

Thailand Market Strategy

Thailand faces gentler inflation and rate hikes than the US

- Potential rise in inflation would ironically be positive for Thailand's equity market, given the hefty weight of the energy price rise on sectors that stand to benefit.
- We forecast US energy inflation to remain high in 4Q22-1Q23, while the Fed's rate hikes aimed at reining in runaway inflation could cause a recession in 1Q23.
- We expect a SET correction in 4Q22 before rebounding in 2023 back towards 1,767.

Energy price impact on Thailand's economy and equity market: an ironic lose-win situation

We believe Thailand has a much lower risk of inflation from the global spikes in food, shelter, and wages than the US, but shares a similarly high inflation risk from rising energy prices as Thailand imports 80% of its oil and increasingly higher amounts of LNG to replace the declining domestic gas supply. While Thailand's economic growth would suffer from higher energy prices due to the higher import values of energy, ironically, for the equity market, we expect to see strong earnings growth from the energy, petrochemical, and utilities sectors – all of which stand to benefit from the changes in energy prices.

US core inflation is likely to stay stubbornly high into 2023

Despite lower gasoline prices, the 8.3% rise in US headline inflation in Aug-22 was driven by rising food and electricity bills. Core inflation, which excludes energy and food prices, was up 6.3% y-y in Aug-22 from 5.9% in both June and July-22, and above the 6.1% y-y forecast by Refinitiv's economists. We think US core inflation is unlikely to subside below 5% in 2022 until the US Federal Reserve (Fed) raises its policy rate to above 4% by 1H23.

Energy inflation likely to resume this coming winter

It is interesting to note that even as the US is one of the largest global producers of oil and gas, energy inflation there rose sharply in Jan-Aug 2022, with the retail gasoline price hitting a record high of USD5.01/gallon in mid-June before declining to around USD3/gallon in Sep-22. We believe US energy inflation and Thailand's transportation inflation could stay high in 4Q22-1Q23 as we expect energy prices to rebound, driven by the higher demand for heating fuel in the coming winter. This could push inflation higher, thereby leading to policy interest rate hikes in Thailand and the US.

Maintain SET correction target in Sep-Dec 2022 before rebounding to 1,767

Our 2022 SET index target of 1,718, based on 16.1x 2022E P/E, -0.25SD, and our 2023 target of 1,767, based on 14.8x 2023E P/E, -0.5SD, both incorporate 1) the higher risks from rising inflation and a potentially heftier BoT rate hike that could jeopardise the earnings growth of corporates on the SET; and 2) our EPS forecast of THB106.4/share in 2022 and THB119.1/share in 2023. FSSIA still expects the Fed's rate adjustments to end at 4.0% in 2022, implying two more 0.75% hikes in Sep-22, and two hikes of 0.5% each in Nov and Dec-22. In addition, while the Fed's rate hikes should cap inflation, they could also bring some pain to households and businesses, and possibly cause a recession in 1Q23, in our view.



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Thailand and America face different consequences from inflation

Rising core inflation in the US is unlikely to be easily tamed

On 13 Aug-22, the US Labor Department reported headline inflation at 0.1% m-m (vs Refinitiv's forecast of -0.1% m-m) and 8.3% y-y for Aug-22, the highest in four decades for the month of August, despite the drop from 8.5% in Jul-22 and 9.1% in Jun-22. The 8.3% y-y headline inflation rate was higher than the 8.1% forecast by the Bloomberg consensus, which led to sharp corrections in US equity market indexes by over 3%.

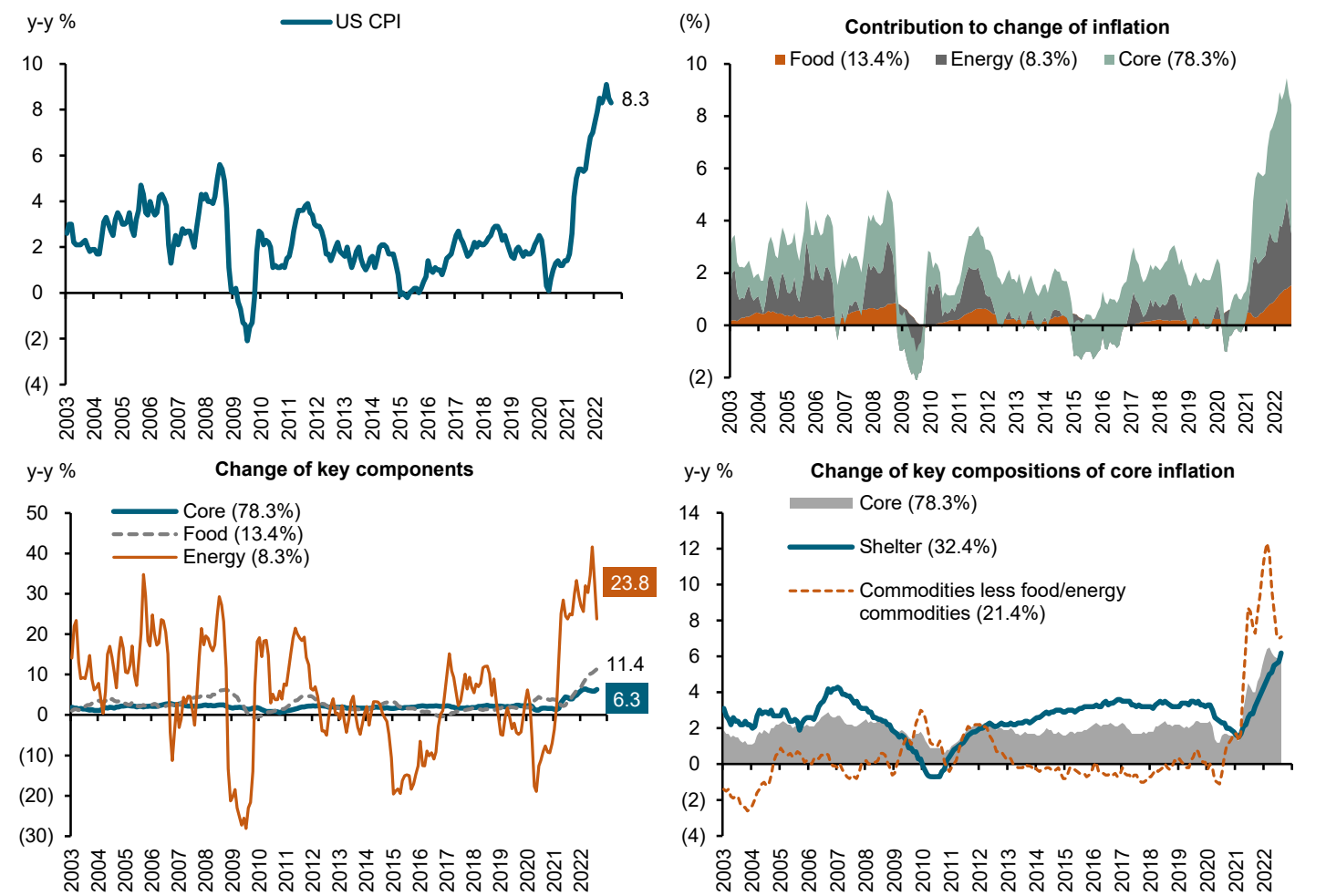
Despite a drop in the gasoline price, the 8.3% rise in US headline inflation in Aug-22 was driven by rising prices for food and electricity bills. Core inflation, which excludes energy and food prices, was up 6.3% y-y in Aug-22 from 5.9% in both June and July-22, and above the 6.1% y-y forecast by Refinitiv.

