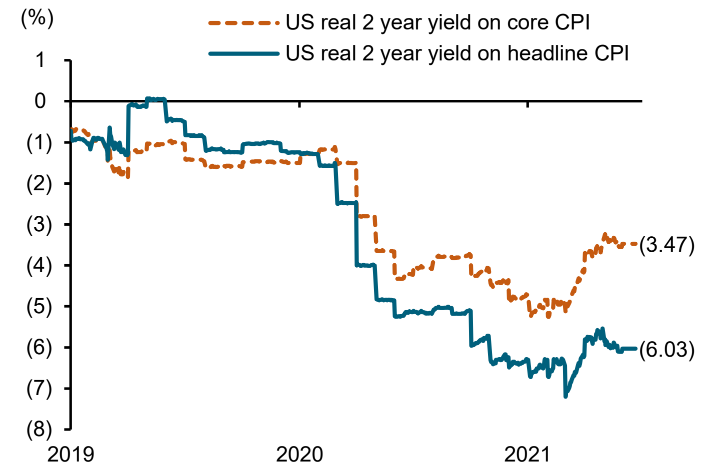
As of 20 Jun-22
Source: Bloomberg

Exhibit 97: US real two-year yield from 1977, monthly



At end of May-22
Source: Bloomberg

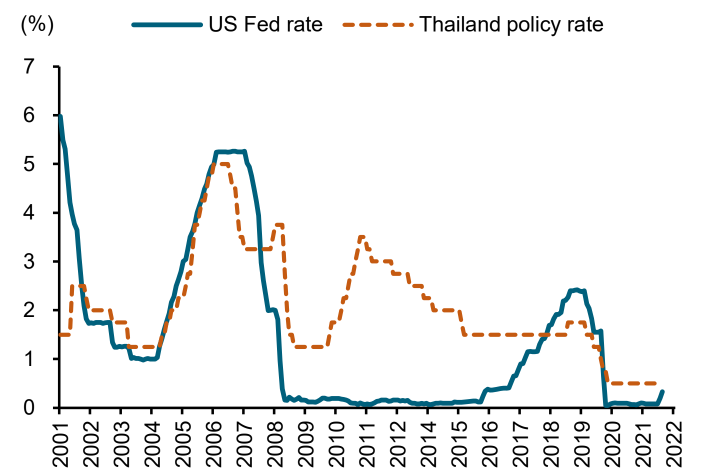
Exhibit 98: US real two-year yield from 2019, daily



As of 20 Jun-22
Source: Bloomberg

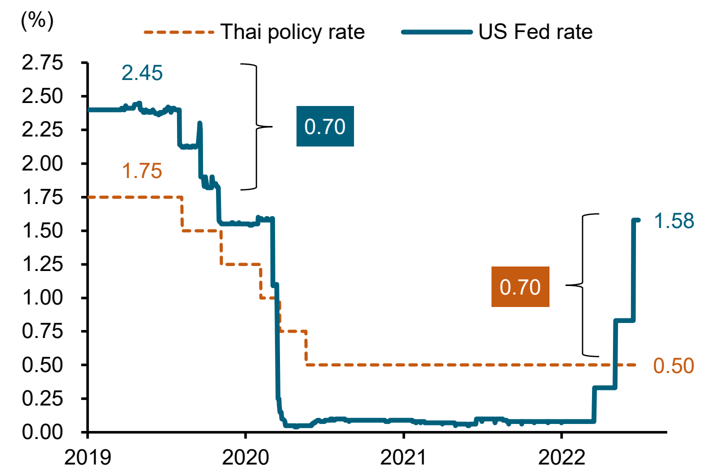
Interest rate differentials (Thailand vs US). Historically, the interest rate differential (IRD) between the policy rates in Thailand and the US is 0.5%-1.0% during periods of tightening monetary policy. Otherwise, the IRD could widen to as high as 4.5% to as low as 0.5%.

Exhibit 99: Fed funds rate vs Thai policy rate, monthly



As of 27 Jun-22
Source: Bloomberg

Exhibit 100: Fed funds rate vs Thai policy rate, daily since 2018

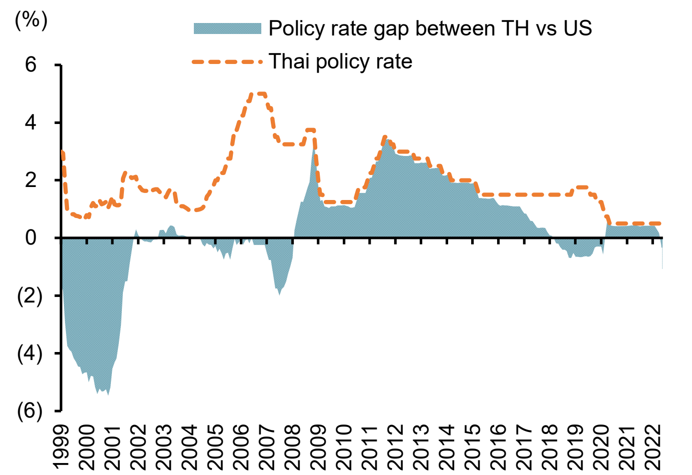


As of 27 Jun-22
Source: Bloomberg

BoT's target #3: THB currency stability. We think the main reason for the tight IRD between the BoT and the Fed lies in the THB/USD currency exchange rate, which could significantly weaken if the IRD exceeds 1.0%. Currently, the IRD stands at 1.0% as the Fed has already hiked its rate to 1.5% vs the BoT's 0.5%.

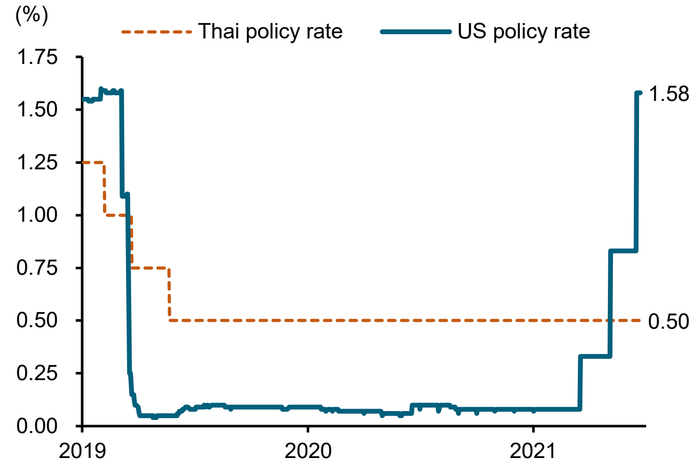
Hence, in order to manage the THB, the BoT will have to employ its reserves and tighten monetary policy by raising the policy interest rate sooner – possibly as early as the next MPC meeting in Aug-22 to prevent higher inflation expectations and further prevent THB/USD currency weakness, in our view.

Exhibit 101: Policy rate gap, Thai vs US since 1999



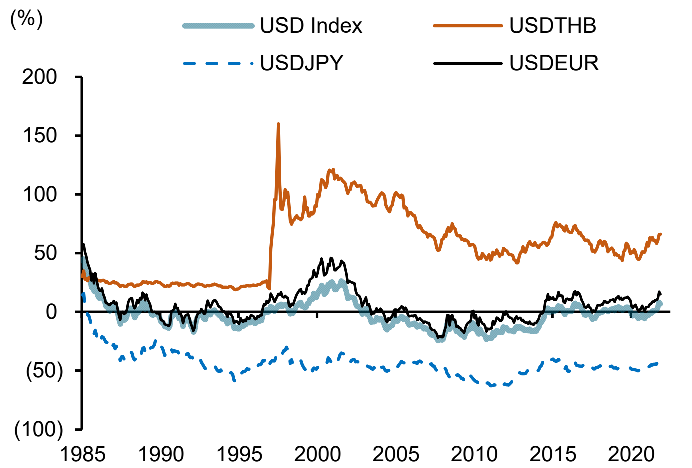
Source: Bloomberg

Exhibit 102: Policy rate gap, Thai vs US since 2019



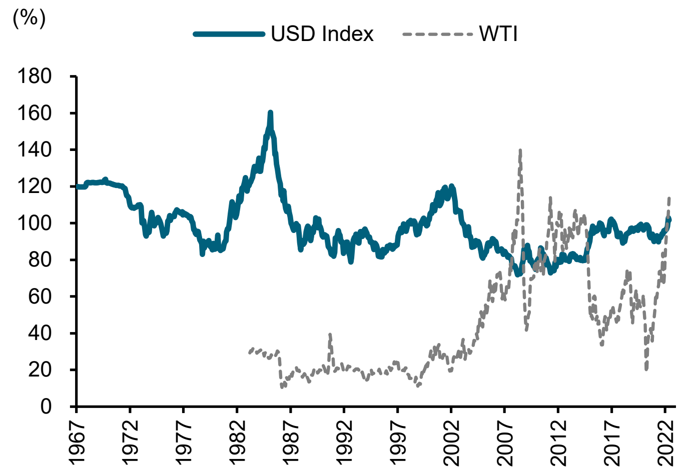
Source: Bloomberg

Exhibit 103: Currency performance since 1985



Source: Bloomberg

Exhibit 104: WTI vs USD index



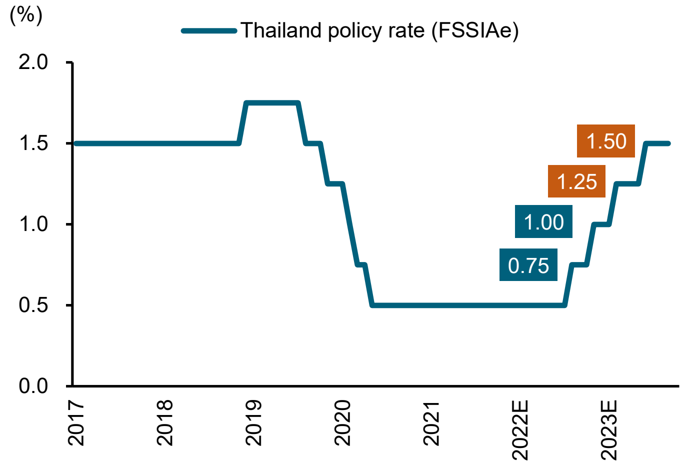
Source: Bloomberg

Fast pace of policy rate hikes expected

We are neutral on Thailand's equity market given the challenging global economic environment, high inflationary pressures, and tighter monetary policies in 2022-23. We expect the BoT's policy rates to rise faster by 0.5% in 2022 to 1.0% at end-2022 and another 0.5% rise in 2023 to 1.5%, which will be more aggressive than current market expectations based on the Fed's dot plot data and Bloomberg's consensus estimates.

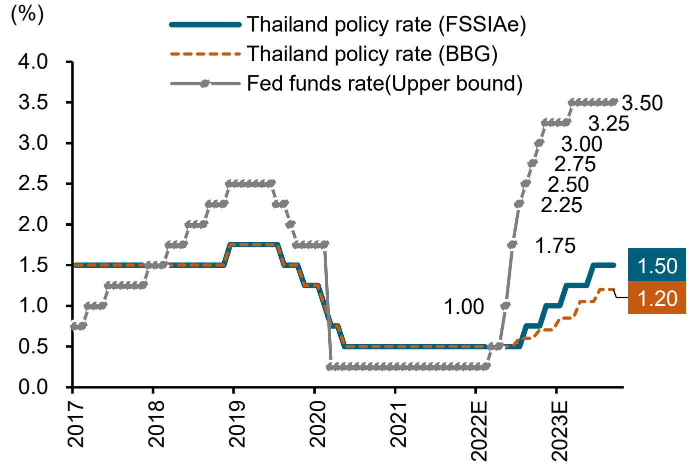
As the BoT rate hike aims to achieve the three goals of curbing consumer inflation expectations, narrowing the negative RII, and stabilising the THB/USD currency exchange rate, this should come at the cost of softer GDP. However, rising tourism revenue and stronger domestic consumption and investment should allow the BoT to raise its policy rate by 0.5% annually in 2022-23 in order to curb inflation.

