

Thailand Commerce

Signs of declining SSSG in Oct and Nov

- SSSG in Oct and Nov softer by 0.2% due mainly to 1) the high base effect; 2) slow recovery in purchasing power; 3) deflation; and 4) delayed government budget disbursement.
- In 2024, consumption should continue to grow and limit the impact of costs.
- Maintain Overweight in commerce sector. Top picks are CPALL and DOHOME.

SSSG in Oct and Nov softer than in 3Q23

The average SSSG for two months (Oct, Nov) dipped by 0.2% y-y, softer than in 3Q23 at +0.2%, due mainly to 1) the high base effect in the previous year; 2) interest rate hikes have reduced purchasing power during a period of high household debt; 3) deflation in Oct and Nov due to government subsidies for electricity and raw food prices; and 4) delayed government budget disbursement. Consumer staples were positive at +2.6% y-y during the 2-month period (+2.8% y-y in 3Q23) and consumer discretionary decreased by 2.5% y-y (-2.0% y-y in 3Q23) due to 1) lower steel prices in Oct and Nov; and 2) specific factors like HMPRO's road construction at some branches (Ratchaphruek, Lam Luk Ka and Suksawat). Despite these challenges, we believe the overall atmosphere will be conducive to increased spending during the festive season in Dec, which should make 4Q23 flat or slightly positive.

Two main government stimulus schemes to relieve overhang of commerce sector

We expect the commerce sector to benefit from the government's "Easy E-Receipt" scheme, granting individuals a tax deduction of up to 50,000 baht for the purchase of goods and services between 1 Jan 2024 to 15 Feb 2024. We believe companies which have big ticket sizes would benefit from the E-Receipt scheme, such as CRC (BUY, 2024 TP THB48), COM7 (BUY, 2024 TP THB30), and HMPRO (BUY, 2024 TP THB16). Moreover, the 10,000-baht digital wallet is another scheme which should stimulate domestic consumption in 2024, though its implementation is still uncertain.

In 2024, consumption should continue to grow and limit the impact of costs

In 2024, we expect private consumption will continue to grow, supported by the ongoing economic recovery, government stimulus, and the recovery of tourism. We estimate the effect of the electricity price increase by 5% from 3.99 baht per unit to 4.2 baht per unit will drag companies' net profit by 2.1%, all else being equal, and the minimum wage hike by 13% from 353 baht to 400 baht would affect net profit by 10%, all else being equal. However, the minimum wage increase should drive domestic consumption; we expect that incremental SSSG of 1.6% would offset the impact, all else being equal.

Overweight call on 2024; top picks CPALL and DOHOME

We have an OVERWEIGHT call on the Thai Commerce sector. CPALL is our top pick; we estimate 4Q23 SSSG could grow by 3% and its valuation is still cheap, currently trading at a 2024E P/E of 25.1x (five-year average forward P/E -2SD). DOHOME is also our pick in terms of a turnaround play; SSSG has shown signs of recovery since 3Q23 at -7.1% with a two-month average of -2.5%. Meanwhile, peers are experiencing a slower recovery in comparison. In addition, the industry is entering the high season for construction in 1H24.



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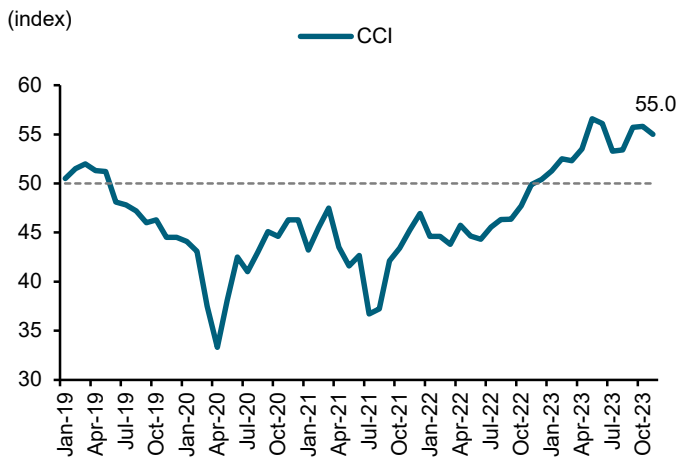
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Exhibit 1: Average SSSG for Oct and Nov softer than in 3Q23