Core inflation jumped 0.6% m-m, a bigger increase than in April, June, and July, and a troubling sign that the underlying inflationary pressures in the economy remain strong.

As a result, we think the Fed is likely to continue raising its policy interest rate and holding it at a higher level until they are confident that inflation is under control, based on Fed chairman Jerome Powell's speech at Jackson Hole where he said, "We will keep at it until we are confident the job is done".

FSSIA still expects the Fed's rate adjustments to end at 4.0% in 2022, implying two additional 0.75% hikes in Sep, and two hikes of 0.5% each in Nov and Dec-22. In addition, while we expect the Fed's rate hikes to bring down inflation, we also expect them to bring some pain to households and businesses and possibly cause a recession in 1Q23.

Exhibit 1: US inflation at end of Aug 2022



Sources: US Bureau of Labour Statistics (BLS); FSSIA's compilation

Unlocking US inflation: food prices rose by 11.4% y-y, the highest since May 1979. The breakdown in US inflation has given us some clues as to where Americans are seeing prices rise the fastest and where there has been some relief as they wrestle with sticker shock for the first time in a generation.

Food inflation has been one of the most visceral reminders of red-hot inflation in the US, with prices climbing 0.8% m-m in Aug-22. While it dipped for the first time in seven months below 0.9% m-m, the food inflation rate jumped 11.4% y-y, according to the US Bureau of Labour Statistics (BLS).

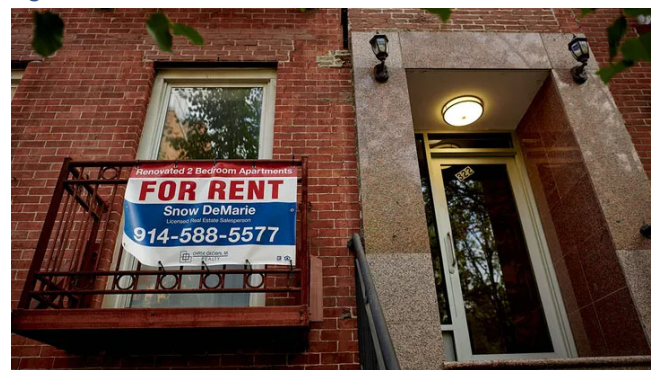
The cost of groceries soared 0.7% m-m, driving up the y-y increase to 13.5%, the highest since May 1979. Americans are paying more at the grocery store for many items that climbed markedly in price in Aug-22. The rising food prices include hot dogs (+5.3% m-m), potatoes (+3.1%), eggs (+2.9%), butter (+2.7%), ham (+2.5%), bread (+2.2%), and ice cream (+2%). The jumps in food prices are hurting lower income households, who spend a much greater percentage of their income on food.

Exhibit 2: US food inflation y-y in Aug 2022



Source: BLS

Exhibit 3: "For Rent" sign outside an apartment in the East Village of New York

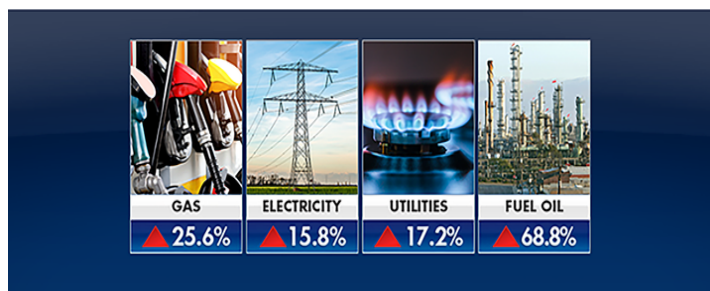


Source: BLS

Shelter inflation is the most daunting aspect of US inflation. We think the most worrisome trend that could further worsen US core inflation is shelter inflation, an index for the shelter cost which is based on the average monthly total of all shelter expenses paid by households that own or rent their dwelling. Given that shelter inflation accounts for roughly one-third of the consumer price index (CPI), August's 0.7% m-m increase in shelter inflation, up from 0.5% m-m in July and 6.2% higher y-y, was the fastest rise since Feb 1991 and has driven a large proportion of the continued increase in US core inflation.

Rents surged 0.8% m-m and 6.7% y-y, reinforcing the grave concern about US inflation as higher housing costs directly and acutely affect household budgets. According to the US Economist's Intelligence Unit, rental and mortgage costs are expected to continue to rise in the coming months, partially reflecting rising interest rates.