Exhibit 105: FSSIA expects the BoT to hike its rate twice in 2022 by 25bp each to 1% and twice in 2023 by 25bp each to 1.50%



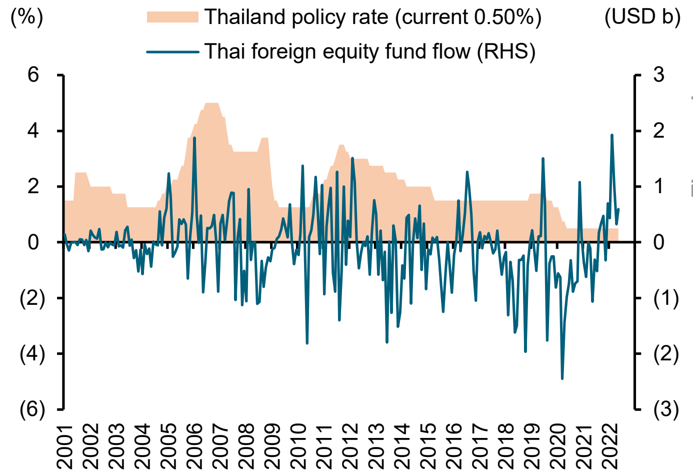
Source: FSSIA estimates

Exhibit 106: BoT policy rate hike projections by FSSIA, Bloomberg consensus vs Fed rate hike (upper bound)



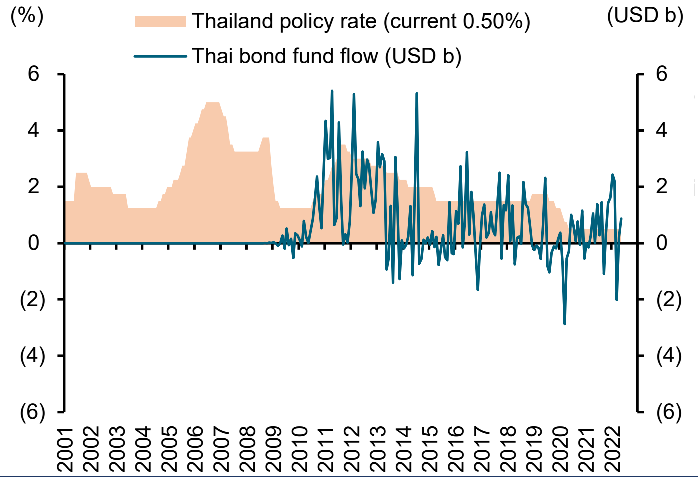
Sources: Bloomberg: FSSIA estimates

Exhibit 107: Thai policy rate vs equity fund flows



As of 21 Jun-22
Source: Bloomberg

Exhibit 108: Thai policy rate vs bond fund flows



As of 21 Jun-22
Source: Bloomberg

EPS downgrade, reflecting higher costs and interest rate hikes

FSSIA's analysts have revised down the earnings forecasts for the stocks under their coverage by around 5.5% in 2022, factoring in key concerns such as inflation, the higher cost of living, energy costs, and raw material costs.

As the market grows increasingly concerned about US recession factors leading the Fed to act more aggressively in tightening monetary policy, we think the perception of rising risks from a global top-down view should be partly offset by the more benign economic growth outlook in Thailand.

The key drivers for our projections of moderate growth include the return of tourism and domestic consumption, and higher commodity prices that should drive up the earnings growth of sectors such as tourism, hospitality, hospitals, banks, and energy. Based on our three winning factors of high pricing power, superior cost control, and being a regional producer, we identified the winning sectors for 2022 as tourism, healthcare, specialty products, and regional players.

Exhibit 109: Industrial outlook in 2H22 amid the potential for a rise in the BoT's policy rate and higher inflation

Sector	Recommendation	2H22 outlook
Energy (oil & gas)	Overweight	▪ Higher–for-longer prices of oil, gas, and coal should greatly drive up the earnings of the oil & gas companies. With strong production volumes, better cost control, and regional production bases, we prefer PTTEP over PTT as a sole winner in the oil & gas sector. Our current assumptions of a USD120/bbl average Dubai oil price in 2022, and USD110/bbl in 2023-24, should bode well for PTTEP's earnings growth visibility, in our view.
Petrochemical	Neutral	▪ While the industry margins of olefins and aromatics remain highly challenging in 2022-23, we think the current deeply discounted prices of feedstock naphtha (over 20% discount to oil price) and LPG should help offset the negative impact of the industry oversupply. SCC is our pick in the olefins segment, given its higher proportion of high value-added products across all business lines of cement and building materials, chemicals, and packaging, the imminent start-up of its new petrochemical complex in Vietnam in 2023 with superior feedstock capability, and the upcoming listing of its chemical unit.
Utilities	Overweight	▪ While the high costs of gas and coal could continue to pressure the margins of Thai power companies, particularly SPPs, we think in the next 12 months SPPs should see meaningful earnings improvement on 1) the higher selling price of electricity tariff on the higher fuel tariff; 2) the capacity growth from new power plants; 3) the lower gas cost from the imports of LNG in 2023; and 4) the potential capacity upsides from the soon-to-be-announced new power development plans in Vietnam and Thailand.
Refinery	Overweight	▪ Thanks to the permanent shutdowns of inefficient refiners in 2020-21, the tighter supply from Russia due to sanctions, and the strong pent-up demand post the global economic reopening, we think the market gross refining margins for Thai refiners will stay overwhelmingly high above USD15/bbl in 2022-23. The continued rise in jet demand, the expected strong demand for gasoline in summer, and the potentially hike in the margin of diesel in the upcoming winter, all should sustain the earnings of Thai refiners to a record high in 2022.
Banking	Overweight	▪ We project the 2H22 aggregate net profit for the banks under our coverage to rise y-y following a decline in provisions due to the excess provisions that were set aside in 2020-21, plus the benefits of comprehensive debt restructuring (CDR). Moreover, we believe that loan volumes will increase moderately from the retail and corporate segments. We also believe that banks will efficiently control their operating costs, leading to a minor OPEX increase y-y.
Diversified financial	Overweight	**Lending operators** ▪ On the positive side, we still see solid loan demand in both auto-related loans and unsecured loans. We also believe lending operators have been able to manage their cost of funds effectively. As for negatives, we expect NPLs of lending operators to slightly to moderately rise due to the higher cost of living and the gradual end of debt forbearance. Thus, provisions might slightly increase. However, we think the positives should completely offset the rise in provisions. **Asset management companies** ▪ We expect AMC's 2H22 net profit to rise on the back of 1) stronger cash collection; and 2) efficient operating cost and cost of funds control. Also, we expect AMCs to increase their distressed asset acquisitions in 3Q22 following a rise in NPL sales from the banking sector.
Commerce	Overweight	▪ 2H22 outlook: Stronger net profit growth driven by higher demand post reopening and seasonality. Among the three segments in the commerce sector, we like shopping malls CPN and CRC for their high earnings growth visibility on the back of rising pricing power, good cost control, and expansions via both organic new malls and M&As (SF for CPN). In the modern trade and convenience stores (CVS) segment, we favour CPALL as our sole pick given its strong earnings growth from the branch expansion, superior product mix, and the resilient earnings from the CVS located in the oil stations of OR.
Food and beverage	Neutral	▪ 2H22 outlook: A mixed bag of earnings outlooks for the sector. We favour SNNP and ASIAN as our top picks for their visible earnings growth for food and snacks (SNNP) and pet food (ASIAN), which are likely to improve from the new product launches, revenue and margin growth from regional expansions, and good cost controls. In contrast, in the beverage segment, we are more selective on companies with higher pricing power, lower cost pressure, and dynamic expansions in new product launches. CBG remains our pick in the Thai beverage sector while other beverage producers could see weak net profit in 2H22 due to the rising raw material cost of sugar and lower consumer purchasing power caused by high inflation.
Contractor		▪ Based on the contractors under our coverage, CK and STEC, we expect the 2H22 earnings outlook to be stronger both y-y and q-q, driven by 1) a higher number of construction projects than last year as the construction sites should not have any further lockdowns; and 2) solid associate contributions and dividend income from investments, despite the rising raw material and energy costs.

Source: FSSIA estimates

Exhibit 52: Industrial outlook in 2H22 amid the potential for a rise in the BoT's policy rate and higher inflation *(cont.)*

Sector	Recommendation	2Q22 outlook
Healthcare	Overweight	▪ We expect the overall revenue and earnings of the healthcare sector to slow h-h in 2H22 mainly due to the slowdown in Covid-related revenue following a lower number of Covid infections since April. However, we still expect organic operations to significantly improve due to the high season in 3Q22. Core profit should drop y-y, but we still expect it to exceed the pre-Covid level led by pent up demand from Thai patients, the larger Social Security Office (SSO) registered member base and a recovery in international patients. ▪ We like BDMS and BH due to their strong recoveries in international patient revenue to c70% of the pre-Covid level in 1Q22. We expect revenue to reach the pre-Covid level by the end of this year, led by Middle Eastern and CLMV patients.
Tourism	Overweight	▪ We expect strong recovery momentum in Thai tourism based on a higher number of tourist arrivals from 5,000-7,000 tourists/day in 1Q21 to 24,000 tourists/day in June, equivalent to c25% of the pre-Covid level. The overall occupancy rate improved from an average of 25-30% in 1Q22 to c50% in April and May. In addition, hotels that have exposure to Europe (MINT and SHR) should benefit from the high tourism season in Europe, with RevPAR likely to exceed the pre-Covid level. The strong momentum should continue in 2H22, especially in 4Q22 as the high tourism season arrives in Thailand. ▪ We like AOT and AWC which are Thai pure-play operators. Although both stocks still contribute core losses, those losses should continue to narrow throughout this year and have the potential to turn around in 4Q22 if tourist arrivals recover to c40-50% of the pre-Covid level.
Media	Overweight	▪ We expect advertising expenditure (adex) to be flat or experience low single-digit growth from the low season in 1Q22. With this outlook, we believe this should pressure the media sector's earnings to be flat q-q. This idea has been supported by the management from every media company. They admit that the 2Q22 outlook remains uncertain due to the weak economy, high inflation, rising consumer product prices, and weak purchasing power. Most expect slow earnings growth in 2Q22. However, they also believe that the recovery in adex should start from 3Q22 onward. All the negative factors that pressured adex in 2Q22 should see an improvement thanks to the recovery in the tourism sector and the improving Covid situation. ▪ As a result, we expect that media companies' share prices should stay in a sideways trend in 2Q22 as the current state of the recovery is unclear. ONEE and PLANB are our top picks in the sector. These two companies have individual growth catalysts. ONEE has potential growth from its content business, while PLANB has a synergy catalyst with Aqua (AQUA TB, NR)'s media that could give PLANB a monopoly on out-of-home media.
ICT	Neutral	▪ We believe the mobile service industry could face intense competition throughout the year. Unlimited fixed speed, with a high internet speed of 15Mbps at the price of THB200 per month would be the key pressure point on average revenue per user (ARPU). Although there are expectations of a recovery in the Thai economy and tourist arrivals could boost industry revenue, the high competition may offset these benefits, making mobile revenue weak. ▪ Deliberations about the amalgamation of DTAC and TRUE by the National Broadcasting and Telecommunications Commission (NBTC) are still underway. The NBTC has already held two focus group sessions and the final focus group is expected to be held in early Jun-22. We expect the final decision from the NBTC to come out around Jul-22, a delay from previous timeline of about one month. As a result, with the expectation that the amalgamation of DTAC and TRUE should remain unclear until 3Q22, we expect that these two companies share prices should remain unattractive. JMART is our top pick as it has a lower exposure to the weak economic outlook. The company still has strong potential growth from its synergy and the growth of its subsidiaries.
Auto	Overweight	▪ The outlook for 2H22 onward remains strong on the expectation that the steel price should be more stable during that period. AH is our top pick as the company has had a lower impact from the higher steel price. The company should be able to pass through its costs to its customers faster than its peers.
Transportation	Overweight	▪ Mass transit ridership saw signs of recovery in Apr-22, growing by about 4-8% on weekdays. We believe this recovery momentum should continue in the following months thanks to 1) the resumption of the school semester; 2) the recovery in tourist arrivals; and 3) the Covid situation in Thailand that is now under control. Moreover, the terms of reference (TOR) for the mass transit Orange Line have already been announced. The Mass Transit Authority of Thailand plans to issue the TOR from 27 May to 10 Jun-22 and is expected to determine a winner within Aug-22. This mass transit line should drive the mass transit operator to grow significantly as the project value for this line is about THB140b. We believe this is a good time to invest in mass transit operators as the positive catalyst that has been pending for almost two years has been finalised.

Source: FSSIA estimates

Exhibit 110: FSSIA net profit estimates – how do we differ from consensus?

By sector	------------- Current estimates -------------			---------------- Consensus ----------------			----------------- Diff of NP -----------------		
	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (THB m)	2023E (THB m)	2024E (THB m)
Automotive	2,127	2,496	2,754	2,125	2,432	2,701	3	64	53
Banking	169,128	183,765	204,965	172,302	186,018	211,123	(3,174)	(2,253)	(6,158)
Commerce	51,427	66,246	71,947	49,924	65,020	77,080	1,502	1,226	(5,133)
Construct	39,557	50,240	55,672	42,896	49,713	58,285	(3,339)	527	(2,612)
Construction Services	2,660	2,699	3,274	2,359	3,046	3,867	301	(346)	(592)
Electronic Component	655	1,269	1,733	924	1,906	2,532	(269)	(637)	(800)
Finance & Securities	34,933	41,474	48,141	34,696	41,192	48,194	238	282	(53)
Food & Beverage	28,154	34,257	36,763	23,827	32,939	39,664	4,327	1,318	(2,900)
Health Care Services	26,007	24,767	27,768	24,175	22,408	24,762	1,832	2,359	3,006
ICT	41,674	48,364	53,093	42,328	51,599	59,782	(654)	(3,235)	(6,689)
Media & Publishing	4,457	6,218	6,026	4,437	6,183	7,467	20	35	(1,441)
Packaging	10,442	11,828	11,519	8,777	10,196	11,645	1,665	1,632	(126)
Personal Prod & Pharma	4,222	2,608	5,975	3,780	4,039	6,157	442	(1,431)	(182)
Petrochem & Chemical	59,306	60,913	61,396	60,045	59,744	62,177	(740)	1,170	(782)
Property Development	42,222	49,560	54,453	39,052	45,017	50,114	3,170	4,543	4,339
Tourism & Leisure	(483)	3,094	3,958	(1,149)	2,095	3,571	666	999	387
Transport & Logistic	(10,699)	30,605	49,828	(8,222)	21,988	41,620	(2,477)	8,617	8,209
Energy - Utilities	88,130	95,216	92,042	71,121	81,985	86,739	17,009	13,231	5,303
Energy - Oil & Gas	254,246	270,267	282,396	276,845	260,906	265,768	(22,599)	9,361	16,628
Grand Total	**848,165**	**985,887**	**1,073,704**	**850,241**	**948,427**	**1,063,248**	**(2,077)**	**37,460**	**10,456**
Difference (%)							*(0.2)*	*3.9*	*1.0*
Growth (y-y%)	*17.3*	*16.2*	*8.9*	*17.0*	*11.5*	*12.1*			