SSSG (%)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	Oct-23	Nov-23	2M average
CPALL	13.0	14.2	22.0	14.5	8.0	7.9	3.5	3.0	3.0	3.0
MAKRO	1.0	7.4	8.9	9.6	10.9	6.0	3.2	3.0	2.0	2.5
Lotus's	0.4	(2.1)	0.0	2.4	0.8	(0.9)	2.5	5.0	5.0	5.0
BJC	2.9	5.2	(2.4)	2.3	5.8	4.8	2.1	0.0	0.0	0.0
Total CRC	11.0	24.0	43.0	9.0	13.0	4.0	0.0	(0.5)	(0.5)	(0.5)
HMPRO	3.1	(1.1)	18.0	3.0	5.8	4.9	(3.6)	(8.0)	(5.0)	(6.5)
GLOBAL	7.3	1.5	4.4	(2.2)	(8.7)	(9.5)	(12.3)	(12.0)	(12.0)	(12.0)
DOHOME	25.1	10.8	6.6	(9.9)	(9.0)	(9.9)	(7.1)	2.0	(7.0)	(2.5)
ILM	11.0	13.4	34.3	4.3	8.5	9.0	13.1	9.0	9.0	9.0
Consumer staple average	4.3	6.2	7.1	7.2	6.4	4.5	2.8	2.8	2.5	2.6
Consumer discretionary average	11.5	9.7	21.3	0.8	1.9	(0.3)	(2.0)	(1.9)	(3.1)	(2.5)
Total average	8.3	8.1	15.0	3.7	3.9	1.8	0.2	0.2	(0.6)	(0.2)

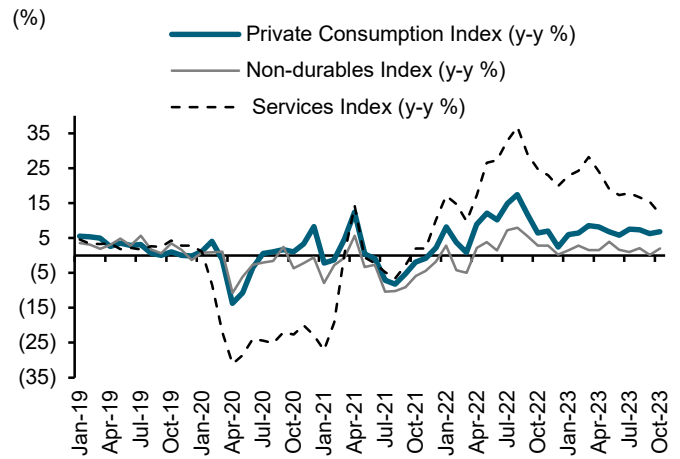
Sources: Companies; FSSIA's compilation

Exhibit 2: CCI in Nov decreases in the past 4 months



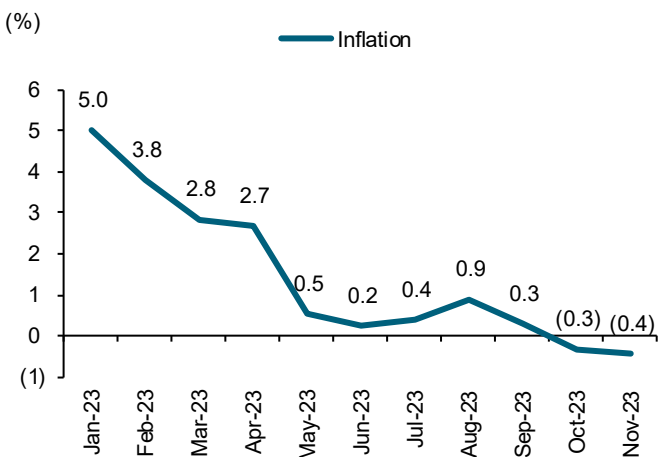
Source: Ministry of Commerce

Exhibit 3: Service sector is a key driver in PCI



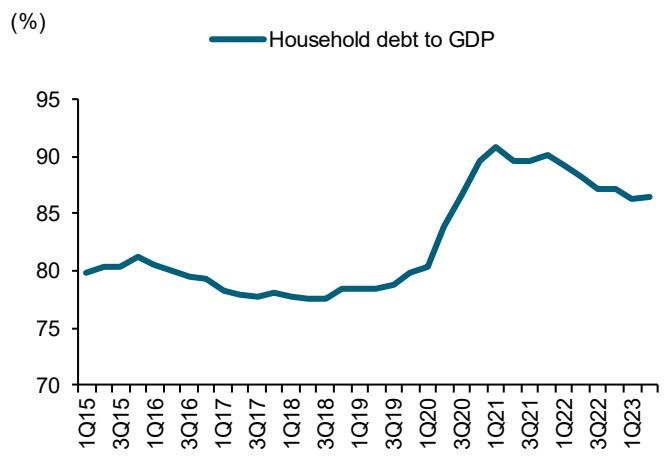
Source: Bank of Thailand (BoT)