Exhibit 4: US energy inflation y-y in Aug 2022



Source: BLS

Exhibit 5: US travel inflation

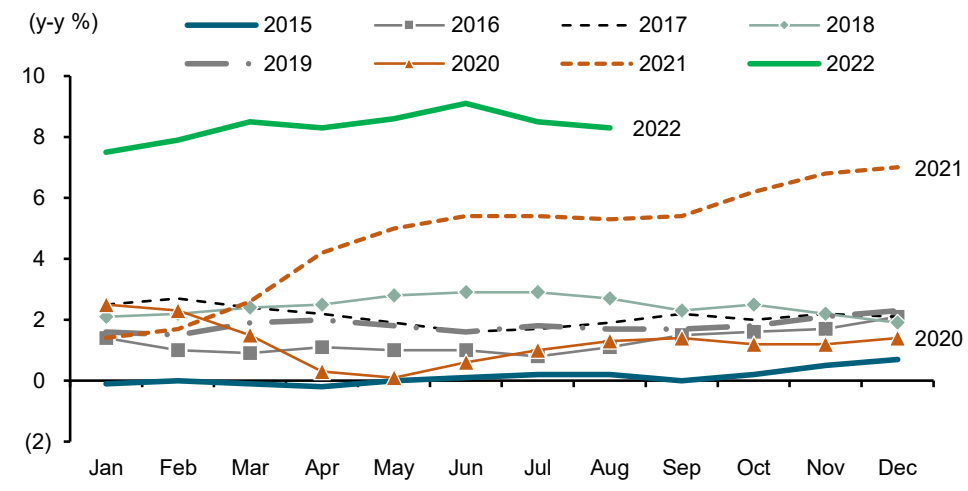


Source: BLS

Energy inflation plunged on lower gasoline prices. If there was some real reprieve for US households in August, it came in the form of lower energy prices, which contributed to the decline in headline inflation. The cost of energy fell 6.2% m-m but was still up 23.8% y-y in August. At the same time, gasoline prices dropped by 12.2% m-m but were still 25.6% higher y-y. The average gasoline price was down to USD3.7/gallon in Aug-22, according to the American Automobile Association (AAA), marking a sharp drop from a record high of USD5.01/gallon in mid-June but still above USD3.17/gallon in Aug-21.

However, electricity prices rose 1.1% m-m and 15.8% y-y, driven by the higher price of gas that has remained high at above USD7/mmbtu due to the strong demand for LNG exports. New car prices increased by 10.1% y-y and 0.6% m-m, mainly due to the semiconductor shortages that continue to delay car manufacturing. However, the cost of used cars and trucks, a major component of the inflation seen in the past few months, actually dipped 0.4% m-m but was still up 7.8% y-y.

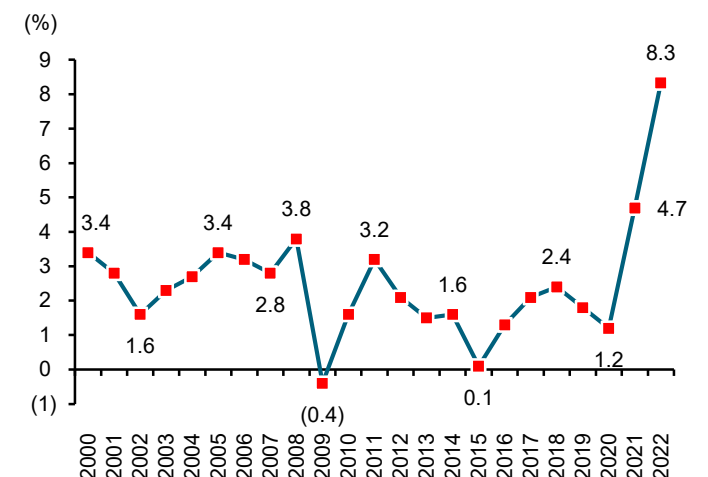
Exhibit 6: Monthly US headline inflation, y-y basis in 2015 – Aug 2022



Source: BLS

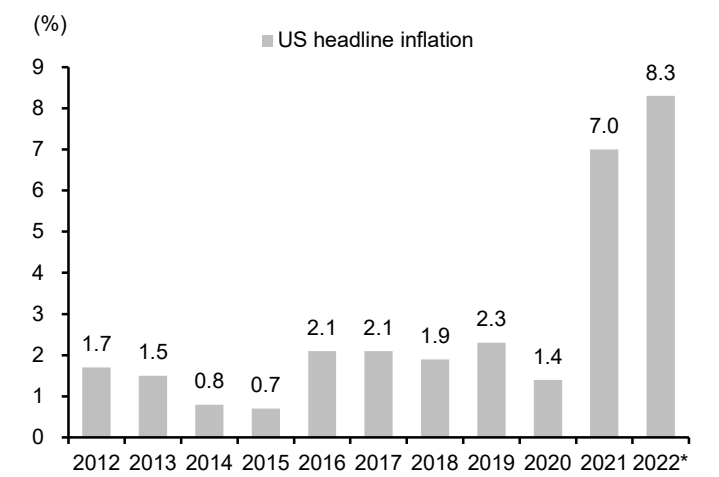
While Mr. Powell said that “core inflation is a better predictor of inflation” in his 27 Jul-22 news conference, we project headline inflation to come storming back into focus for the Fed as the price of oil and gas surges in the coming months due to winter heating demand. On a 12-month moving average basis, the uptrend of headline inflation in the US is alarming, with sharp spikes of 7% (Jul-20 to Aug-21) and 8.3% (Jul-21 to Aug-22) that we think are unlikely to be tamed before 1H23 as we project the prices of gas, oil, and coal, as well as food and housing, to stay stubbornly high.

Exhibit 7: Annual US headline inflation, y-y basis in 2022 – 8M22



Source: BLS

Exhibit 8: 12-month percentage change of US headline inflation since 2012 – Aug 2022



*12 months ending Aug-22
Source: BLS

Thailand faces low core inflation from food prices

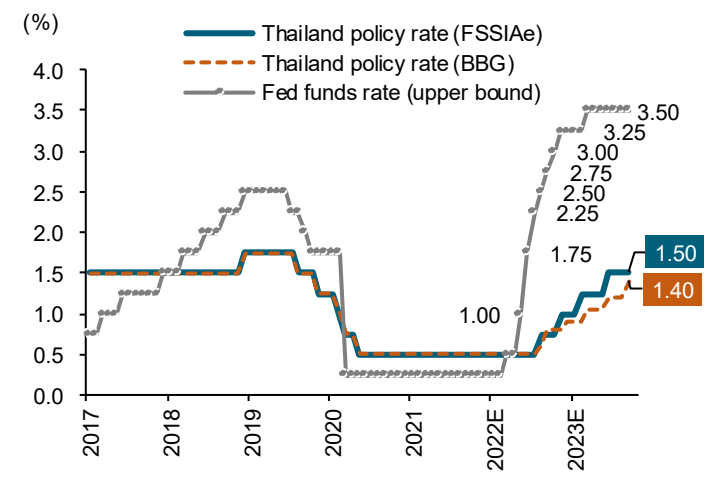
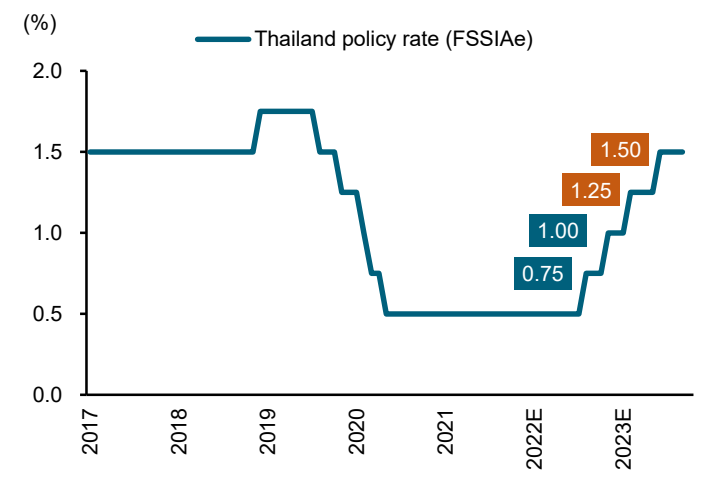
According to the Ministry of Commerce, Thailand’s headline inflation at 7.89% y-y in Aug-22 rose at a slightly faster pace than June’s 14-year high and was mostly attributed to the rise in energy and food prices. We think the sustained high inflation is likely to prompt the Bank of Thailand (BoT) to raise its policy interest rate by at least another 0.25% at its next meeting on 28 Sep-22. The latest data also raises questions over whether the BoT is mulling a change in tactics as it seeks to combat high inflation.