Sources: Bloomberg consensus; FSSIA estimates, as of 1 Jul-22

Exhibit 111: Change of FSSIA estimates from end of May-22 to 1 Jul-22

By sector	---------- Current estimates* ----------			---------- Previous estimates**----------			*----------------- Change -----------------*		
	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (THB m)	2023E (THB m)	2024E (THB m)	*2022E (THB m)*	*2023E (THB m)*	*2024E (THB m)*
Automotive	2,127	2,496	2,754	2,127	2,496	2,754	*0*	*0*	*0*
Banking	169,128	183,765	204,965	169,128	183,765	204,965	*0*	*0*	*0*
Commerce	51,427	66,246	71,947	51,427	66,246	71,947	*0*	*0*	*0*
Construct	39,557	50,240	55,672	64,070	67,892	85,527	*(24,513)*	*(17,652)*	*(29,854)*
Construction Services	2,660	2,699	3,274	2,660	2,699	3,274	*0*	*0*	*0*
Electronic Component	655	1,269	1,733	655	1,269	1,733	*0*	*0*	*0*
Finance & Securities	34,933	41,474	48,141	35,223	41,951	48,754	*(289)*	*(478)*	*(613)*
Food & Beverage	28,154	34,257	36,763	28,154	34,257	36,763	*0*	*0*	*0*
Health Care Services	26,007	24,767	27,768	25,693	24,767	27,767	*314*	*(0)*	*1*
ICT	41,674	48,364	53,093	45,444	52,483	49,098	*(3,770)*	*(4,118)*	*3,995*
Media & Publishing	4,457	6,218	6,026	4,382	6,034	6,026	*75*	*184*	*0*
Packaging	10,442	11,828	11,519	10,442	11,828	11,519	*0*	*0*	*0*
Personal Prod & Pharma	4,222	2,608	5,975	4,222	2,608	5,975	*0*	*0*	*0*
Petrochem & Chemical	59,306	60,913	61,396	59,306	60,913	61,396	*0*	*0*	*0*
Property Development	42,222	49,560	54,453	40,492	47,162	53,378	*1,730*	*2,398*	*1,075*
Tourism & Leisure	(483)	3,094	3,958	70	3,093	3,958	*(553)*	*0*	*0*
Transport & Logistic	(10,699)	30,605	49,828	149	34,764	48,825	*(10,848)*	*(4,159)*	*1,003*
Energy - Utilities	88,130	95,216	92,042	89,717	95,661	94,009	*(1,586)*	*(445)*	*(1,968)*
Energy - Oil & Gas	254,246	270,267	282,396	270,014	294,191	293,601	*(15,768)*	*(23,924)*	*(11,205)*
Grand Total	**848,165**	**985,887**	**1,073,704**	**903,373**	**1,034,080**	**1,111,270**	***(55,209)***	***(48,193)***	***(37,566)***
Change (%)							*(6.1)*	*(4.7)*	*(3.4)*
Growth (y-y%)	*17.3*	*16.2*	*8.9*	*24.9*	*14.5*	*7.5*			

*Current estimates as of 1 Jul-22; **Previous estimates as of 30 May-22

Source: FSSIA estimates

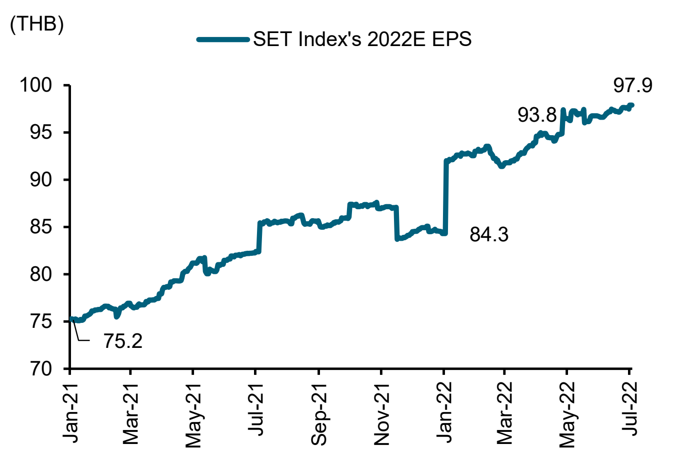
Maintain Overweight but trim our 2022 SET index target to 1,629

We cut our 2022 SET index target to 1,629 from 1,854, to reflect:

1) **Valuation derating for the SET.** Our valuation de-rating for the SET index from the previous 17.3x 2022E P/E, the 12-year average, down to 16.1x 2022E P/E, -0.25SD, is based on higher risks from rising inflation and a more aggressive BoT rate hike that could jeopardise the earnings growth of corporates on the SET.

2) **Cuts in FSSIA's 2022 EPS forecasts.** This reflects FSSIA's EPS forecast downgrades by 5.5% to THB101/share in 2022 and THB118/share in 2023, down from THB107/share and THB128/share previously, for the companies under FSSIA's coverage (128 companies accounting for c74% of the SET's market cap). The major cuts in EPS forecasts come from SCC and PTT. Our 2022 EPS forecast for the SET is now 3.6% above Bloomberg's 2022 EPS consensus forecast of THB97.9/share.

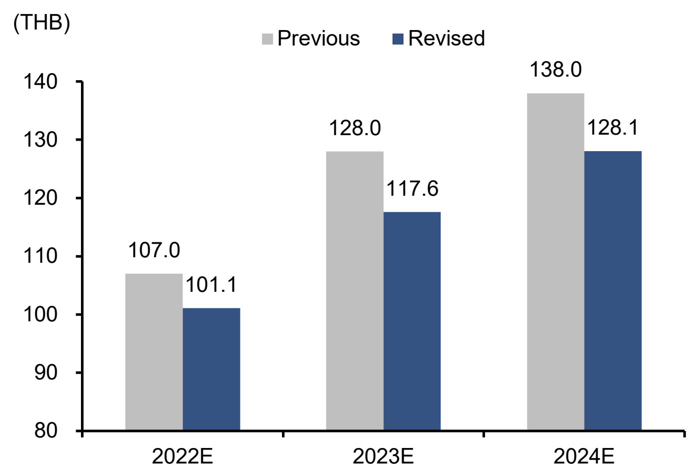
Exhibit 112: Consensus revisions of SET 2022E EPS



As of 1 Jul-22

Source: Bloomberg consensus

Exhibit 113: FSSIA's revisions of 2022E EPS

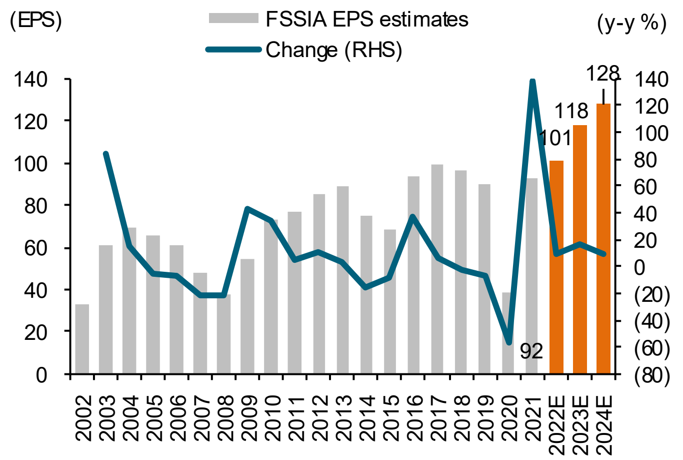


Source: FSSIA estimates

In terms of valuation, we lower our forward multiple P/E to derive our SET index target, based on 16.1x 2022E P/E, -0.25SD, instead of 17.3x 2022E P/E – the 10-year average P/E of the SET index – to reflect the downside risks of a sharp global economic slowdown, rising geopolitical uncertainty, the odds of a rapid Fed rate hike, elevated inflation in Thailand, and our expectation of a faster pace of BoT rate hikes.

We believe the SET index could trade at a valuation that is lower than its 10-year average P/E, or a -0.25SD level, as we think the downside risks from interest rate uptrends, inflation, and higher cost pressures should be partly offset by the strong corporate earnings growth forecasts.

Exhibit 114: SET index net profit growth projections



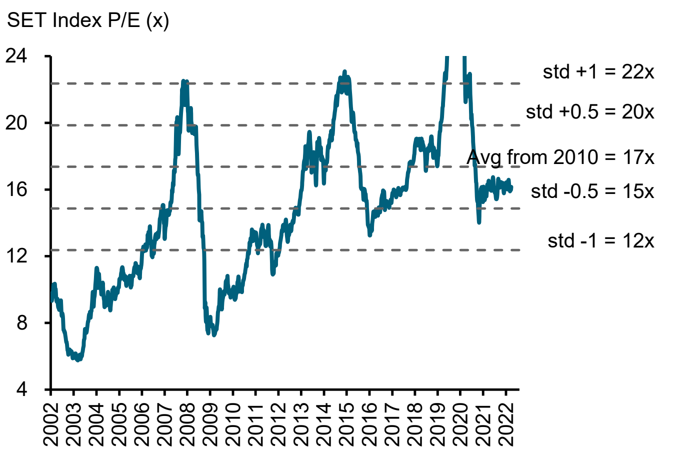
Sources: Bloomberg; FSSIA estimates

Exhibit 115: FSSIA's SET index target for 2022

		---------------- Earnings per share -------------		
		2022E	2023E	2024E
	EPS	101.1	117.6	128.1
		--- Target index based on FSSIA estimates --		
	P/E (x)	2022E	2023E	2024E
SD+1.0	22.4	2,260	2,629	2,863
SD+0.5	19.9	2,008	2,335	2,543
SD+0.25	18.6	1,882	2,188	2,383
Avg. from 2010	17.4	1,755	2,042	2,223
SD-0.25	16.1	1,629	1,895	2,063
SD-0.5	14.9	1,503	1,748	1,904
SD-1.0	12.4	1,251	1,454	1,584

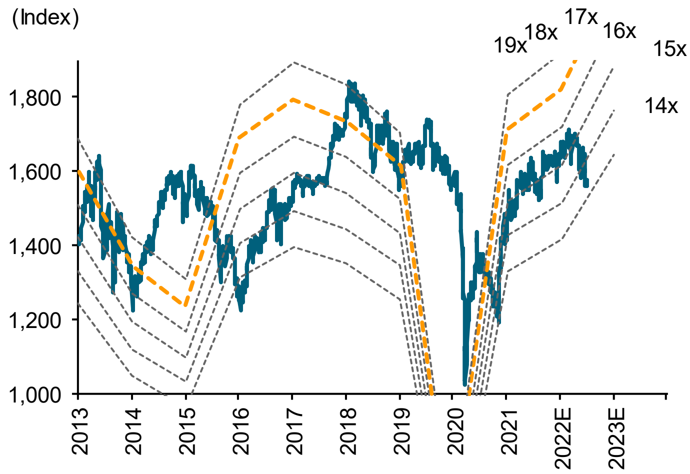
Source: FSSIA estimates

Exhibit 116: SET rolling one-year forward P/E band



Source: FSSIA estimates

Exhibit 117: SET rolling one-year forward P/E band



Source: FSSIA estimates

Exhibit 118: FSSIA's forecast of key economic indicators

	2022E	2023E	2024E
	(%)	(%)	(%)
Fed rate	4.0	4.5	3.5
Dubai crude oil price (USD/bbl)	120	110	
Thailand real GDP growth	3.0	4.3	3.8
Thailand headline inflation	6.5	2.6	1.7
Thailand core inflation	2.2	2.0	
Thailand policy rate	1.0	1.5	
Tourist arrivals (m)	8.5	34.1	