Exhibit 4: Deflation in Oct and Nov



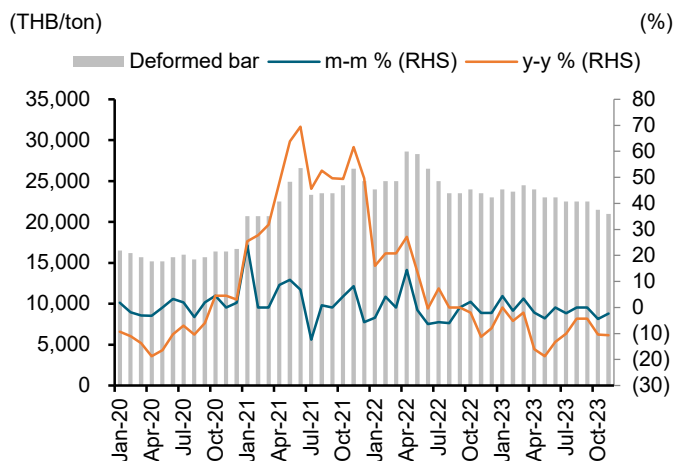
Source: Ministry of Commerce

Exhibit 5: High level of household debt



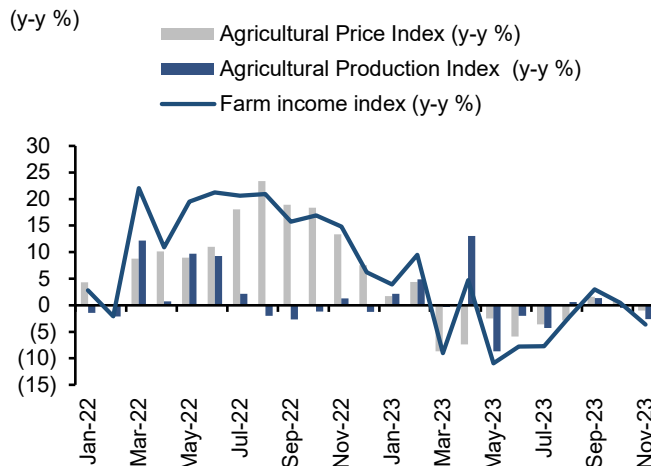
Source: Bank of Thailand (BoT)

Exhibit 6: Deformed bar price soft for Oct and Nov



Source: Ministry of Commerce

Exhibit 7: Weakness in both agricultural price and production in Nov



Source: Office of Agricultural Economics

Exhibit 8: GDP to be driven by private consumption in 2024

Annual percentage change	2022*	2023	2024	
			Excluding digital wallet	Including digital wallet
GDP growth	2.6	2.4	3.2	3.8
Domestic demand	4.1	3.7	2.9	3.7
Private consumption	6.3	7.1	3.2	4.5
Private investment	5.1	2.4	3.6	3.9
Government consumption	0.2	(4.0)	1.1	1.1
Public investment	(4.9)	0.5	2.7	2.7
Exports of goods and services	6.8	2.4	5.6	5.6
Imports of goods and services	4.1	(2.0)	5.9	5.2

*Outturns
Source: Bank of Thailand (BoT)

Exhibit 9: Minimum wage hike 13% impact on 2024E NP by 10% and SSSG 1.6% offset

2024E	Employee cost to sales (%)	Impact on NP (%)	SSSG offset (%)
BJC*	8.2%	12.3%	2.24%
CPALL	7.5%	18.5%	1.49%
GLOBAL	6.6%	4.1%	1.35%
HMPRO	7.4%	4.2%	1.46%
MAKRO	5.3%	13.9%	1.78%
CRC	6.8%	10.1%	1.33%
DOHOME	6.4%	10.7%	1.68%
ILM	17.6%	12.8%	2.03%
COM7	2.4%	2.9%	0.93%
Average	7.6%	9.9%	1.59%