We expect the BoT to increase its policy rate for the second time after the Monetary Policy Committee’s meeting in Dec-22 for three key reasons: to curb inflation, sustain a decent GDP on the tourism recovery, and maintain a healthy current account balance.

We believe that headline inflation has peaked and will come down due to the high base effect in Sep-Dec 2021 and declining crude oil prices. We think a policy rate hike by 50 basis points would moderate GDP growth and efficiently calm inflation in a timely manner.

Exhibit 9: FSSIA expects the BoT to hike its rate twice in 2022 by 25bps each to 1% and twice in 2023 by 25bps each to 1.50%

Exhibit 10: BoT policy rate hike projections by FSSIA, Bloomberg consensus vs Fed rate hike (upper bound)



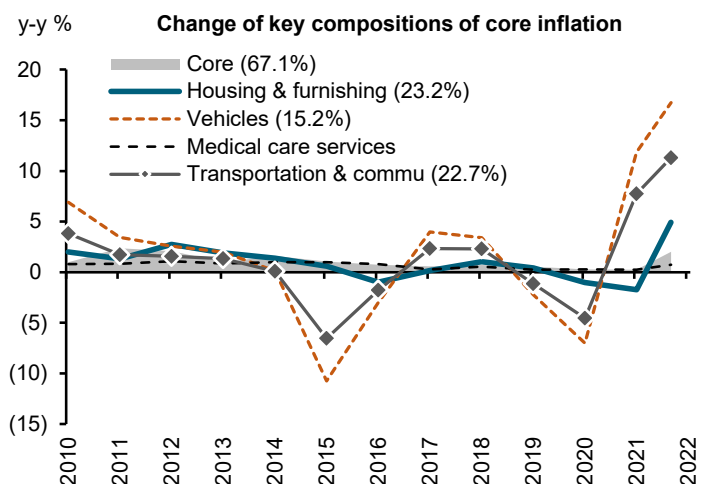
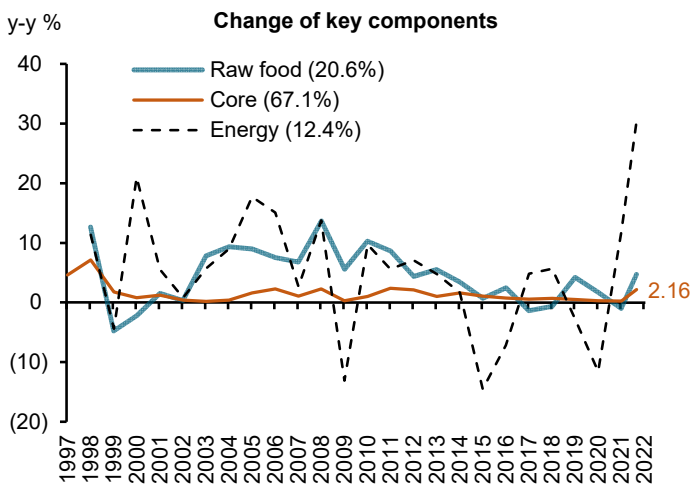
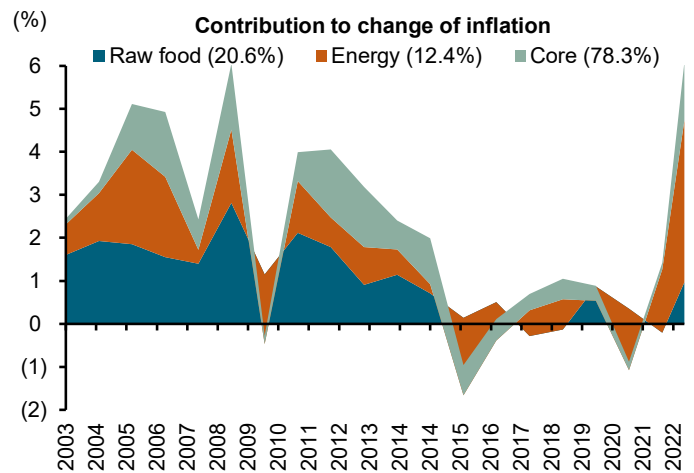
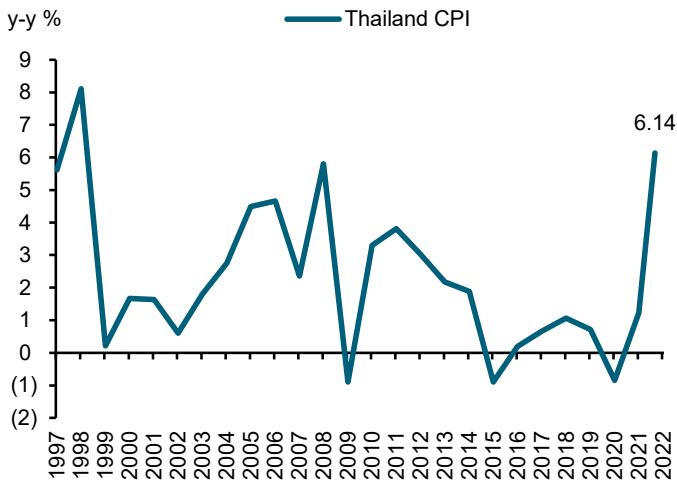
Source: FSSIA estimates

Sources: Bloomberg consensus as of 3 Aug-22; FSSIA estimates

Thailand’s core consumer price index (CPI: 67.1% weight on headline CPI base in 2019) rose only marginally, while headline CPI jumped to 7.89% in Aug-22. The key driver was the energy price hike (12.4% weight in headline CPI), as Thailand imports 80% of its crude oil consumption of 1mbpd for the refinery industry and around 10% of its gas consumption of 4,500mmscfd.