Sources: FSSIA estimates

Our preferred stocks for 2H22

Exhibit 119: Our tactical portfolio of select stock picks

Company	BBG code	Key rationale
Indorama Ventures	IVL TB, TP THB70	IVL is our top pick in the sector based on its strong earnings growth momentum to hit a record high in 2022, thanks to its high pricing power, good cost control, timely inorganic growth strategy, and most importantly its regional production bases to capture the greater benefits of the de-globalisation and de-carbonisation megatrends.
Banpu	BANPU TB, TP THB18.80	Banpu remains a highly overlooked winner in the commodity space given its distressed valuation below 5x 2022E P/E despite its strong and highly visible earnings growth momentum, backed by the higher prices of coal and gas and the M&As of shale gas in the US.
Srinanaporn Marketing	SNNP TB, TP THB20	SNNP remains our top pick in Thailand's food sector for 1) the potential upsides from new products, wider margins on superior cost control and the new partnership with Boonrawd Trading; 2) its revenue growth potential, both domestic and overseas, from the demand recovery and new products; and 3) the COD of its new production plant in Vietnam and 4) SNNP's successful introduction of new products in 1Q22, including a) "Lotus Crispy Chicken Skin", a product extension line from SNNP's successful "Lotus Chicken Snack"; and b) "Magic Farm Fresh" and "Mixed Fruit Juice with Cannabis" – the first cannabis drink in Thailand with certified standards and quality from the Food and Drug Administration.
Asian Sea Corporation	ASIAN TB, TP THB24.7	ASIAN stands out as one of Thailand's leading producers of pet food, on top of its conventional commodity business of frozen seafood. Its successful transformation into a leading pet food producer and exporter could further sustain and drive its earnings growth trajectory in 2022-24.
Bangkok Dusit Medical Services	BDMS TB, TP THB31	We think BDMS will benefit from its pricing power to command higher service charges to drive its EBITDA margin to exceed the pre-Covid level, led by its high utilisation rate. With projected strong revenue growth and a high utilisation rate of 70% in 2022 (vs 67% in 2019), we expect an EBITDA margin of 24% in 2022, improving from 23% in 2021 and 22% in 2019. Overall, we forecast BDMS' 2022 core profit to return to the 2019 level of THB10.1b, implying 31% y-y growth, with the potential for an upside from the prolonged Covid pandemic and a higher-than-expected EBITDA margin.
Kasikornbank	KBANK TB, TP THB180	The move to partner with JMT, in our view, will strengthen KBANK's balance sheet in the long term in a bid to protect itself from a potential NPL influx after the relaxed loan classification measures end in 2023, while the bank would still have exposure to benefit in the future when JMT is able to collect bad debts. This should provide higher returns to shareholders vs managing NPLs itself or via auction.
Minor International	MINT TB, TP THB45	We expect to see a European hotel recovery underway in 2Q22. The OCC rate of European hotels has ramped up from c20% in January to c60% in April, and has the potential to reach the pre-Covid level of 75% from June to July. In addition, we expect ADR to reach the pre-Covid level of cEUR110 in 2Q22, with an upside potential to exceed that level thanks to pent-up tourism demand.
Central Pattana	CPN TB, TP THB85	Strong and highly visible earnings growth from three drivers, including 1) the higher earnings from retail rental units with rising pricing power to increase the rental rate, and the expansion of new malls; 2) the acquisitions of Siam Future Development (SF) in May-22, and the earnings upsides from its hotel and residential business via the stake in Dusit Central Park.
Major Cineplex Group	MAJOR TB, TP THB24	We expect MAJOR to turn a solid profit starting from 2Q22 onward – most of the blockbusters should start to show in cinemas in that quarter thanks to the global vaccination rollout and a decline in the number of Covid-19 cases. MAJOR is a dividend play company that typically pays 90% of its payout ratio, reflecting a 4-6% dividend yield p.a. Also, MAJOR has invested in new businesses with strategic partners like Taokaenoi Food & Marketing (TKN TB, NR) and WORK.

Source: FSSIA estimates

Exhibit 120: Summary of key valuations of FSSIA's top picks in 2H22

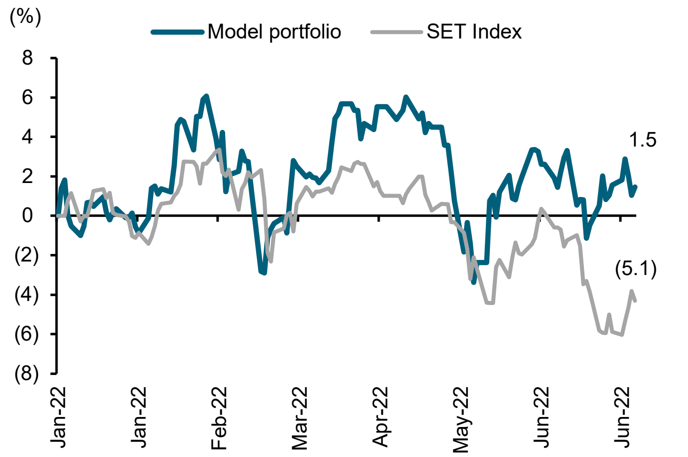
		----Share price --		*Up*	------------------------ Recurring profit ----------------------					----- P/E -----		DivYld	ROE	PBV
		Current	Target	*side*	21A	22E	23E	*22E*	*23E*	22E	23E	22E	22E	22E
		(THB)	(THB)	*(%)*	(THB m)	(THB m)	(THB m)	*(y-y%)*	*(y-y%)*	(x)	(x)	(%)	(%)	(x)
Indorama Ventures	IVL TB	46.00	70.00	*52*	21,886	23,553	25,905	*7.6*	*10.0*	11.0	10.0	5.6	13.7	1.4
Banpu	BANPU TB	12.40	18.80	*52*	23,793	28,728	29,682	*20.7*	*3.3*	3.1	3.7	18.0	30.4	0.8
Srinanaporn Marketg	SNNP TB	15.10	20.00	*32*	308	514	624	*66.6*	*21.5*	28.2	23.2	2.5	17.6	4.8
Asian Sea Corp	ASIAN TB	17.60	24.70	*40*	1,039	1,150	1,234	*10.7*	*7.3*	12.5	11.6	4.0	26.5	3.1
Bangkok Dusit Med	BDMS TB	25.00	31.00	*24*	7,736	10,096	12,541	*30.5*	*24.2*	39.4	31.7	1.8	11.8	4.6
Kasikornbank	KBANK TB	151.50	180.00	*19*	38,053	41,542	45,695	*9.2*	*10.0*	8.6	7.9	3.0	8.4	0.7
Minor International	MINT TB	34.00	45.00	*32*	(9,315)	2,883	6,828	*131.0*	*136.8*	67.9	28.7	0.6	4.2	2.5
Central Pattana	CPN TB	61.00	85.00	*39*	3,380	11,629	15,425	*244.1*	*32.6*	23.5	17.7	1.6	15.2	3.4
Major Cineplex Group	MAJOR TB	21.70	24.00	*11*	(528)	729	1,028	*237.9*	*41.0*	26.6	18.9	3.4	10.4	2.8

Share prices as of 1 July 2022
Source: FSSIA estimates

Adjustments to FSSIA's basket and asset allocations for 2022

Our stock selection is based on a mixed bottom-up and top-down approach, favouring stocks with solid fundamentals that we think should carry through in 2022-23. We have changed one of our top picks from BTS to CPN and retain AOT, MINT, BA, JMT, BGRIM, IVL, SCB, KBANK, GULF, and EA as conviction BUYs for 2022. BTS' share price has a likely overhang from the uncertainty over the concession renewal for the Green Line, while CPN's outlook is bright, driven by 1) the higher earnings from retail rental units with rising pricing power to increase the rental rate, and the expansion of new malls; 2) the acquisitions of Siam Future Development in May-22, and the earnings upsides from its hotel and residential business via the stake in Dusit Central Park.

Exhibit 121: FSSIA's 2022 model portfolio performance as of 1 Jul-22



Sources: FSSIA; Bloomberg

Exhibit 122: Changes to FSSIA's 2022 model portfolio (end-2021 to 1 Jul-22)

2022 top picks	-------------- Share price ------------ End-2021 (THB)	1 Jul 2022 (THB)	*Change (%)*
MINT	28.75	34.00	*18*
AOT	61.00	70.50	*16*
BA	9.75	10.80	*11*
JMT	68.50	74.75	*9*
KBANK	142.00	151.50	*7*
IVL	43.25	46.00	*6*
GULF	45.75	46.75	*2*
BGRIM	40.50	36.00	*(11)*
EA	96.00	82.00	*(15)*
SCB	127.00	104.50	*(18)*
SET Index	1,657.62	1,572.67	*(5)*

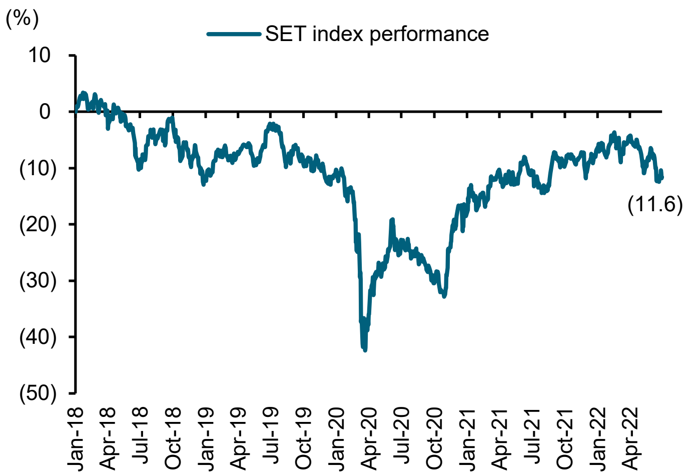
Sources: Bloomberg; FSSIA

Exhibit 123: Model portfolio sector tilts in 2H22

Overweight	Key rationale
Oil & Gas and refinery	The selloff in the sectors last month created a buying opportunity following the crude oil price decline. We think the crude oil price outlook is likely to rise again as Russia's invasion of Ukraine intensifies and the US and its allies impose new sanctions on Russia, and OPEC+ has limited capacity to increase output. Hence, we think there is further potential for the crude oil price to rise as supply tightens from the EU's partial ban on Russian oil imports and China eases its lockdowns.
Healthcare	Still expect solid 2H22 organic earnings and share prices to remain undervalued.
Tourism	Short-term catalysts would be the recovery of European tourism over 3Q22 and Thailand's reopening.
Banking	Bank share prices are trading at nearly their lowest P/BV or around an average of 0.6x 2022E P/BV, while their loan demand remains on track with the Thai economic recovery. Also, interest rates will be heading into an upcycle now that the BoT has announced its new policy normalisation plans.
Neutral	
Commerce	Although SSSG is recovering, growth is still slower than expected.
ICT	Lower impact from higher inflation while cash flow remains strong. But price competition remains high.
Diversified Financials	Among companies under our coverage, 2Q22 earnings outlooks are likely to remain strong, especially for the asset management sector and commercial car hire purchase.
Construction Services	There are new projects for bidding (MRT Orange Line) as the government attempts to stimulate the economy.
Underweight	
Personal Prod&Pharma	Covid-19, globally and in Thailand, is on a downtrend.
Construction Materials	Margins narrowed on energy and transportation cost hikes.
Auto	Higher cost pressure from soaring steel prices.

Source: FSSIA estimates

Exhibit 124: SET index performance from Jan-18 to 1 Jul-22



… now nearly trading at the pre-Covid-19 level

Source: Bloomberg

Appendix

Exhibit 125: Economic projections of Federal Reserve, Jun 2022

Percent

Variable	Median[1]				Central tendency[2]				Range[3]			
	2022	2023	2024	Longer run	2022	2023	2024	Longer run	2022	2023	2024	Longer run
Change in real GDP	1.7	1.7	1.9	1.8	1.5–1.9	1.3–2.0	1.5–2.0	1.8–2.0	1.0–2.0	0.8–2.5	1.0–2.2	1.6–2.2
March projection	2.8	2.2	2.0	1.8	2.5–3.0	2.1–2.5	1.8–2.0	1.8–2.0	2.1–3.3	2.0–2.9	1.5–2.5	1.6–2.2
Unemployment rate	3.7	3.9	4.1	4.0	3.6–3.8	3.8–4.1	3.9–4.1	3.5–4.2	3.2–4.0	3.2–4.5	3.2–4.3	3.5–4.3
March projection	3.5	3.5	3.6	4.0	3.4–3.6	3.3–3.6	3.2–3.7	3.5–4.2	3.1–4.0	3.1–4.0	3.1–4.0	3.5–4.3
PCE inflation	5.2	2.6	2.2	2.0	5.0–5.3	2.4–3.0	2.0–2.5	2.0	4.8–6.2	2.3–4.0	2.0–3.0	2.0
March projection	4.3	2.7	2.3	2.0	4.1–4.7	2.3–3.0	2.1–2.4	2.0	3.7–5.5	2.2–3.5	2.0–3.0	2.0
Core PCE inflation[4]	4.3	2.7	2.3		4.2–4.5	2.5–3.2	2.1–2.5		4.1–5.0	2.5–3.5	2.0–2.8	
March projection	4.1	2.6	2.3		3.9–4.4	2.4–3.0	2.1–2.4		3.6–4.5	2.1–3.5	2.0–3.0	
Memo: Projected appropriate policy path												
Federal funds rate	3.4	3.8	3.4	2.5	3.1–3.6	3.6–4.1	2.9–3.6	2.3–2.5	3.1–3.9	2.9–4.4	2.1–4.1	2.0–3.0
March projection	1.9	2.8	2.8	2.4	1.6–2.4	2.4–3.1	2.4–3.4	2.3–2.5	1.4–3.1	2.1–3.6	2.1–3.6	2.0–3.0

Note: Projections of change in real gross domestic product (GDP) and projections for both measures of inflation are percent changes from the fourth quarter of the previous year to the fourth quarter of the year indicated. PCE inflation and core PCE inflation are the percentage rates of change in, respectively, the price index for personal consumption expenditures (PCE) and the price index for PCE excluding food and energy. Projections for the unemployment rate are for the average civilian unemployment rate in the fourth quarter of the year indicated. Each participant's projections are based on his or her assessment of appropriate monetary policy. Longer-run projections represent each participant's assessment of the rate to which each variable would be expected to converge under appropriate monetary policy and in the absence of further shocks to the economy. The projections for the federal funds rate are the value of the midpoint of the projected appropriate target range for the federal funds rate or the projected appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. The March projections were made in conjunction with the meeting of the Federal Open Market Committee on March 15–16, 2022. One participant did not submit longer-run projections for the change in real GDP, the unemployment rate, or the federal funds rate in conjunction with the March 15–16, 2022, meeting, and one participant did not submit such projections in conjunction with the June 14–15, 2022, meeting.