*Bloomberg consensus
Source: FSSIA estimates

Exhibit 10: Electricity price increase by 5% from 3.99 baht per unit to 4.2 baht per unit

2024E	% to sales	% to NP
BJC*	3.2%	3.7%
CPALL	2.0%	3.7%
GLOBAL	1.1%	0.5%
HMPRO	2.2%	1.0%
CPAXT	2.2%	4.5%
CRC	2.2%	2.5%
DOHOME	0.7%	0.9%
ILM	3.6%	2.0%
COM7	0.3%	0.3%
Average	1.9%	2.1%

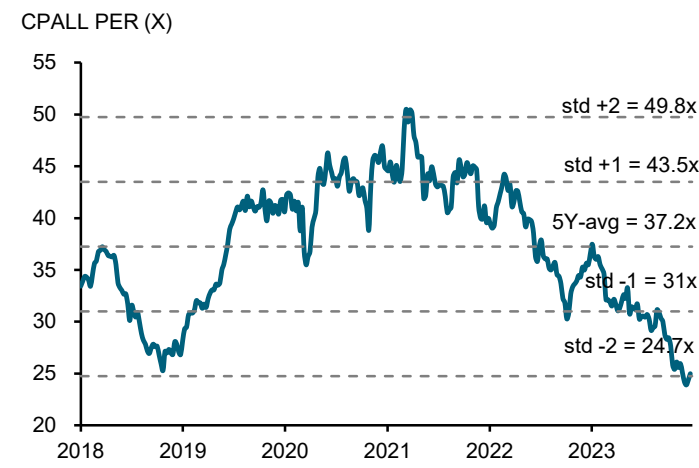
*Bloomberg consensus
Source: FSSIA estimates

Exhibit 11: Commerce peers as of 26 December 2023

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Consumer Staple														
CP All	CPALL TB	BUY	56.00	77.00	38	14,549	29.9	25.1	16.0	17.5	5.1	4.6	20.9	18.1
CP Aextra	CPAXT TB	BUY	26.75	35.00	31	8,186	35.0	28.2	2.8	3.4	1.0	1.0	10.3	9.7
Berli Jucker*	BJC TB	n/a	25.25	n/a	n/a	2,924	20.1	17.4	4.2	4.6	0.8	0.8	12.9	12.2
Consumer Staple average						25,658	28.3	23.6	7.7	8.5	2.3	2.1	14.7	13.4
Consumer Discretionary														
Com7	COM7 TB	BUY	23.70	30.00	27	1,635	18.1	16.3	41.6	41.7	7.2	6.4	12.8	11.6
Central Retail Corp	CRC TB	BUY	40.50	48.00	19	7,064	29.8	25.6	12.6	13.4	3.6	3.3	14.8	13.1
Home Improvement														
Index Living Mall	ILM TB	BUY	23.80	26.70	12	348	17.3	15.6	12.0	12.7	2.0	1.9	8.2	7.4
Home Product Center	HMPRO TB	BUY	11.70	16.00	37	4,450	23.4	21.2	26.4	27.7	6.0	5.7	13.8	12.7
Siam Global House	GLOBAL TB	BUY	17.40	18.00	3	2,517	31.6	28.8	12.1	12.2	3.7	3.4	23.4	21.5
Dohome	DOHOME TB	BUY	12.10	13.00	7	1,081	62.9	33.6	4.9	8.5	3.0	2.8	26.7	19.6
Home Improvement avg.						8,396	33.8	24.8	13.8	15.3	3.7	3.4	18.0	15.3
Consumer Discretionary avg.						17,095	30.5	23.5	18.3	19.4	4.3	3.9	16.6	14.3
Total average						42,753	29.8	23.5	14.7	15.8	3.6	3.3	16.0	14.0