Thailand’s gas imports include LNG on contract (5.2mtpa or 728mmscfd) and spot LNG (4.5mtpa or 680mmscfd). The prices of both have jumped due to rising supply risks from the sanctions imposed by the US and EU against Russia. In the 8M22 period, Thailand’s headline inflation was 6.14% and core inflation was 2.16%, compared with 8.3% and 6.3%, respectively, in Aug-22.

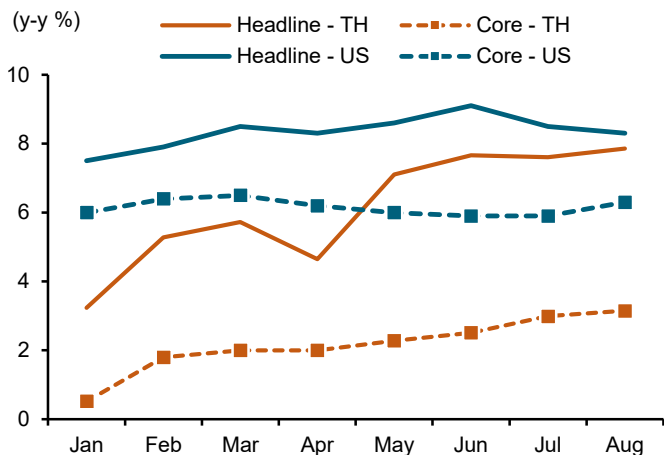
Exhibit 11: Thailand's inflation at end of Aug 2022



Data in brackets indicate weighting
Sources: Ministry of Commerce; FSSIA's compilation

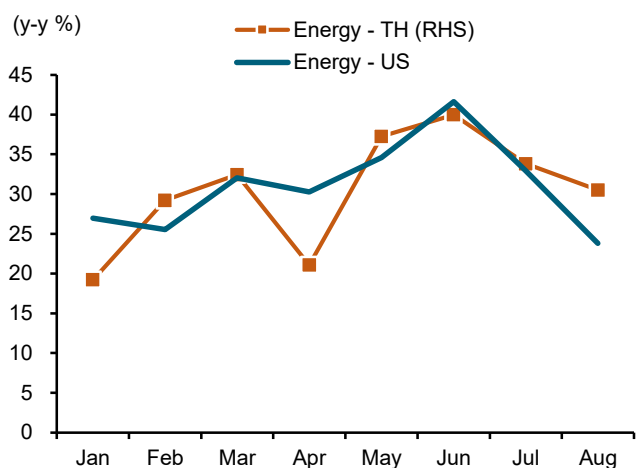
US inflation vs Thailand inflation. We believe Thailand faces much lower inflationary pressures from the rising costs of food, shelter, and wages than the US but shares a similar inflation risk from energy prices as Thailand imports 80% of its oil consumption and increasingly higher amounts of LNG to replace its declining domestic gas supply.

Exhibit 12: Headline and core inflation (Thailand vs US) during Jan to Aug 2022



Sources: Ministry of Commerce; BLS

Exhibit 13: Thailand's energy inflation vs US energy inflation during Jan to Aug 2022



Sources: Ministry of Commerce; BLS

Headline and core inflation comparison. While Thailand's headline inflation surged from 3% in Jan-22 to 7.9% in Aug-22, headline inflation in the US was well above 7% over the same period – even before the Russia-Ukraine war and the energy sanctions against Russia began in Feb-22. This, in our view, clearly indicates that the US faces much higher structural changes in its inflation rate that arose before the sanctions on Russia were imposed, potentially due to the depreciation of the USD.

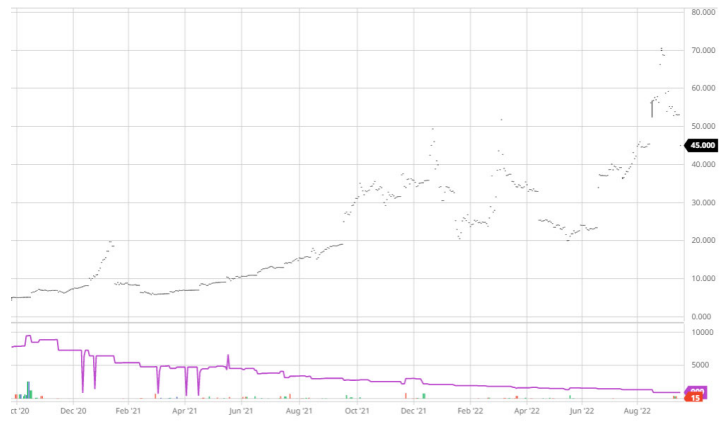
We think the significant oversupply of the USD in the global financial system due to the Fed's quantitative easing is the main culprit behind the excessively high US headline and core inflation. Furthermore, we think it is unlikely to subside easily given the relentlessly high energy prices that we project ahead of the winter season and the stubborn rise in core inflation.

Exhibit 14: LNG spot futures Southeast Asia Oct 2022 (JKMV22)



Source: [Barchart.com](https://www.barchart.com)

Exhibit 15: LNG spot futures Southeast Asia Oct 2022 (JKMV22)



Source: [Barchart.com](https://www.barchart.com)

Energy inflation likely to make a comeback this winter. It is interesting to note that even as one of the largest global producers of oil and gas, US energy inflation rose sharply in Jan-Aug 2022 as the retail gasoline price hit a record high of USD5.01/gallon in mid-June before declining to around USD3/gallon in Sep-22.

Thailand has seen a sharp spike in transportation inflation (a proxy for energy inflation) as the country has been forced to import increasingly higher amounts of spot LNG to replace declining gas production, mainly from the Erawan gas field.

As the price of LNG surged markedly due to rising demand in the EU to replace Russian gas, the price of global spot LNG has stayed at a high level above USD50/mmbtu, far above the two-year average of USD10/mmbtu before the Russia-Ukraine war broke out in Feb-22.

We believe US energy inflation and Thailand's transportation inflation could stay high in 4Q22-1Q23 as we expect the prices of oil, gas, and coal to rebound, driven by the higher demand for heating fuel in the coming winter. These could push inflation higher, thereby leading to policy interest rate hikes in Thailand and the US.