1. For each period, the median is the middle projection when the projections are arranged from lowest to highest. When the number of projections is even, the median is the average of the two middle projections.
2. The central tendency excludes the three highest and three lowest projections for each variable in each year.
3. The range for a variable in a given year includes all participants' projections, from lowest to highest, for that variable in that year
4. Longer-run projections for core PCE inflation are not collected.

Source: federalreserve.gov, 17 Jun 2022

Exhibit 126: Economic projections of Federal Reserve, Jun 2021

Percent

Variable	Median[1]				Central tendency[2]				Range[3]			
	2021	2022	2023	Longer run	2021	2022	2023	Longer run	2021	2022	2023	Longer run
Change in real GDP.....	7.0	3.3	2.4	1.8	6.8–7.3	2.8–3.8	2.0–2.5	1.8–2.0	6.3–7.8	2.6–4.2	1.7–2.7	1.6–2.2
March projection	6.5	3.3	2.2	1.8	5.8–6.6	3.0–3.8	2.0–2.5	1.8–2.0	5.0–7.3	2.5–4.4	1.7–2.6	1.6–2.2
Unemployment rate.....	4.5	3.8	3.5	4.0	4.4–4.8	3.5–4.0	3.2–3.8	3.8–4.3	4.2–5.0	3.2–4.2	3.0–3.9	3.5–4.5
March projection	4.5	3.9	3.5	4.0	4.2–4.7	3.6–4.0	3.2–3.8	3.8–4.3	4.0–5.5	3.2–4.2	3.0–4.0	3.5–4.5
PCE inflation	3.4	2.1	2.2	2.0	3.1–3.5	1.9–2.3	2.0–2.2	2.0	3.0–3.9	1.6–2.5	1.9–2.3	2.0
March projection	2.4	2.0	2.1	2.0	2.2–2.4	1.8–2.1	2.0–2.2	2.0	2.1–2.6	1.8–2.3	1.9–2.3	2.0
Core PCE inflation[4].....	3.0	2.1	2.1		2.9–3.1	1.9–2.3	2.0–2.2		2.7–3.3	1.7–2.5	2.0–2.3	
March projection	2.2	2.0	2.1		2.0–2.3	1.9–2.1	2.0–2.2		1.9–2.5	1.8–2.3	1.9–2.3	
Memo: Projected appropriate policy path .												
Federal funds rate	0.1	0.1	0.6	2.5	0.1	0.1–0.4	0.1–1.1	2.3–2.5	0.1	0.1–0.6	0.1–1.6	2.0–3.0
March projection	0.1	0.1	0.1	2.5	0.1	0.1–0.4	0.1–0.9	2.3–2.5	0.1	0.1–0.6	0.1–1.1	2.0–3.0

Note: Projections of change in real gross domestic product (GDP) and projections for both measures of inflation are percent changes from the fourth quarter of the previous year to the fourth quarter of the year indicated. PCE inflation and core PCE inflation are the percentage rates of change in, respectively, the price index for personal consumption expenditures (PCE) and the price index for PCE excluding food and energy. Projections for the unemployment rate are for the average civilian unemployment rate in the fourth quarter of the year indicated. Each participant's projections are based on his or her assessment of appropriate monetary policy. Longer-run projections represent each participant's assessment of the rate to which each variable would be expected to converge under appropriate monetary policy and in the absence of further shocks to the economy. The projections for the federal funds rate are the value of the midpoint of the projected appropriate target range for the federal funds rate or the projected appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. The March projections were made in conjunction with the meeting of the Federal Open Market Committee on March 16–17, 2021. One participant did not submit longer-run projections for the change in real GDP, the unemployment rate, or the federal funds rate in conjunction with the March 16–17, 2021, meeting, and one participant did not submit such projections in conjunction with the June 15–16, 2021, meeting.

1. For each period, the median is the middle projection when the projections are arranged from lowest to highest. When the number of projections is even, the median is the average of the two middle projections.
2. The central tendency excludes the three highest and three lowest projections for each variable in each year.
3. The range for a variable in a given year includes all participants' projections, from lowest to highest, for that variable in that year.
4. Longer-run projections for core PCE inflation are not collected.

Source: federalreserve.gov, 9 July 2021

Exhibit 127: FSSIA 128 stocks under coverage - summary of key valuations

			----Share price ----		Up (dn)	Market	---------- Recur profit --------			Rec profit grth		---- P/E -----		Yld	ROE	PBV
	BBG	Rec	Current	Target	side	Cap	21A	22E	23E	22E	23E	22E	23E	22E	22E	22E
			(THB)	(THB)	(%)	(USD m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(x)	(x)	(%)	(%)	(x)
SET Index			1,573	1,629	4	524,526						20.9	17.3			
Coverage						393,894	688,146	840,903	981,317	22.2	16.7	20.2	16.7	3.1	10.1	1.6
Banks	Banks					40,065	145,323	163,728	177,903	12.7	8.7	8.8	8.1	4.4	8.2	0.7
Bangkok Bank	BBL TB	HOLD	134.00	134.00	0	7,182	26,506	29,229	30,623	10.3	4.8	8.8	8.4	3.7	6.0	0.5
Kasikornbank	KBANK TB	BUY	151.50	180.00	19	10,079	38,053	41,542	45,695	9.2	10.0	8.6	7.9	3.0	8.4	0.7
Kiatnakin Bank	KKP TB	BUY	63.25	86.00	36	1,504	6,318	7,616	8,525	20.5	11.9	7.0	6.3	6.7	14.3	1.0
Krung Thai Bank	KTB TB	BUY	15.60	16.40	5	6,122	21,588	26,889	27,616	24.6	2.7	8.1	7.9	4.3	7.2	0.6
SCB X	SCB TB	BUY	104.50	160.00	53	9,880	35,599	38,181	42,621	7.3	11.6	9.3	8.3	4.8	8.4	0.8
Tisco Financial	TISCO TB	BUY	88.50	110.00	24	1,990	6,784	7,052	7,693	4.0	9.1	10.0	9.2	8.8	16.8	1.7
TMBThanachart Bank	TTB TB	BUY	1.22	1.80	48	3,310	10,474	13,217	15,129	26.2	14.5	8.9	7.8	5.1	6.1	0.5
Diversified financials						20,417	35,536	41,643	49,154	17.2	18.0	21.8	17.6	2.5	16.3	3.1
Unsecured-loan lender						5,302	9,804	11,180	11,989	14.0	7.2	18.6	17.3	2.2	23.1	4.1
Aeon Thana Sinsap (TH)	AEONTS TB	HOLD	170.00	188.00	11	1,193	3,553	4,228	4,523	19.0	7.0	10.1	9.4	3.0	19.8	1.9
Krungthai Card	KTC TB	HOLD	56.75	60.00	6	4,108	6,251	6,952	7,466	11.2	7.4	21.0	19.6	1.9	24.1	4.7
Auto-title lender						6,901	13,265	15,124	18,523	14.0	22.5	16.5	13.5	1.8	18.3	2.8
Muangthai Capital	MTC TB	BUY	43.00	55.00	28	2,560	4,945	5,404	6,780	9.3	25.5	16.9	13.4	0.9	19.9	3.1
Srisawad Corp	SAWAD TB	BUY	48.50	68.00	40	1,870	4,544	5,000	6,026	10.0	20.5	13.2	10.9	3.8	19.3	2.4
Saksiam Leasing	SAK TB	BUY	7.45	12.00	61	438	608	842	1,060	38.5	25.9	18.6	14.7	1.6	16.2	2.8
Ngern Tid Lor	TIDLOR TB	BUY	29.00	43.00	48	2,033	3,169	3,878	4,657	22.4	20.1	18.7	15.5	1.1	15.9	2.7
Truck lender						1,809	2,597	3,421	4,218	31.7	23.3	22.5	17.3	2.9	11.3	2.2
Micro Leasing	MICRO TB	BUY	5.70	10.70	88	150	187	272	345	45.1	26.8	19.6	15.5	1.0	13.2	2.5
Singer Thailand	SINGER TB	BUY	44.50	74.00	66	1,021	701	1,244	1,708	77.5	37.3	29.5	21.9	2.0	8.1	2.3
Ratchthani Leasing	THANI TB	BUY	4.02	4.80	19	639	1,709	1,906	2,165	11.5	13.6	11.9	10.5	4.7	15.9	1.8
Asset management						5,100	4,272	6,151	8,109	44.0	31.8	35.6	26.1	2.3	10.1	3.5
Bangkok Commercial AM	BAM TB	BUY	17.40	25.50	47	1,579	2,600	3,204	4,056	23.2	26.6	17.6	13.9	4.8	7.5	1.3
Chayo Group	CHAYO TB	BUY	11.30	16.60	47	338	219	533	453	143.3	(14.9)	25.3	29.7	0.0	15.5	3.1
JMT Network Services	JMT TB	BUY	74.75	80.00	7	3,062	1,400	2,350	3,490	67.8	48.5	45.2	31.6	1.3	11.0	4.6
Other						1,119	5,287	5,401	5,862	2.1	8.5	7.2	6.7	8.4	8.0	0.6
Thanachart Capital	TCAP TB	HOLD	38.00	42.00	11	1,119	5,287	5,401	5,862	2.1	8.5	7.2	6.7	8.4	8.0	0.6
Hire purchase motorcycle						186	311	366	453	17.6	23.7	15.7	16.3	1.0	10.1	1.4
Next Capital	NCAP TB	HOLD	4.90	7.60	55	186	311	366	453	17.6	23.7	15.7	16.3	1.0	10.1	1.4
Information Services						808	162	242	332	49.5	37.1	108.8	87.3	0.4	21.7	15.0
Ditto (Thailand)	DITTO TB	REDUCE	54.50	34.00	(38)	808	162	242	332	49.5	37.1	108.8	87.3	0.4	21.7	15.0
Commerce						42,993	31,142	49,854	64,079	60.1	28.5	31.7	24.3	1.9	12.3	4.1
Berli Jucker	BJC TB	BUY	32.25	40.00	24	3,629	3,428	5,176	6,315	51.0	22.0	25.0	20.5	3.0	4.4	1.1
CP All	CPALL TB	BUY	62.25	82.00	32	15,701	11,706	17,239	22,767	47.3	32.1	32.4	24.6	1.2	15.9	6.0
Central Retail Corp	CRC TB	BUY	35.50	43.00	21	6,012	59	4,729	6,720	7,865.1	42.1	45.3	31.9	0.9	8.4	3.8
Siam Global House	GLOBAL TB	BUY	17.80	26.40	48	2,400	3,344	3,439	3,801	2.8	10.5	24.9	22.5	1.6	16.6	3.9
Home Product Center	HMPRO TB	BUY	12.70	18.30	44	4,690	5,441	6,424	7,350	18.1	14.4	26.0	22.7	3.0	27.2	6.9
Siam Makro	MAKRO TB	BUY	35.25	52.00	48	10,472	6,972	12,640	16,884	81.3	33.6	29.5	22.1	2.5	4.3	1.3
Thanapiriya	TNP TB	BUY	4.02	6.80	69	90	192	207	242	8.0	16.7	15.5	13.3	2.6	21.5	3.1
Food & Beverage						13,007	11,531	25,271	27,429	119.2	8.5	23.7	21.2	3.2	16.7	4.3
Foods						7,093	5,419	18,288	19,498	237.5	6.6	14.5	13.5	3.6	9.6	1.5
Charoen Pokphand Foods	CPF TB	HOLD	26.00	28.00	8	6,137	3,756	16,160	17,073	330.3	5.6	13.9	13.1	3.6	7.7	1.2
Asian Sea Corporation	ASIAN TB	BUY	17.60	24.70	40	402	1,039	1,150	1,234	10.7	7.3	12.5	11.6	4.0	26.5	3.1
Agripure Holdings	APURE TB	BUY	5.45	10.00	83	147	316	464	567	46.9	22.2	10.9	8.9	4.6	21.2	2.3
Srinanaporn Marketing	SNNP TB	BUY	15.10	20.00	32	407	308	514	624	66.6	21.5	28.2	23.2	2.5	17.6	4.8
Beverage						5,914	6,112	6,983	7,931	14.2	13.6	34.7	30.3	2.8	25.2	7.7
Carabao Group	CBG TB	BUY	108.50	128.00	18	3,046	2,881	3,336	3,890	15.8	16.6	37.7	32.5	2.0	31.7	10.0
Osotspa PCL	OSP TB	BUY	34.00	42.00	24	2,868	3,231	3,647	4,041	12.9	10.8	31.6	28.0	3.6	18.4	5.2

Share prices as of 1 Jul 2022;
Source: FSSIA estimates

Exhibit 128: FSSIA 128 stocks under coverage - summary of key valuations *(cont.)*