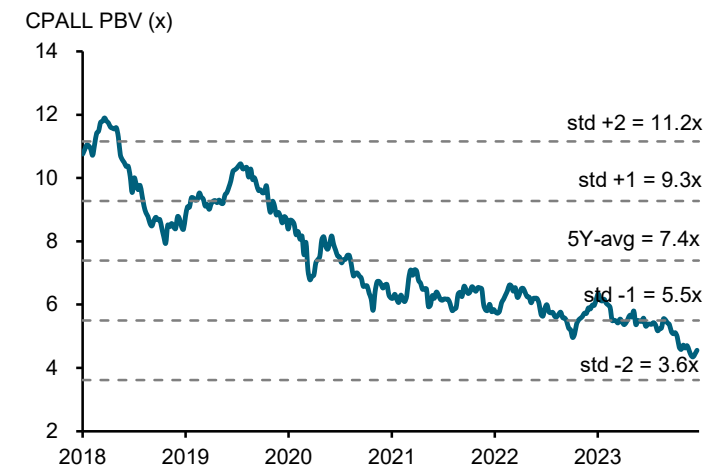
Sources: *Bloomberg; FSSIA estimates

Exhibit 12: CPALL – rolling one-year forward P/E band



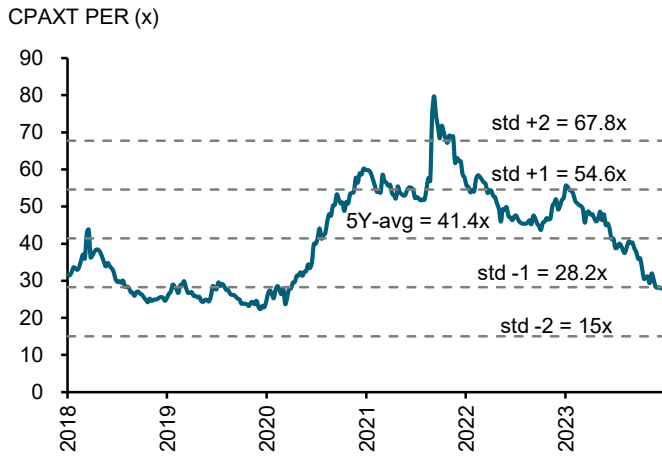
Sources: Bloomberg; FSSIA estimates

Exhibit 13: CPALL – rolling one-year forward P/BV band



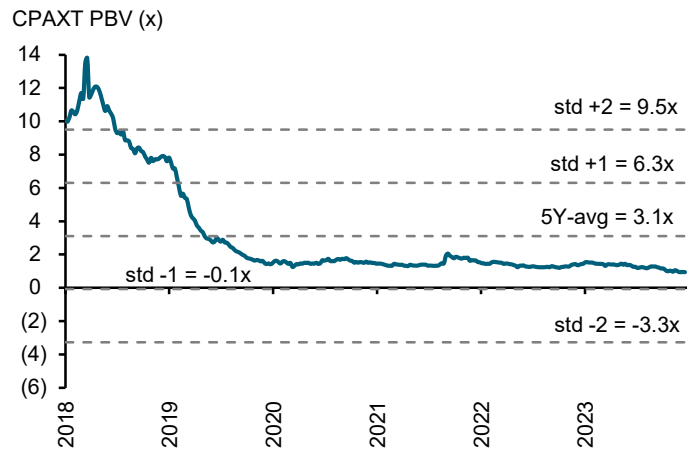
Sources: Bloomberg; FSSIA estimates

Exhibit 14: CPAXT – rolling one-year forward P/E band



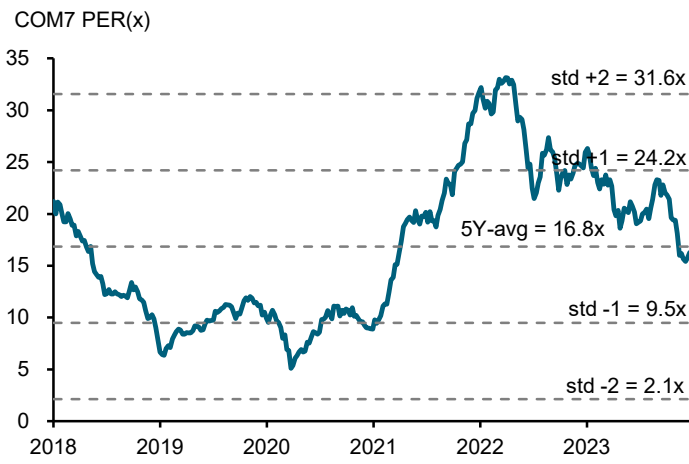
Sources: Bloomberg; FSSIA estimates

Exhibit 15: CPAXT – rolling one-year forward P/BV band



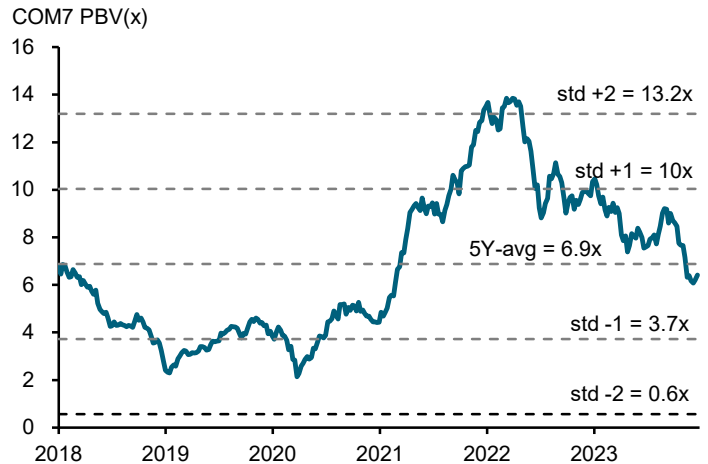
