

Thailand Market Strategy

Impact of a 5% hike in minimum wage

- The 5% increase in the daily wage is expected to have a mild to minimal impact on the earnings of Thai companies.
- Most sectors to see a neutral impact from the wage hike; we expect finance firms to gain the most, while commerce, automobiles and construction should lose the most.
- We expect the SET index to undergo a correction in Sep-4Q22 due to pressure from rising interest rates globally and prolonged high inflation.

A 5% wage hike is finally announced

According to the Bangkok Post, Thailand will raise its minimum wage by 5.02% from 1 Oct-22 – the first increase since Jan-20 – to help workers cope with inflation that hit a 14-year high in Jul-22. While the current daily wage varies in each province, from the lowest at THB313 in the three southernmost provinces to THB336 in Chon Buri and Phuket, the new rates will range from THB328 to THB354. Workers in Bangkok and the nearby provinces will receive the highest increase at THB22 while the smallest at THB8 will apply in Udon Thani and Nan. Chon Buri, Rayong, and Phuket will see the highest rates at THB354.

Commerce, construction services and automobile sectors stand to lose the most

The 5% increase in the daily wage is expected to have a mild to minimal impact on the earnings of Thai companies. Most sectors should see a neutral impact due to their small number of workers earning the minimum wage and their large number of salaried employees. The sectors that are projected to be pinched the most by the wage hike are the commerce and automobile sectors due to their high number of minimum wage workers. Within the commerce sector, we estimate that CPALL will see the highest negative impact with a 3.4% reduction in its annual earnings in 2022, followed in declining order by BJC (-2.2%), CRC (-2.1%), and MAKRO (-1.6%).

Micro lenders are the big winners

On the other hand, the impact from the minimum wage increase should be positive for the financial sector as we think it will slightly improve the ability of debtors to repay their loans, potentially resulting in slightly lower provisions. However, as the impact might still be minimal, we conservatively prefer to maintain our existing forecasts for diversified financials, as well as our top picks JMT, SINGER, THANI, and MTC. In addition, we think commerce companies should see positive earnings impacts as the higher purchasing power from consumers should boost their revenue growth.

Expect a SET index correction before rebounding meaningfully

We maintain our view that the SET index will correct in Sep-4Q22 due to the interest rate hikes by global central banks, particularly the US Federal Reserve, and prolonged high inflation due to high energy prices as the demand for oil, gas, and coal rises due to seasonal factors and their use as substitute fuels for winter heating in the Northern Hemisphere. However, we expect a limited downside to the SET index at 1,580, backed by a strong recovery in Thailand's GDP driven by tourism and exports, and its solid reserves.



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Mild impact from minimum wage hike on listed companies

We expect the 5% increase in the daily wage to have a mild-to-minimal impact on the earnings of most Thai companies. However, we project the commerce and automobile sectors to feel more of a pinch from the wage hike due to their high numbers of minimum wage workers.

Neutral

Banks and diversified financials: We see limited impacts from the increase in the minimum wage on the banking sector's performance as most of their staff are paid a rate significantly higher than minimum wage. Thus, we maintain our current net profit forecasts and reiterate KTB and BBL as our top Buys.

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Transportation: We expect no impact on the transportation sector as it has very few minimum wage earners. Also, low-income consumers are not key customers for mass transit and expressway services.

Energy and utilities: We see an insignificant impact on energy companies, which include refineries, oil & gas exploration, petrochemicals, coal, and gas producers, given that the current compensation rates for their employees are either fixed salaries or daily wages that are far higher than the minimum rate.

Food & beverage: CBG and OSP both have low exposure to the minimum wage hike as they already pay higher wages than the minimum and over 50% of their employees are salaried.

Healthcare: We see limited impacts to the healthcare sector as most of their staff earn significantly more than the minimum wage. In addition, hospitals have gradually increased medical fees since beginning of the year to offset higher costs.

Tourism: We see limited impacts to the tourism sector as most of their staff are paid significantly more than minimum wage, apart from some temporary staff for food businesses that may see their wages rise. However, we estimate the impact as small at only 2-3% of core profit. In addition, we expect the higher average daily rate to offset the rising costs.

Positive

Media: The rise in the minimum wage could indirectly benefit media companies. The increase in the purchasing power of low-income consumers should encourage ad buyers to spend more on advertising, in our view.

ICT: Mobile network operators could benefit from higher average revenue per user as low-income consumers would have more money to spend.

Negative

Automobile: We expect the minimum wage hike to increase the auto sector's total costs by about 5%, which implies only a slight impact, as most companies have only a few minimum wage employees. Also, they expect automation and robotics to replace a significant proportion of their workforce.

Kerry Express (Thailand): The parcel delivery industry has some employees earning minimum wage. We believe KEX should see an impact amounting to about 5-7% of its total costs.

Construction Services: The 5% increase in the minimum daily wage should negatively impact contractors as labour accounts for 15-20% of total construction costs. Contractors may be able to pass some of their increased labour costs through to sub-contractors, but we think there should still be some impact on the main contractor as well. In our view, the wage hike will affect STEC more than CK as STEC is a pure contractor. On the other hand, CK would see a more limited impact as it receives a share of profits from associate companies.