	BBG	Rec	----Share price ---- Current (THB)	Target (THB)	*Up (dn) side (%)*	Market Cap (USD m)	---------- Recur profit -------- 21A (THB m)	22E (THB m)	23E (THB m)	Rec profit grth 22E (%)	23E (%)	------- P/E ------ 22E (x)	23E (x)	Yld 22E (%)	ROE 22E (%)	PBV 22E (x)
Property						14,017	26,200	37,514	42,808	43.2	14.1	17.2	13.7	4.1	14.6	2.5
Property Development						6,359	22,821	25,885	27,383	13.4	5.8	9.6	8.9	7.1	13.8	1.4
AP (Thailand)	AP TB	BUY	10.00	13.00	*30*	883	4,542	4,853	5,001	6.9	3.0	6.5	6.3	5.3	14.2	0.9
Land and Houses	LH TB	BUY	8.40	10.20	*21*	2,818	6,884	8,069	8,882	17.2	10.1	12.4	11.3	6.7	16.2	2.0
LPN Development	LPN TB	HOLD	4.40	4.60	*5*	180	302	703	737	132.4	4.8	9.2	8.8	7.6	6.1	0.6
Pruksa Holding	PSH TB	BUY	13.00	15.00	*15*	799	2,353	3,448	3,629	46.5	5.3	8.3	7.8	9.2	8.0	0.7
Quality Houses	QH TB	BUY	2.14	2.50	*17*	644	1,670	2,565	2,692	53.6	4.9	8.9	8.5	7.2	9.3	0.8
Supalai	SPALI TB	BUY	18.90	28.00	*48*	1,035	7,070	6,248	6,443	(11.6)	3.1	5.9	5.7	7.6	15.8	1.0
Retail Property						7,657	3,380	11,629	15,425	244.1	32.6	23.5	17.7	1.6	15.2	3.4
Central Pattana	CPN TB	BUY	61.00	85.00	*39*	7,657	3,380	11,629	15,425	244.1	32.6	23.5	17.7	1.6	15.2	3.4
Industrial Estate						1,887	3,352	4,855	5,568	44.8	14.7	9.5	8.4	3.0	7.6	1.1
WHA Corporation	WHA TB	BUY	3.08	4.40	*43*	1,293	2,590	3,335	3,776	28.8	13.2	13.8	12.2	4.3	11.1	1.6
Amata Corporation	AMATA TB	BUY	18.40	27.50	*49*	594	762	1,520	1,792	0.0	0.0	13.9	11.8	2.9	8.7	1.2
Healthcare						22,111	27,443	26,007	24,767	(5.2)	(4.8)	36.1	33.8	2.2	15.6	5.0
Bangkok Chain Hosp	BCH TB	BUY	18.80	28.50	*52*	1,316	6,846	4,656	1,977	(32.0)	(57.5)	10.1	23.7	6.4	33.7	3.2
Bangkok Dusit Med	BDMS TB	BUY	25.00	31.00	*24*	11,155	7,736	10,096	12,541	30.5	24.2	39.4	31.7	1.8	11.8	4.6
Bumrungrad Hosp	BH TB	BUY	180.00	210.00	*17*	4,017	1,274	3,045	4,200	139.0	37.9	47.0	34.1	1.8	17.4	8.1
Chularat Hospital	CHG TB	BUY	3.72	4.70	*26*	1,149	4,204	3,019	1,456	(28.2)	(51.8)	13.6	28.1	4.4	37.8	4.9
Praram 9 Hospital	PR9 TB	BUY	15.90	16.50	*4*	351	249	410	475	64.6	15.8	30.5	26.3	2.3	9.3	2.7
Ramkhamhaeng Hosp	RAM TB	BUY	51.00	62.00	*22*	1,718	4,070	2,226	2,240	(45.3)	0.7	27	27	1.8	12.5	3.3
Thonburi Healthcare	THG TB	REDUCE	62.25	45.00	*(28)*	1,481	1,247	1,430	713	14.6	(50.1)	37	74	1.9	15.1	5.4
Vibhavadi Med Center	VIBHA TB	BUY	2.42	3.20	*32*	922	1,816	1,125	1,165	(38.1)	3.5	31.4	30.3	2.0	8.1	2.3
Tourism						12,264	(18,232)	2,558	12,007	114.0	369.5	235.8	47.2	0.3	1.3	2.4
Asset World Corp	AWC TB	BUY	4.88	6.00	*23*	4,385	(2,248)	292	2,086	113.0	614.3	534.8	74.9	0.1	0.4	1.9
Central Plaza Hotel	CENTEL TB	BUY	43.75	49.00	*12*	1,658	(1,778)	591	2,065	133.3	249.1	99.9	28.6	0.4	3.2	3.2
The Erawan Group	ERW TB	BUY	3.86	4.50	*17*	491	(2,040)	(653)	408	68.0	(162.5)	(26.8)	42.8	0.0	(11.5)	3.3
S Hotels and Resorts	SHR TB	BUY	4.32	5.20	*20*	436	(1,229)	117	512	109.5	339.1	133.2	30.3	0.3	0.7	1.0
Minor International	MINT TB	BUY	34.00	45.00	*32*	5,019	(9,315)	2,883	6,828	131.0	136.8	67.9	28.7	0.6	4.2	2.5
Dusit Thani	DUSIT TB	BUY	11.50	18.00	*57*	274	(1,622)	(672)	109	58.5	(116.2)	(14.5)	90.0	0.0	(22.3)	3.6
Automotive						428	1,747	2,127	2,496	21.8	17.3	7.2	6.1	6.9	12.7	0.9
AAPICO Hitech	AH TB	BUY	21.50	28.00	*30*	214	792	1,108	1,305	39.9	17.7	6.9	5.8	5.1	12.5	0.8
Somboon Adv Tech	SAT TB	BUY	17.90	24.00	*34*	214	955	1,019	1,191	6.7	16.9	7.5	6.4	8.8	13.0	0.9
Transportation						38,441	(20,431)	(10,699)	30,605	47.6	386.1	(68.7)	52.7	0.3	(6.8)	8.0
Asia Aviation	AAV TB	BUY	2.90	3.40	*17*	956	(4,853)	(6,611)	1,235	(36.2)	118.7	(5.6)	30.2	0.0	(35.9)	2.0
Don Muang Tollway	DMT TB	BUY	10.80	16.00	*48*	358	404	859	1,273	112.5	48.2	16.6	11.2	5.4	8.6	1.4
Bangkok Airways	BA TB	BUY	10.80	16.00	*48*	637	(3,899)	(471)	1,631	87.9	446.5	(48.2)	13.9	0.0	(3.6)	1.8
Airports of Thailand	AOT TB	BUY	70.50	85.00	*21*	28,279	(15,319)	(10,051)	16,704	34.4	266.2	(100.2)	60.3	0.0	(9.4)	9.8
Bangkok Expressway	BEM TB	BUY	8.80	9.90	*13*	3,777	1,010	3,154	5,263	212.2	66.9	42.6	25.6	1.2	8.2	3.4
Kerry Express (TH)	KEX TB	REDUCE	23.10	18.20	*(21)*	1,130	47	(656)	556	(1,497)	184.8	(61.4)	72.4	0.0	(7.3)	4.6
Nam Yong Terminal	NYT TB	BUY	4.14	5.00	*21*	144	269	359	401	33.3	11.6	14.3	12.8	6.3	11.0	1.6
BTS Group Holdings	BTS TB	BUY	8.55	11.80	*38*	3,161	1,909	2,718	3,541	42.4	30.3	41.4	31.8	1.9	4.5	1.8
ICT						33,215	36,972	40,274	48,364	8.9	20.1	12.8	176.1	3.3	22.7	5.6
Advanced Info Servi	ADVANC TB	BUY	197.50	250.00	*27*	16,493	27,068	27,504	29,636	1.6	7.8	21.4	19.8	4.0	33.0	6.9
Total Access Comm	DTAC TB	BUY	44.75	55.50	*24*	2,975	3,422	3,551	3,253	3.8	(8.4)	29.8	32.6	4.0	18.1	5.5
True Corporation	TRUE TB	BUY	4.64	5.40	*16*	4,347	(2,887)	(3,495)	134	(21.1)	103.8	(44.3)	1,158.1	0.0	(4.4)	2.0
Jasmine Int'l	JAS TB	REDUCE	3.60	3.10	*(14)*	869	(1,880)	(794)	127	57.8	116.0	(39.0)	243.6	0.0	(19.7)	8.5
Intouch Holdings	INTUCH TB	BUY	68.75	83.50	*21*	6,190	10,379	11,336	12,338	9.2	8.8	19.4	17.9	4.4	27.3	5.2
Thaicom	THCOM TB	HOLD	8.95	9.20	*3*	275	(238)	190	227	179.5	20.0	51.8	43.1	1.4	1.7	0.9
Jay Mart	JMART TB	BUY	51.75	62.00	*20*	2,065	1,108	1,983	2,649	79.0	33.6	36.7	27.9	2.2	11.3	4.1
Media						5,027	1,733	4,072	6,290	134.9	54.5	(33.4)	44.0	1.6	8.8	3.1
BEC World	BEC TB	BUY	13.90	18.60	*34*	781	812	1,067	1,302	31.5	22.0	26.0	21.3	1.9	16.5	4.1
The One Enterprise	ONEE TB	BUY	9.95	14.00	*41*	665	828	1,012	1,239	22.1	22.5	23.4	19.1	2.1	14.3	3.2
Major Cineplex	MAJOR TB	BUY	21.70	24.00	*11*	545	(528)	729	1,028	237.9	41.0	26.6	18.9	3.4	10.4	2.8
Plan B Media	PLANB TB	BUY	6.55	8.80	*34*	787	(24)	681	967	2,903.6	42.0	41.2	29.0	1.7	8.6	3.2
RS	RS TB	BUY	15.30	20.00	*31*	411	127	537	701	321.5	30.5	27.7	21.2	1.1	23.1	5.9
VGI Pcl.	VGI TB	HOLD	4.96	5.70	*15*	1,559	185	(321)	601	(273.4)	287.3	(173.1)	92.4	0.4	(1.4)	1.9
Workpoint Entertain	WORK TB	HOLD	22.50	24.00	*7*	279	333	367	453	10.2	23.3	27.0	21.9	3.0	7.9	2.1
Construction services						1,467	822	2,370	2,369	188.3	(0.0)	26.6	27.0	1.5	5.3	1.2
CH. Karnchang	CK TB	BUY	20.20	26.00	*29*	940	100	1,014	992	915.2	(2.1)	33.8	34.5	1.2	3.9	1.3
Sino-Thai E&C	STEC TB	BUY	12.30	15.40	*25*	527	722	1,356	1,377	87.8	1.5	13.8	13.6	2.0	7.7	1.0

Share prices as of 1 Jul 2022; Source: FSSIA estimates

Exhibit 129: FSSIA 128 stocks under coverage - summary of key valuations *(cont.)*