Food inflation: more pain for the US than Thailand. As one of the leading global exporters of food and agricultural products, including cassava, sugar, rice, rubber, chicken, canned tuna, processed food, and ready-to-eat food, Thailand has seen food inflation rise at a lower rate than in the US, but the gap is narrowing from over 4% in January down to 3% in Aug-22.

However, looking forward, we think Thailand’s food inflation is unlikely to rise much further given the ample supply in the domestic market and the opportunity to export excess production at high prices thanks to the impact of supply disruptions caused by Russia’s invasion of Ukraine.

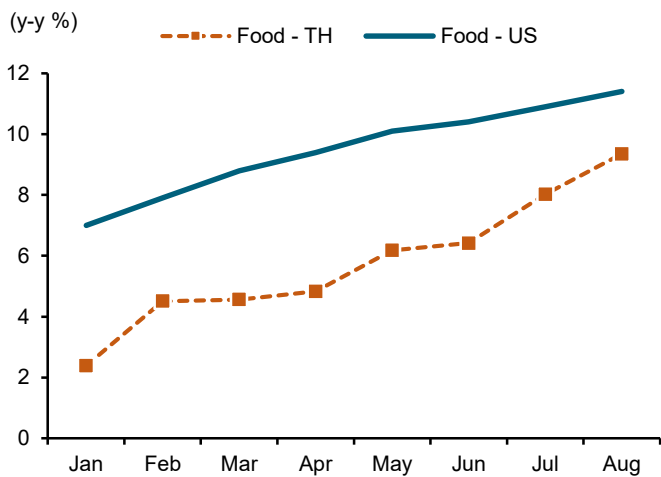
In contrast, US food inflation is projected to continue its uptrend due to its status as a major food importer and the potential for USD depreciation in 2023 as economic growth weakens due to the impact of the Fed’s rate hikes.

Housing inflation is worse in the US than in Thailand. While Thailand’s housing and utilities inflation now more closely resembles the rate of shelter inflation in the US, we think the comparison may not be apples-to-apples given that Thailand’s housing and utilities inflation incorporates the country’s higher electricity costs while US shelter inflation excludes energy costs.

If we exclude energy inflation, we estimate that Thailand’s housing inflation would be around 2% lower than in the US thanks to Thailand’s relatively balanced residential demand-supply situation and the slower-than-peers demand recovery of the property sector after the Covid-19 pandemic.

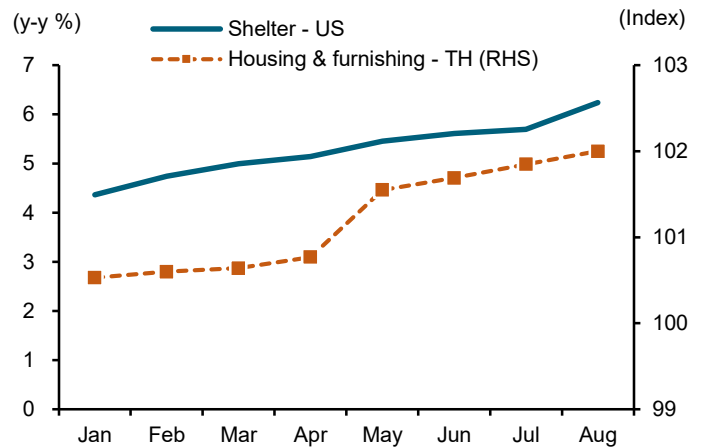
In conclusion: We think the US has a much higher risk from the inflation uptrend than Thailand. We sum up our view by concluding that US inflation on a y-y basis is likely to increase further towards 10% by 1Q23 as we project the impact of higher energy prices and rising shelter and food inflation in the US to far outpace the increases in Thailand.

Exhibit 16: Food inflation (Thailand vs US)



Sources: BoT; BLS

Exhibit 17: Thailand’s housing inflation vs US shelter inflation



Sources: BoT; BLS

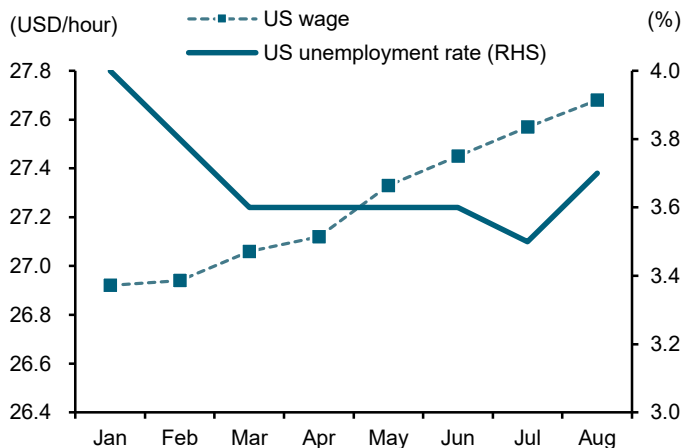
Wage hike pressures for Thailand and the US. In the US, wages have continued to rise since 2012, jumping from an average of USD20/hour in 2012 to USD27.5/hour in 8M22 due to the impact of the “great resignation” and the unwillingness by many to return to work, as most Americans with low incomes benefit from large monthly subsidies from the US government.

Even so, the US unemployment rate has remained low despite the Fed’s interest rate hikes and the rising average wage, which soared from USD26.9/hour in Jan-22 to USD27.6/hour in Aug-22.

Similarly, due to pressure from high inflation, the Thai government has approved a 5% rise in the average minimum wage from THB313/day to THB336/day in most provinces, and from THB328/day to THB354/day in Bangkok, effective on 1 Oct-22.

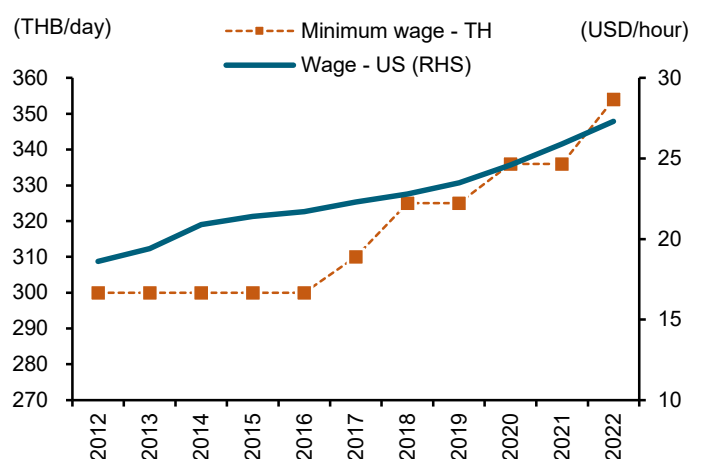
We think the increase in wages for US workers should lead to higher inflation in the US in 4Q22-2023 given the low unemployment rate and the existing inflationary uptrend. However, the rise in the minimum wage in Thailand should have a limited impact on inflation thanks to Thailand’s high average wage of THB15,405/month (THB515/day), which is far higher than the minimum wage range of THB328/day to THB354/day.