Commerce: We see negative impacts on companies in the commerce sector. CPALL should see the highest impact on its earnings in 2022 due to its large number of temporary employees that are paid the minimum wage. However, we think in the medium to long term, CPALL should see a positive impact on its earnings due to higher consumer purchasing power. Similarly, we expect at least a 2% reduction in annual earnings for BJC, as the employee expense should increase at its Big C hypermarkets, and CRC will see higher employee costs for its packaging manufacturing operations.

Exhibit 1: Impact of the 5% minimum wage increase on the commerce sector

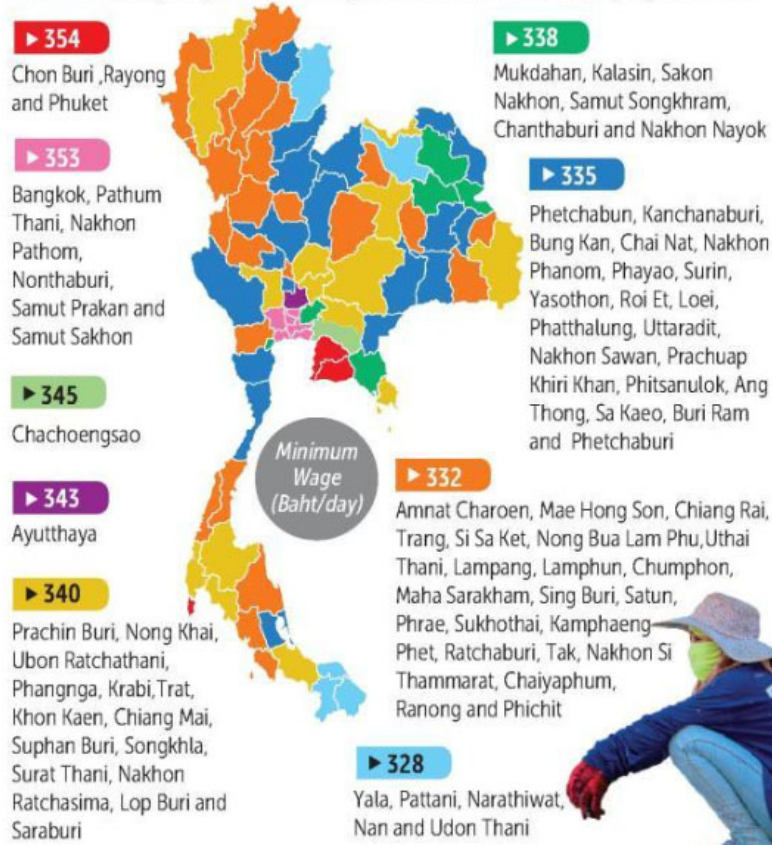
	Temp employee cost (THB b)	minimum labor increase (THB b)	Labor cost increase (THB b)	After-tax labor cost increase (THB b)	2022E net profit (THB b)	% to net profit (%)
BJC	2.9	3.1	0.1	0.1	5.2	2.2
CPALL	12.9	13.9	0.7	0.6	17.2	3.4
GLOBAL	0.6	0.68	0.0	0.0	3.4	0.8
HMPRO	1.3	1.4	0.1	0.1	6.4	0.9
MAKRO	4.4	4.08	0.2	0.2	12.6	1.6
CRC	2.6	2.8	0.1	0.1	5.6	2.1

Source: FSSIA estimates

Exhibit 2: Thailand's daily wage to rise 5% starting on 1 Oct-22

PAYING UP

The national wage committee agreed yesterday to increase the minimum daily wage rates by 8-22 baht, from 313-336 baht to 328-354 baht. There are nine new minimum wage levels across the country's 77 provinces. The highest rates are in Chon Buri, Rayong and Phuket.



Sources: Bangkok Post graphics; the Labour Ministry

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	DRSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	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	PPP	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	WIJK
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	TIPIP	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
AMANAHA	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	WIJK
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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Sources: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

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Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
CP All	CPALL TB	THB 60.25	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.
Berli Jucker	BJC TB	THB 33.50	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.
Central Retail Corp	CRC TB	THB 39.50	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.
Siam Makro	MAKRO TB	THB 34.50	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.
JMT Network Services	JMT TB	THB 76.50	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.
Singer Thailand	SINGER TB	THB 46.25	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.
Ratchthani Leasing	THANI TB	THB 4.50	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.
Muangthai Capital	MTC TB	THB 43.25	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.
Krung Thai Bank	KTB TB	THB 16.60	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Bangkok Bank	BBL TB	THB 137.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Carabao Group	CBG TB	THB 101.00	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.
Osotspa PCL	OSP TB	THB 31.00	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.
Kerry Express (Thailand)	KEX TB	THB 21.20	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
Sino-Thai E&C	STEC TB	THB 12.10	HOLD	Upside risks to our P/BV multiple valuation-based TP are 1) the construction margin could increase more than expected; and 2) construction revenue could grow more than expected. Downside risks to our TP are 1) a weaker than expected construction margin; and 2) more project construction delays than our expectation.
CH. Karnchang	CK TB	THB 20.60	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.
Home Product Center	HMPRO TB	THB 13.60	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) the slow recovery of tourist numbers; and 3) operating losses from its overseas business.
Siam Global House	GLOBAL TB	THB 19.40	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.

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 29-Aug-2022 unless otherwise stated.

RECOMMENDATION STRUCTURE**Stock ratings**

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.