			----Share price ----		*Up (dn)*	Market	---------- Recur profit --------			Rec profit grth		---- P/E -----		Yld	ROE	PBV
	BBG	Rec	Current	Target	*side*	Cap	21A	22E	23E	22E	23E	22E	23E	22E	22E	22E
			(THB)	(THB)	*(%)*	(USD m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(x)	(x)	(%)	(%)	(x)
SET Index			1,573	1,629	*4*	524,526						20.9	17.3			
Building materials						**14,185**	**51,369**	**39,408**	**50,240**	**(23.3)**	**27.5**	**13.0**	**10.2**	**4.7**	**10.1**	**1.3**
Siam Cement	SCC TB	BUY	378.00	466.00	*23*	12,736	47,174	35,011	46,340	(25.8)	32.4	13.0	9.8	4.5	9.4	1.2
Eastern Polymer Group	EPG TB	BUY	9.35	16.00	*71*	735	1,198	1,448	1,670	20.9	15.3	18.1	15.7	2.6	12.7	2.2
Tipco Asphalt	TASCO TB	BUY	16.10	22.50	*40*	714	2,997	2,949	2,230	(1.6)	(24.4)	8.6	11.4	11.2	20.7	1.9
Energy & Utilities						**110,284**	**251,573**	**339,186**	**357,608**	**34.8**	**5.4**	**18.9**	**16.5**	**4.0**	**14.2**	**2.5**
Oil & Gas						64,563	192,828	249,570	260,169	29.4	4.2	12.5	11.0	4.9	12.9	1.4
PTT PCL	PTT TB	BUY	34.50	50.00	*45*	27,669	89,249	118,570	128,103	32.9	8.0	8.3	7.7	4.3	11.4	0.9
PTT Explor & Prod	PTTEP TB	BUY	159.00	176.00	*11*	17,724	48,531	54,880	51,174	13.1	(6.8)	11.5	12.3	5.6	12.9	1.5
PTT Oil and Retail Busin	OR TB	BUY	25.50	32.00	*25*	8,592	11,780	11,654	13,879	(1.1)	19.1	26.3	22.0	1.9	11.3	2.9
Bangkok Aviation Fuel	BAFS TB	BUY	29.00	36.00	*24*	519	(785)	120	408	115.3	240.4	154.3	45.3	0.3	2.6	4.1
Thai Oil	TOP TB	BUY	52.25	70.00	*34*	2,993	12,578	13,238	13,825	5.2	4.4	8.1	7.7	5.6	10.6	0.8
Star Petroleum Refining	SPRC TB	BUY	12.10	14.00	*16*	1,473	1,937	7,375	6,844	280.7	(7.2)	7.1	7.7	3.3	19.6	1.3
Bangchak Corp	BCP TB	BUY	31.25	40.00	*28*	1,248	3,401	6,830	6,887	100.8	0.8	6.3	6.2	7.9	12.3	0.8
PTG Energy	PTG TB	BUY	13.60	18.30	*35*	638	1,006	1,784	2,263	77.3	26.8	12.7	10.0	1.5	20.3	2.4
Esso Thailand	ESSO TB	BUY	11.40	12.90	*13*	1,108	920	5,782	6,289	528.3	8.8	6.8	6.3	4.4	27.7	1.7
Susco	SUSCO TB	BUY	3.60	3.50	*(3)*	101	234	303	365	29.6	20.5	13.1	10.9	2.2	8.1	1.0
Scan Inter	SCN TB	BUY	2.24	3.10	*38*	75	69	118	225	70.0	91.5	22.9	11.9	2.2	4.3	1.0
Banpu	BANPU TB	BUY	12.40	18.80	*52*	2,356	23,793	28,728	29,682	20.7	3.3	3.1	3.7	18.0	30.4	0.8
WP Energy	WP TB	BUY	4.68	5.90	*26*	67	114	189	225	0.0	0.0	12.9	10.8	5.3	14.7	1.8
Utilities						45,721	58,746	89,616	97,439	52.5	8.7	28.0	24.3	2.6	15.9	4.0
Utilities - IPP						31,127	40,594	62,306	68,453	53.5	9.9	30.4	25.8	2.8	11.9	3.4
B.Grimm Power	BGRIM TB	BUY	36.00	44.00	*22*	2,635	2,440	3,663	5,675	50.2	54.9	25.6	16.5	1.4	11.8	2.9
Gulf Energy Develop	GULF TB	BUY	46.75	60.00	*28*	15,402	8,812	13,752	14,799	56.1	7.6	39.9	37.1	1.5	13.6	5.2
Global Power Synergy	GPSC TB	HOLD	66.25	70.00	*6*	5,245	8,907	4,868	7,676	(45.3)	57.7	38.4	24.3	2.6	4.5	1.7
Banpu Power	BPP TB	BUY	14.40	20.00	*39*	1,232	2,609	5,438	5,623	108.4	3.4	8.1	7.8	5.6	11.5	0.9
CK Power	CKP TB	BUY	5.70	6.60	*16*	1,301	2,213	3,103	3,121	40.2	0.6	14.9	14.8	1.8	11.8	1.7
Electricity Generating	EGCO TB	BUY	176.50	245.00	*39*	2,609	6,935	17,081	17,231	146.3	0.9	5.4	5.4	4.8	14.3	0.7
Ratch Group	RATCH TB	BUY	37.50	60.00	*60*	2,290	7,815	13,116	12,966	67.8	(1.1)	6.3	6.4	9.1	14.6	0.8
WHA Utilities & Power	WHAUP TB	BUY	3.84	4.50	*17*	412	864	1,285	1,362	48.8	6.0	11.4	10.8	7.8	10.2	1.2
Utilities - renewable						14,595	18,151	27,309	28,986	50.5	6.1	22.9	21.1	2.3	24.4	5.3
BCPG	BCPG TB	BUY	10.90	17.00	*56*	886	2,284	2,597	1,790	13.7	(31.1)	12.3	17.9	3.3	9.1	1.1
BBGI	BBGI TB	BUY	8.15	15.00	*84*	331	348	836	1,177	140.1	40.7	14.1	10.0	3.7	9.5	1.1
Clover Power	CV TB	BUY	2.30	5.50	*139*	83	144	174	177	20.3	2.2	17.0	16.6	2.4	8.1	1.3
Energy Absolute	EA TB	BUY	82.00	101.00	*23*	8,588	5,983	11,873	11,834	98.4	(0.3)	25.8	25.8	0.9	31.5	7.1
Nex Point	NEX TB	BUY	17.10	21.60	*26*	804	(107)	655	1,269	712.8	93.8	43.7	22.6	1.2	20.1	7.8
Gunkul Engineering	GUNKUL TB	BUY	5.65	6.60	*17*	1,409	1,909	2,273	3,622	19.1	59.3	22.1	13.9	4.2	16.9	3.6
Power Solution Tech	PSTC TB	BUY	1.87	3.70	*98*	125	111	351	390	215.3	11.3	12.7	11.4	0.5	5.8	0.7
Demco	DEMCO TB	BUY	2.98	5.90	*98*	61	181	213	246	17.8	15.7	10.2	8.8	4.0	4.4	0.4
Sermsang Power Corp	SSP TB	BUY	9.30	20.00	*115*	326	871	1,156	1,320	32.8	14.2	8.6	7.5	5.4	18.0	1.4
TPC Power Holding	TPCH TB	BUY	8.15	14.00	*72*	92	135	480	564	254.5	17.4	6.8	5.8	10.3	15.8	1.0
Absolute Clean Energy	ACE TB	BUY	2.84	4.10	*44*	811	1,379	1,804	2,199	30.8	21.9	16.0	13.1	3.5	13.2	2.0
Earth Tech Environm	ETC TB	BUY	3.66	3.80	*4*	230	255	331	358	29.7	8.2	24.8	22.9	1.6	11.3	2.7
TPI Polene Power	TPIPP TB	BUY	3.60	5.70	*58*	849	4,657	4,566	4,038	(1.9)	(11.6)	6.6	7.5	11.1	14.8	1.0
Petrochemical						15,288	70,454	57,832	64,859	(17.9)	12.2	10.3	8.8	5.9	10.8	1.0
Indorama Ventures	IVL TB	BUY	46.00	70.00	*52*	7,252	21,886	23,553	25,905	7.6	10.0	11.0	10.0	5.6	13.7	1.4
IRPC PCL	IRPC TB	REDUCE	3.22	3.00	*(7)*	1,848	16,447	4,676	10,098	(71.6)	115.9	14.1	6.5	3.6	5.5	0.8
PTT Global Chemical	PTTGC TB	REDUCE	45.50	40.00	*(12)*	5,760	31,347	29,027	28,054	(7.4)	(3.4)	7.1	7.3	7.1	9.1	0.6
Global Green Chemicals	GGC TB	BUY	14.90	13.50	*(9)*	428	774	576	802	(25.7)	39.4	26.5	19.0	2.0	5.7	1.5
Pharma products						1,270	24,006	4,222	2,608	(82.4)	(38.2)	10.7	17.3	12.7	11.9	1.4
Sri Trang Gloves (Thai)	STGT TB	REDUCE	15.80	20.00	*27*	1,270	24,006	4,222	2,608	(82.4)	(38.2)	10.7	17.3	12.7	11.9	1.4
Packaging						6,720	7,444	10,442	11,828	40.3	13.3	22.9	20.2	1.8	10.4	2.3
SCG Packaging	SCGP TB	BUY	55.75	70.00	*26*	6,720	7,444	10,442	11,828	40.3	13.3	22.9	20.2	1.8	10.4	2.3

Share prices as of 1 Jul 2022; Source: FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100

AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	

VERY GOOD LEVEL – Score range 80-89

2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIIK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	

GOOD LEVEL – Score range 70-79

A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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* 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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAH	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIIK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

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Songklod Wongchai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Asia Aviation	AAV TB	2.90	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.
Absolute Clean Energy	ACE TB	2.84	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) higher costs of biomass feedstock.
Advanced Info Service	ADVANC TB	197.50	BUY	The key downside risks to our DCF-based TP are stronger-than-expected competition in the mobile market and the slower-than-expected adoption of 5G use cases.
Aeon Thana Sinsap (Thailand)	AEONTS TB	170.00	HOLD	Downside risks to our GGM-derived TP include 1) intense competition; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is stronger-than-expected asset quality.
AAPICO Hitech	AH TB	21.50	BUY	Key downside risks to our P/E-derived TP include lower-than-expected car production volumes and lower car sales in both Thailand and Malaysia, higher steel prices, semi-conductor shortages, and exchange rate risk.
Amata Corporation	AMATA TB	18.40	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.
Airports of Thailand	AOT TB	70.50	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.
AP (Thailand)	AP TB	10.00	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.
Agripure Holdings	APURE TB	5.45	BUY	Downside risks to our P/E based TP would be 1) order cancellations from big customers like Walmart; 2) a stronger-than-expected THB against USD; and 3) the high volatility of raw material prices, such as the corn price, which could hurt the company's GPM.
Asian Sea Corporation	ASIAN TB	17.60	BUY	Downside risks to our P/E-based TP would be 1) a stronger-than-expected THB against USD; and 2) the high volatility of raw material prices, such as tuna and squid prices, which could hurt the company?s GPM.
Asset World Corp	AWC TB	4.88	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Bangkok Airways	BA TB	10.80	BUY	Downside risks to our SoTP-based TP 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 Aviation Fuel Services	BAFS TB	29.00	BUY	Downside risks to our SoTP-based target price include a slower than expected vaccination rate, leading to slower demand in tourism activities, plus uncertainty in the fuel volume demand in the north which could lead to volatility in Fuel Pipeline Transportation Limited (FPT)?s income.
Bangkok Commercial Asset Mngt.	BAM TB	17.40	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; 2) lower-than-expected bad debt acquisition; and 3) the prolonged slowdown of the property market.
Banpu	BANPU TB	12.40	BUY	We see downside risks to our SoTP-based TP from lower coal prices, higher diesel costs and any unplanned shutdowns of its power plants.
BBGI	BBGI TB	8.15	BUY	Our target price is based on an SOTP valuation. Downside risks include: 1) a sharp rise in crude palm oil and molasses prices; and 2) changes in the government's policy for biodiesel from the current B7.
Bangkok Bank	BBL TB	134.00	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.

Bangkok Chain Hospital	BCH TB	18.80	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Bangchak Corp	BCP TB	31.25	BUY	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) higher crude premiums; and 3) unplanned shutdowns of the company?s refinery plants.
BCPG	BCPG TB	10.90	BUY	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand, the Philippines and Indonesia; and 2) government intervention by way of electricity tariff subsidies.
Bangkok Dusit Medical Services	BDMS TB	25.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
BEC World	BEC TB	13.90	BUY	The key downside risks to our P/E based TP are a lower-than-expected adex recovery and a worse-than-expected cost reduction.
Bangkok Expressway and Metro	BEM TB	8.80	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.
B.Grimm Power	BGRIM TB	36.00	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) unplanned shutdowns of its SPPs.
Bumrungrad Hospital	BH TB	180.00	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Berli Jucker	BJC TB	32.25	BUY	Key downside risks to our DCF-based TP could come from 1) competition with Lotus which could impact its sales and gross margin; and 2) a lower-than-expected utilisation rate and profit margin from its packaging unit after losing major customers in Thailand.
Banpu Power	BPP TB	14.40	BUY	Downside risks to our SOTP valuation are the start-up delays of its new projects and government intervention in the electricity tariff.
BTS Group Holdings	BTS TB	8.55	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.
Carabao Group	CBG TB	108.50	BUY	The key downside risks to our DCF-based TP are 1) slower-than-expected sales growth in Myanmar, Cambodia, and the vitamin C drink market; 2) a decrease in domestic energy drink market share; and 3) higher-than-expected SG&A expenses from overseas operations, such as in China and the UK.
Central Plaza Hotel	CENTEL TB	43.75	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Chayo Group	CHAYO TB	11.30	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
Chularat Hospital	CHG TB	3.72	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
CH. Karnchang	CK TB	20.20	BUY	Key downside risks to our SoTP-based TP are delays in new bids, political instability, fluctuations in construction material prices, cost overruns, and the prolonged Covid-19 pandemic.
CK Power	CKP TB	5.70	BUY	The downside risks to our SoTP-based TP include lower-than-expected demand for electricity in Thailand and lower-than-expected water supply for hydro projects.
CP All	CPALL TB	62.25	BUY	The key downside risks to our DCF-derived TP are: 1) the higher-than-expected impact from a loss of service income from the convenience store business; 2) the worse-than-expected overseas performance of Makro; and 3) the slow recovery of tourist numbers.
Charoen Pokphand Foods	CPF TB	26.00	HOLD	The key downside risks to our SoTP-based target price are the volatile pork prices in both Thailand and Vietnam which could hurt revenues and the company's gross margin. Key upside risk is a faster-than-expected recovery of the livestock price in the region and lower feedstock cost.
Central Pattana	CPN TB	61.00	BUY	Key downside risks to our DCF-derived TP are deviations to our estimates on rental rate, occupancy rate, returns on its new investments, capex and interest rate.
Central Retail Corp	CRC TB	35.50	BUY	The key downside risks to our DCF-based TP include 1) new waves of Covid-19; and 2) lower-than-expected sales from the high-margin fashion business.
Clover Power	CV TB	2.30	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) higher costs of biomass feedstock.
Demco	DEMCO TB	2.98	BUY	Downside risk includes delays in bidding for power transmission projects.
Ditto (Thailand)	DITTO TB	54.50	REDUCE	Upside risks to our P/E-based TP include 1) wining more projects than expected; and 2) faster-than-expected changes to the digital environment in Thailand.
Don Muang Tollway	DMT TB	10.80	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected tollway traffic, and 2) dispute risks.
Total Access Communication	DTAC TB	44.75	BUY	The key downside risks to our DCF-based TP are if the amalgamation between DTAC and TRUE is unable to proceed, if there is stronger-than-expected competition in the mobile market, and if there is a faster or slower-than-expected adoption of 5G use cases
Dusit Thani	DUSIT TB	11.50	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Energy Absolute	EA TB	82.00	BUY	Downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand; 2) lower crude prices; and 3) lower-than-expected demand for batteries.
Electricity Generating	EGCO TB	176.50	BUY	Downside risks to our SoTP-based TP include 1) lower-than expected demand for electricity in Thailand; 2) delays in project commencement or commercial operation dates (COD); and 3) government intervention in electricity tariff subsidies.