Sources: Bloomberg; FSSIA estimates

Exhibit 16: COM7 – rolling one-year forward P/E band



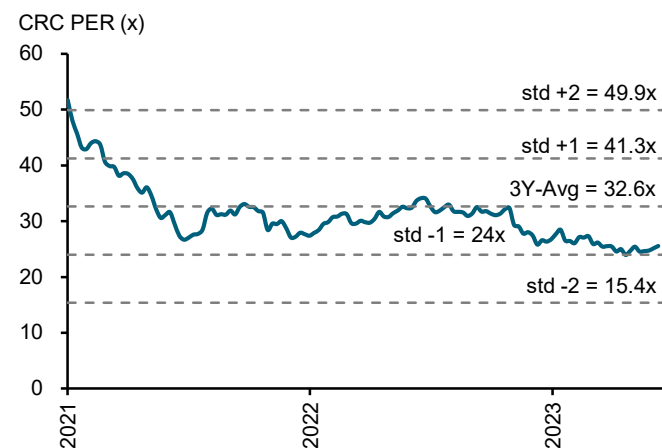
Sources: Bloomberg; FSSIA estimates

Exhibit 17: COM7 – rolling one-year forward P/BV band



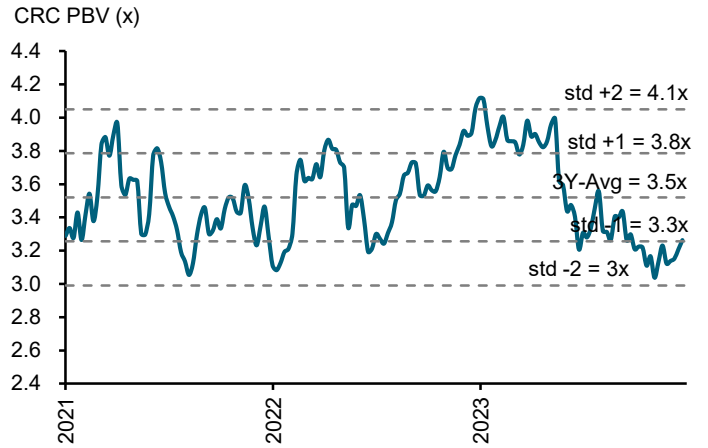
Sources: Bloomberg; FSSIA estimates

Exhibit 18: CRC – rolling one-year forward P/E band



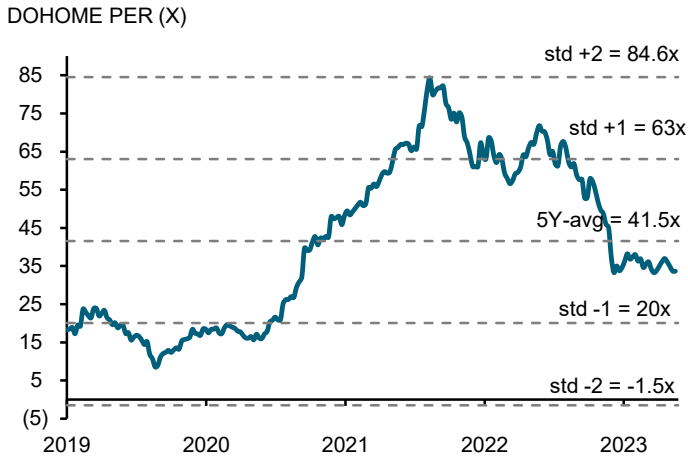
Sources: Bloomberg; FSSIA estimates

Exhibit 19: CRC – rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 20: DOHOME – rolling one-year forward P/E band