Exhibit 18: US average wage per hour and unemployment rate (2022)



Source: BLS

Exhibit 19: Thailand’s minimum wage vs US average wage



Sources: BoT; BLS

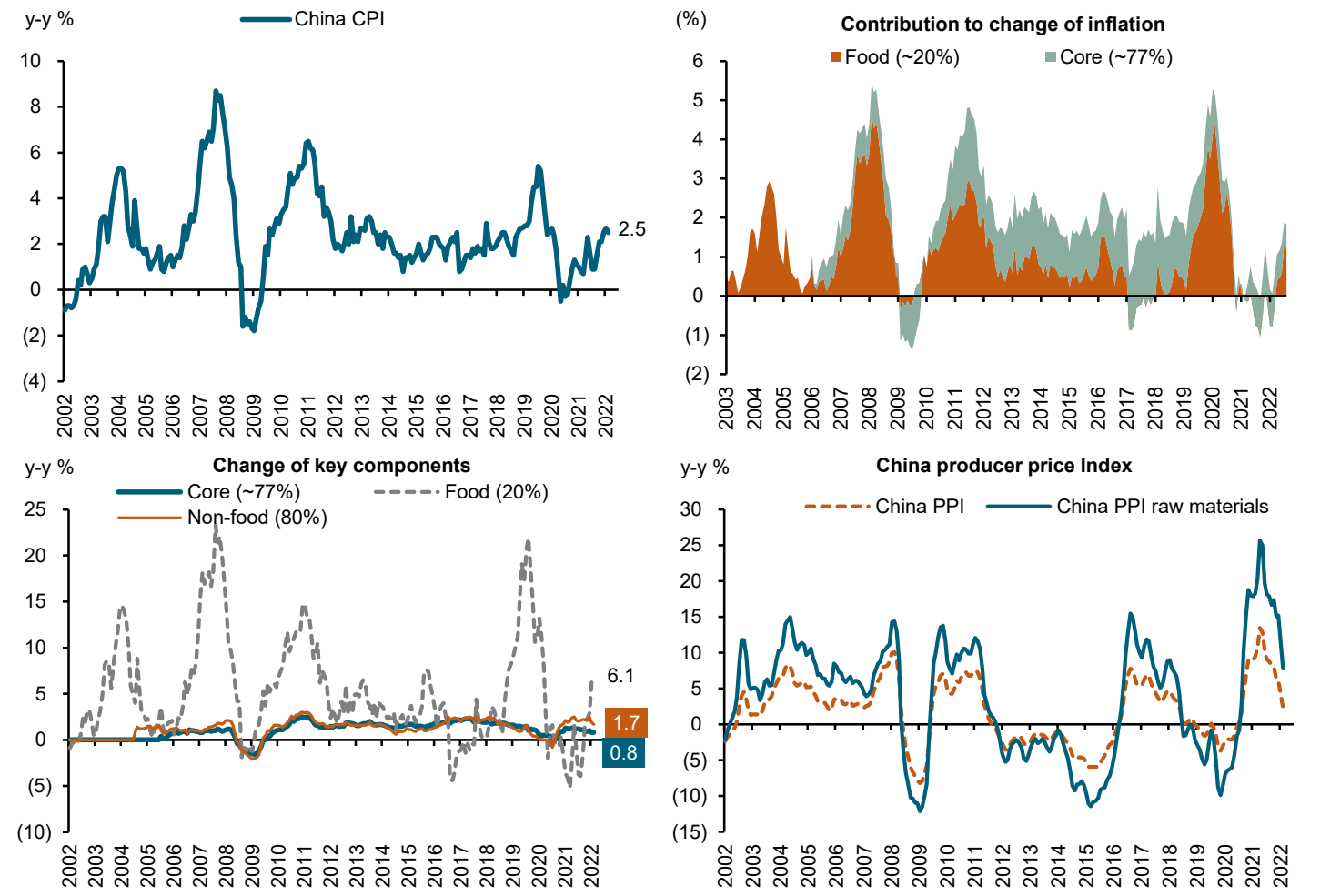
China’s inflation vs Thailand’s inflation. As Thailand’s largest import and second largest export partner after the US, any changes in China’s economy have a significant impact on Thailand’s GDP.

China, the world’s largest goods exporter, continues to lock down its economy under its “zero Covid-19” policy. The impact of China’s lockdowns of major urban and industrial cities has had a significant effect on the global economy.

Yet inflation in China has remained low at 2.5% in 8M22, thanks to strong domestic production and consumption, and the sharp rise in China’s self-sufficiency in many industries, including petrochemicals, food, technology, and infrastructure projects.

On the supply-side, China has seen a limited increase in the producer price index (PPI), which has plunged from over 10% in 2021-1Q22 down to the current 3%, thanks to the government’s success in controlling food, energy, and electricity prices after China’s power crunch in 4Q21.

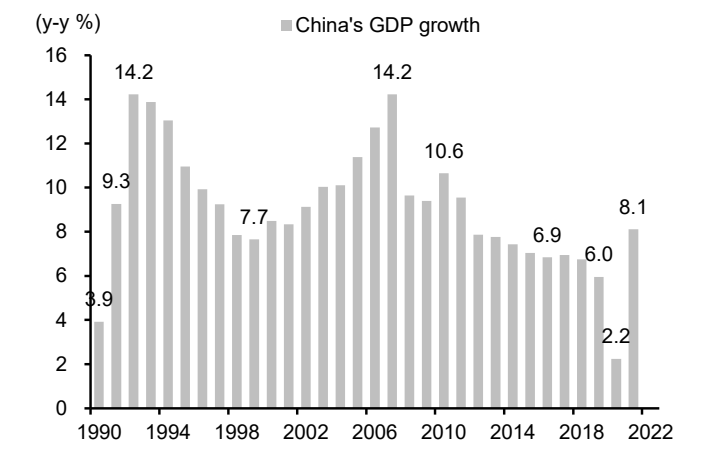
Exhibit 20: China's inflation rate and producer price index at end of Aug 2022