Eastern Polymer Group	EPG TB	9.35	BUY	Downside risks to our EV/EBITDA-based target price include 1) a sharp rise in feedstock prices, driven mostly by a higher oil price; and 2) lower-than-expected demand for plastics used for insulators and the automobile and packaging industries.
The Erawan Group	ERW TB	3.86	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Esso Thailand	ESSO TB	11.40	BUY	The downside risks to our SoTP-based TP on ESSO include 1) lower-than-expected demand for petroleum products; 2) a higher crude premium; and 3) unplanned shutdowns of its refinery and petrochemical plants.
Earth Tech Environment	ETC TB	3.66	BUY	Downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price; and 3) lower-than-expected industrial waste volumes.
Global Green Chemicals	GGC TB	14.90	BUY	Downside risks to our EV/EBITDA-based target price include: 1) a sharp decline in crude palm oil price; 2) a change in government policy for biodiesel from the current B7; and 3) a narrower fatty alcohol margin due to the new supply in the US
Siam Global House	GLOBAL TB	17.80	BUY	The key downside risks to our DCF-based TP are volatile farm incomes and farm prices which could negatively impact purchasing power, especially in the provinces.
Global Power Synergy	GPSC TB	66.25	HOLD	The downside risks to our SoTP-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) lower-than-expected demand from industrial users. Upside risks are a lower gas price and higher sales volume.
Gulf Energy Development	GULF TB	46.75	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.
Gunkul Engineering	GUNKUL TB	5.65	BUY	The downside risks to our SoTP-based TP on GUNKUL include 1) lower-than-expected demand for electricity in Thailand, 2) declining EPC backlogs, and 3) lower-than-expected utilisation rates for solar and wind farms
Home Product Center	HMPRO TB	12.70	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.
Intouch Holdings	INTUCH TB	68.75	BUY	The key downside risks to our NAV-discounted TP are if the sluggish performance from the satellite business continues and if there is a slower-than-expected 5G adoption rate.
IRPC PCL	IRPC TB	3.22	REDUCE	Key risks to our bearish view and EV/EBITDA-based target price are rising margins of PP-naphtha, SM and ABS-benzene, and a higher market GRM.
Indorama Ventures	IVL TB	46.00	BUY	The key downside risks to our EV/EBITDA-based TP are weaker-than-expected margins for PX-PTA and PET-PTA, lower demand for polyester, and delays in IVL’s projects.
Jasmine International	JAS TB	3.60	REDUCE	The key upside risks to our SOTP-based TP include better-than-expected growth in FBB and ARPU and better-than-expected cost reduction.
Jay Mart	JMART TB	51.75	BUY	Downside risks to our SoTP-based TP include 1) lower-than-expected mobile revenue; 2) lower cash collection from its fully amortised portfolio; and 3) the lower-than-expected acquisition of new bad debt.
JMT Network Services	JMT TB	74.75	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.
Kasikornbank	KBANK TB	151.50	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.
Knight Club Capital Asset Management	KCC TB	6.90	BUY	Downside risks to our GGM-based TP include 1) lower cash collection due to the slow economic recovery; and 2) lower-than-expected bad debt acquisition.
Kerry Express (Thailand)	KEX TB	23.10	REDUCE	The key upside risks to our DCF-based TP are 1) if the competition is lower than our expectation; and 2) if the Covid-19 situation is under control
Kiatnakin Bank	KKP TB	63.25	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	15.60	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; 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs; and 3) an increase in OPEX due to aggressive digital investment.
Krungthai Card	KTC TB	56.75	HOLD	Upside risks to our GGM-derived TP include: 1) stronger-than-expected cost of funds controlling; and 2) better-than-expected bad debt recovery. Downside risks are: 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Land and Houses	LH TB	8.40	BUY	Key downside risks to our SoTP-based TP are slower responses to new launches and new project postponements. Key risks on the macro front include 1) a slower market expansion than we assume; 2) intensifying competition, which could undermine profitability; and 3) rising cost pressure.
LPN Development	LPN TB	4.40	HOLD	Upside risks to our P/E-based TP are revivals in new launches and better-than-expected take-up rates of new launches. Downside risks to our call are lower profitability from inventory clearance and delays in new launches.
Major Cineplex Group	MAJOR TB	21.70	BUY	The key downside risks to our SoTP-based TP are a slower-than-expected recovery in domestic consumption, the growing popularity of online movies, a delay in the Covid-19 vaccine rollout, and the new wave of Covid.
Siam Makro	MAKRO TB	35.25	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) a lower-than-expected GPM improvement; and 3) operational losses from its overseas business.
Micro Leasing	MICRO TB	5.70	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.
Minor International	MINT TB	34.00	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

Muangthai Capital	MTC TB	43.00	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Next Capital	NCAP TB	4.90	HOLD	Downside risks to our GGM-derived TP include 1) an economic slowdown; 2) deteriorating asset quality; and 3) tighter competition from new players. Upside risks to our TP include 1) strong demand for motorcycles; and 2) a higher rate cap than our base-case assumption of 28% p.a.
Nex Point	NEX TB	17.10	BUY	Downside risks to our SOTP-based TP include: 1) a lower-than-expected bus sales volume; 2) delays in bus deliveries; and 3) risk from regulatory changes.
Nam Yong Terminal	NYT TB	4.14	BUY	The key downside risks to our P/E-multiple TP include 1) weaker-than-expected Thai car exports; and 2) NYT's inability to secure an A5 contract extension.
The One Enterprise	ONEE TB	9.95	BUY	The key downside risks to our P/E-based TP are a lower-than-expected adex recovery and the company's worse-than-expected cost reduction.
PTT Oil and Retail Business	OR TB	25.50	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet demand.
Osotspa PCL	OSP TB	34.00	BUY	The key downside risks to our DCF-based TP are 1) a decline in energy drink market share in Myanmar due to strong competition; 2) a slow recovery in the economy; and 3) lower-than-expected SG&A savings from the Fast Forward 10X program.
Plan B Media	PLANB TB	6.55	BUY	The key downside risks to our P/E multiple-based TP are 1) a slower-than-expected adex recovery; 2) further waves of Covid-19; and 3) the future billboard tax.
Praram 9 Hospital	PR9 TB	15.90	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected expenses from its new building.
Pruksa Holding	PSH TB	13.00	BUY	Key downside risks to our P/E based TP are a weaker-than-expected take-up rate for new launches, declining utilisation at factories and softening profitability.
Power Solution Technologies	PSTC TB	1.87	BUY	The downside risks to our SoTP-based TP on PSTC include 1) lower-than-expected demand for electricity in Thailand and delays of power plant project start-ups.
PTG Energy	PTG TB	13.60	BUY	The downside risks to our SoTP-based TP include 1) a government cap on oil prices; and 2) weaker demand for diesel and gasoline.
PTT PCL	PTT TB	34.50	BUY	Risks to our SoTP-based valuation are the oil price and potential earnings downsides from government intervention.
PTT Explor & Prod	PTTEP TB	159.00	BUY	Risks our TP, which is based on EV/EBITDA, are a sharp decline in oil price and a potential earnings downside from government intervention.
PTT Global Chemical	PTTGC TB	45.50	REDUCE	The key upside risks to our EV/EBITDA-based TP are a stronger-than-expected HDPE price and HDPE-naphtha margin.
Quality Houses	QH TB	2.14	BUY	Key downside risks to our call are delays in new launches, poor demand for new launches, rising competition, residential supply and a lower-than-expected gross profit margin.
Ramkhamhaeng Hospital	RAM TB	51.00	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.
Ratch Group	RATCH TB	37.50	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.
RS	RS TB	15.30	BUY	The key downside risk to our SoTP-based TP is based on the company potentially failing to maintain the growth momentum of its commerce business if revenues from TV, radio, and music continue to decline.
Saksiam Leasing	SAK TB	7.45	BUY	Downside risks to our GGM-derived TP include 1) competition from existing and new players; 2) regulatory changes by the Bank of Thailand (BoT); and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.
Somboon Advance Technology	SAT TB	17.90	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, higher raw material prices, and worse global demand for pickup trucks.
Srisawad Corp	SAWAD TB	48.50	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
SCB X	SCB TB	104.50	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.
Siam Cement	SCC TB	378.00	BUY	Downside risks to our SOTP based TP include 1) a lower-than-expected demand for chemicals, CBM, and packaging; 2) rising coal costs for its cement and packaging units; and 3) weaker demand from the automobile industry that could erode the demand for SCC's chemical unit and its dividend contributions.
SCG Packaging	SCGP TB	55.75	BUY	Downside risks to our EV/EBITDA-based TP include a lower-than-expected demand for packaging, rising raw material costs of recycled paper and higher energy costs.
Scan Inter	SCN TB	2.24	BUY	The downside risks to our SOTP-based TP include 1) a sharp decline in oil prices; and 2) weaker demand for NGV and delays in new NGV projects.
S Hotels and Resorts	SHR TB	4.32	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Singer Thailand	SINGER TB	44.50	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.
Srinanaporn Marketing	SNNP TB	15.10	BUY	The key downside risks to our DCF-based TP are 1) slower-than-expected demand growth and market penetration overseas, especially in Cambodia and Vietnam; 2) a lower-than-expected profit margin due to high raw material and transportation costs; and 3) higher-than-expected SG&A expenses from overseas operations.
Supalai	SPALI TB	18.90	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.

Star Petroleum Refining	SPRC TB	12.10	BUY	TP is based on EV/EBITDA. Downside risks are a sharp rise in oil price and weak demand for refined oil products.
Sermsang Power Corp	SSP TB	9.30	BUY	The downside risks to our SoTP-based TP for SSP include 1) a lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) project start-up delays.
Sino-Thai E&C	STEC TB	12.30	BUY	Downside risks to our P/BV multiple valuation-based TP are 1) prolonged Covid-19; and 2) delays in both the bidding for and construction of projects; and 3) the construction margin contracting more than expected.
Sri Trang Gloves (Thailand)	STGT TB	15.80	REDUCE	The upside risks to our P/E-based TP for STGT include 1) a higher-than-expected demand for rubber gloves; 2) lower prices of concentrated natural and synthetic latex and crude; and 3) exchange rate volatility
Susco	SUSCO TB	3.60	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet fuel demand.
Tipco Asphalt	TASCO TB	16.10	BUY	Downside risks to our EV/EBITDA multiple based TP include 1) a lower asphalt margin due to a oversupply in Asia on the back of faster recovery of utilisation rate for global refiners; and 2) a lower-than-expected supply of alternative crudes and asphalt.
Thanachart Capital	TCAP TB	38.00	HOLD	Upside risks to our GGM-based target price are the faster-than-expected net profit contribution from Thanachart Plus. Downside risks are impacts from a prolonged weak macro outlook on loan growth and asset quality which could lead to higher provisions for both TTB and THANI.
Thai Airways	THAI TB	3.32	HOLD	Downside risks to our DCF-based 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. The upside risk is the availability of a COVID-19 vaccine.
Ratchthani Leasing	THANI TB	4.02	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) changes in financial regulations from the Bank of Thailand.
Thaicom	THCOM TB	8.95	HOLD	The key upside and downside risks to our P/BV-based TP are 1) if the company is able to secure a new right of use concession for the satellite orbital slots and can generate significant revenue from it; 2) if the auction for the new satellite is delayed; and 3) if it can form a partnership with NT or LEO satellite operators.
Thonburi Healthcare Group	THG TB	62.25	REDUCE	Upside risks to our DCF-based target price include 1) a new Covid wave from a new variant; and 2) big-lot sales of Jin Wellbeing County units.
Ngern Tid Lor	TIDLOR TB	29.00	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Tisco Financial	TISCO TB	88.50	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; 2) the impact of new regulations from the Bank of Thailand on debt-servicing programs; and 3) the slow expansion of its high-yield auto cash portfolio.
Thanapiriya	TNP TB	4.02	BUY	Downside risks to our DCF based TP would be 1) slowdown of economic growth in Chiang Rai; and 2) aggressive expansion plan from both local and modern trade players.
Thai Oil	TOP TB	52.25	BUY	Downside risks to our EV/EBITDA-based TP are a sharp rise in oil price and weak demand for refined oil products.
TPC Power Holding	TPCH TB	8.15	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) higher costs of biomass feedstock.
TPI Polene Power	TPIPP TB	3.60	BUY	Downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price, and 3) unplanned shutdown of the company's power plants.
True Corporation	TRUE TB	4.64	BUY	The key downside risks to our DCF-based TP are if the 5G subscription gains and ARPU are worse than our expectation, if the company can reduce its costs worse than we expect, and if there is a slower-than-expected adoption of 5G use cases.
TMBThanachart Bank	TTB TB	1.22	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.
VGI Pcl.	VGI TB	4.96	HOLD	The key upside and downside risks to our SoTP-based TP are if the advertising expenditure recovery is slower or faster than our expectation, and whether Rabbit Line Pay is successful or not.
Vibhavadi Medical Center	VIBHA TB	2.42	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
WHA Corporation	WHA TB	3.08	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.
WHA Utilities & Power	WHAUP TB	3.84	BUY	Downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; and 2) lower crude prices.
Workpoint Entertainment	WORK TB	22.50	HOLD	The key downside and upside risks to our P/E-based TP are weaker or stronger-than-expected TV adex, digital advertising becoming more popular, high risks for high returns in the movie business, and competitiveness in TV ratings.
WP Energy	WP TB	4.68	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for LPG gas; and 2) a lower marketing margin.

Source: FSSIA

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

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All share prices are as at market close on 01-Jul-2022 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.