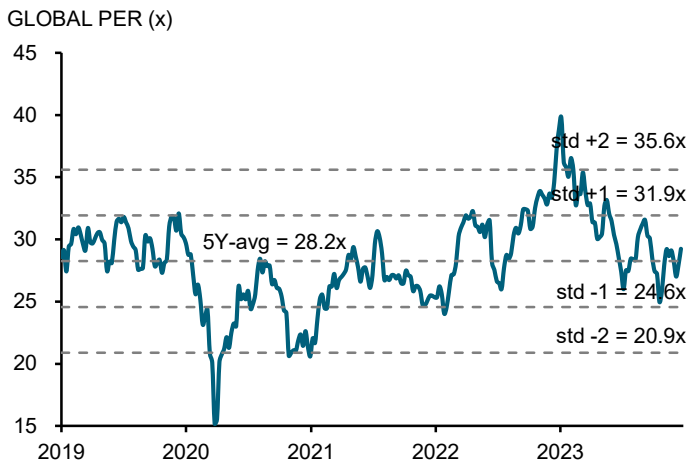
Sources: Bloomberg; FSSIA estimates

Exhibit 21: DOHOME – rolling one-year forward P/BV band



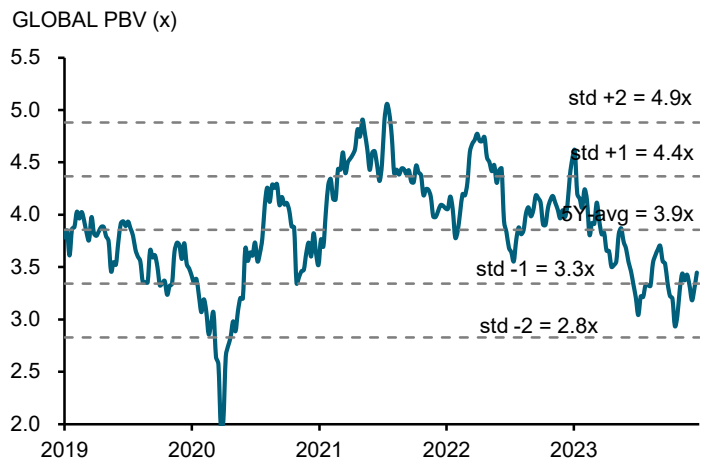
Sources: Bloomberg; FSSIA estimates

Exhibit 22: GLOBAL – rolling one-year forward P/E band



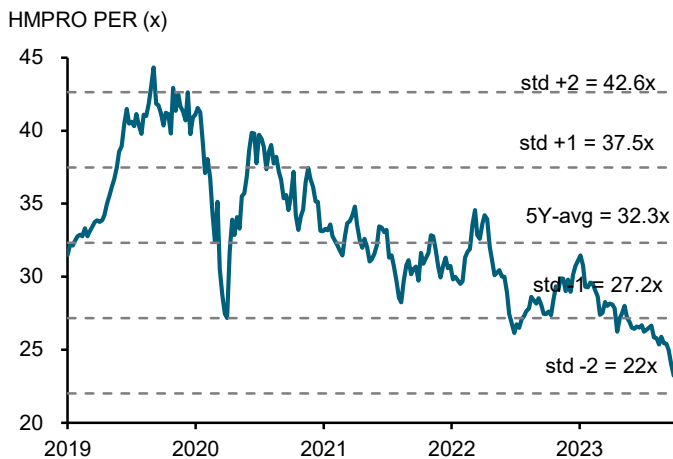
Sources: Bloomberg; FSSIA estimates

Exhibit 23: GLOBAL – rolling one-year forward P/BV band



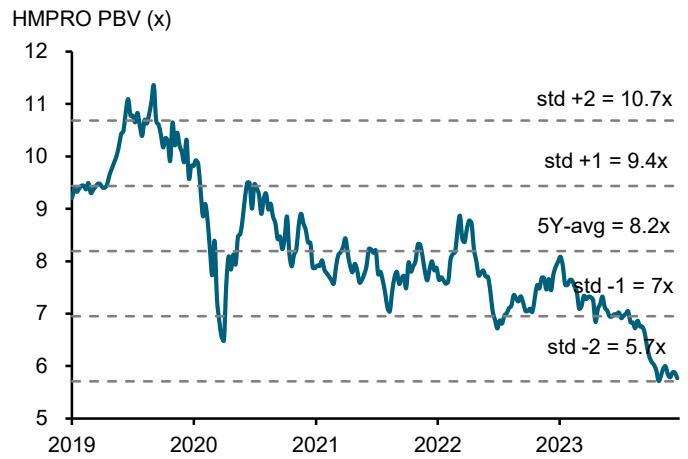
Sources: Bloomberg; FSSIA estimates

Exhibit 24: HMPRO – rolling one-year forward P/E band



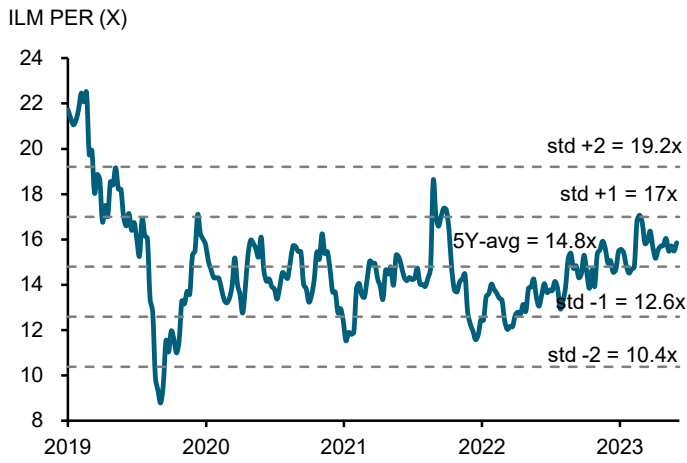
Sources: Bloomberg; FSSIA estimates

Exhibit 25: HMPRO – rolling one-year forward P/BV band



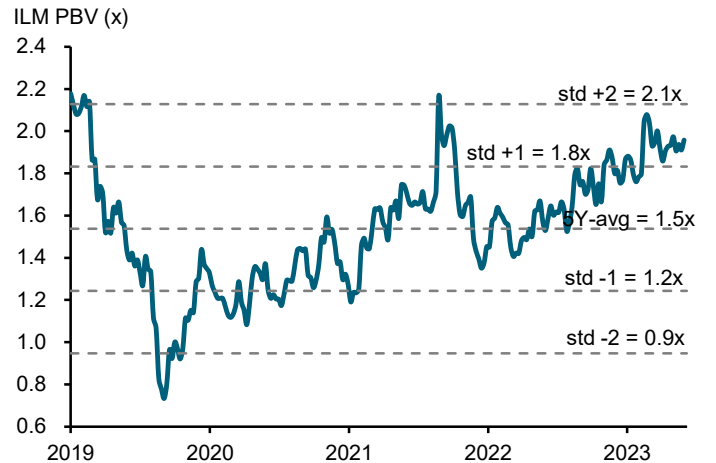
Sources: Bloomberg; FSSIA estimates

Exhibit 26: ILM – rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 27: ILM – rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
CP All	CPALL TB	THB 56.00	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
CP Axtra	CPAXT TB	THB 26.75	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.
Com7	COM7 TB	THB 23.70	BUY	Downside risks to our P/E-based TP include 1) lower consumption and domestic purchasing power, 2) store cannibalization, and 3) product shortages.
Central Retail Corp	CRC TB	THB 40.50	BUY	Downside risks to our DCF-based TP include 1) a decline in domestic purchasing power, 2) lower-than-expected tourist arrivals, 3) an absence of the government's stimulus, and 4) a slower-than-expected economic recovery in Vietnam.
Index Living Mall	ILM TB	THB 23.80	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) higher-than-expected SG&A.
Home Product Center	HMPRO TB	THB 11.70	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.
Siam Global House	GLOBAL TB	THB 17.40	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 and a larger-than-expected impact on farm income from the El Nino effect.
Dohome PCL	DOHOME TB	THB 12.10	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected SSSG; 2) a lower-than-expected GPM; 3) higher-than-expected SG&A; and 4) a worse-than-expected effect from El Nino.

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.

All share prices are as at market close on 26-Dec-2023 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.