Estimated weight of categories in CPI basket is from [Bloomberg Intelligence](#) published on 25 Jun-19
 Sources: Bloomberg; FSSIA's compilation

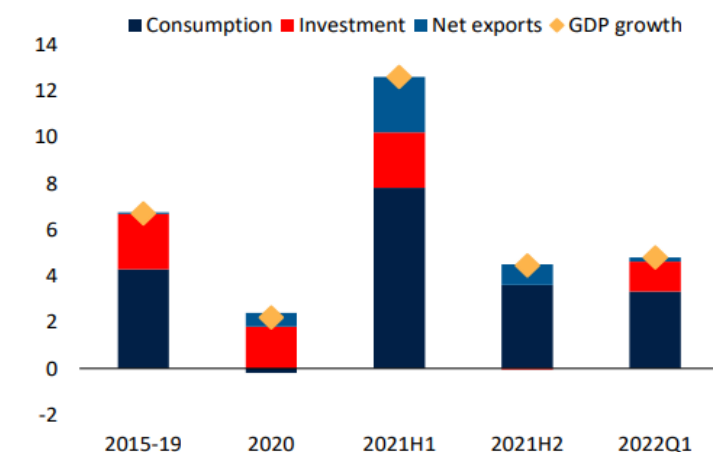
Compared to Thailand, China is expected to see lower inflation and GDP growth of 3.3% in 2022 before rebounding to 5.1% in 2023, based on the International Monetary Fund's forecast. Based on its report, "Between Shock and Stimulus", dated Jun-22, the World Bank forecasts China's GDP growth at 4.4% in 2022. Due to the impact of lockdowns, China's 2Q22 GDP plunged to 0.4% y-y, down from 4.8% in 1Q22. However, retail sales rose by 3.1% y-y, recovering from a prior slump, driven by rising e-commerce, which grew by 8.3% y-y in Jun-22 but dropped from 14% y-y growth in Jun-21.

Exhibit 21: China's GDP growth since 1990



Source: Bloomberg

Exhibit 22: China's GDP by demand component, contribution to growth in percentage points

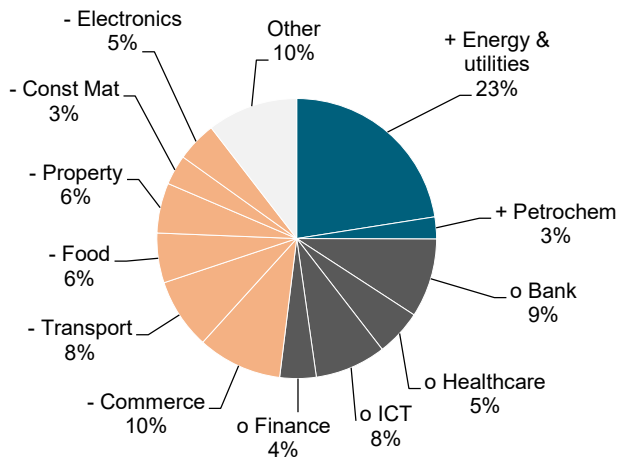


Source: [China Economic Update – June 2022 by World Bank](#)

Energy price impact on Thailand’s economy and equity market: an ironic lose-win situation. While Thailand’s economic growth will likely suffer from higher energy prices due to the higher import values of energy, ironically, for the equity market, the country should see strong earnings growth from the energy, petrochemical, and utilities sectors – all of which stand to benefit from the changes in energy prices.

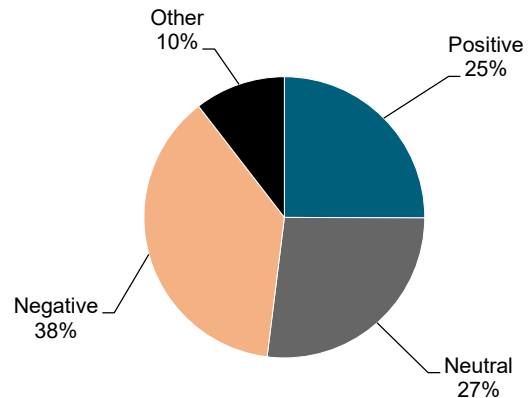
While energy costs account for over 50% of the headline CPI, the energy and utilities sector as well as the oil-related petrochemical sector together accounted for 26% of Thailand’s equity market cap on the SET as of 1Q22. Hence, higher energy prices have boosted the earnings of companies in the energy and petrochemical sectors and driven up their share prices.

Exhibit 23: SET’s inflation-linked sectors by market capitalisation



As of 16 Sep-22
Sources: Bloomberg; FSSIA's compilation

Exhibit 24: Inflation-linked sectors by earnings



As of 16 Sep-22; 12-month trailing net profit
Sources: Bloomberg; FSSIA's compilation

SET's potential downside is less than for US equity indexes

We maintain our view that the SET index's downside is limited to 5-10% and is likely to bottom at 1,480, supported by our projected GDP growth recovery from 3% in 2022 to 4% in 2023, Thailand's strong current account balance and high reserves, healthy banking system, and strong domestic consumption due to high farm incomes and tourism revenue.

We expect the US equity market indexes to see 10-20% declines in Sep-Dec 2022 as investors increasingly worry about the impacts of lower liquidity due to the Fed tapering its quantitative easing measures, the potential for further hikes in the policy rate, and the risk of an economic slowdown due to China's lockdowns that could persist into 2023, in our view.

We believe the visible and meaningfully higher revenue from tourism and continued strong exports should support our GDP growth forecast in 2022-23, which in turn should be the key catalyst moving the SET index higher in 2023 after a period of correction in 4Q22.

Our 2022 SET index target of 1,718, based on 16.1x 2022E P/E, -0.25SD, and our 2023 target of 1,767, based on 14.8x 2023E P/E, -0.5SD, both incorporate 1) the higher risks from rising inflation and possible policy rate hikes that could jeopardise the earnings growth of corporates on the SET; and 2) our EPS forecasts of THB106.4/share in 2022 and THB119.1/share in 2023.

Exhibit 25: Key economic forecasts

US economic forecasts (%)	2022E	2023E	2024E
Fed rate (FSSIA)	4.0	4.5	3.5
Fed rate (BNPP)	3.5	3.8	3.3
Fed 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

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	DRS	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	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	

Disclaimer:

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

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

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

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

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All share prices are as at market close on 16 Sep 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.