

5 AUGUST 2022

SPOTLIGHT ON THAILAND

Published Reports

- Thailand Diversified Financials - Shifting into a higher gear
- MUANGTHAI CAPITAL (MTC TB) - King is reclaiming the throne; Maintain BUY TP THB60.00
- SAKSIAM LEASING (SAK TB) - Less bullish but maintain BUY; Maintain BUY TP THB9.70
- SRISAWAD CORP (SAWAD TB) - Loan growth accelerating again; Maintain BUY TP THB62.00
- NGERN TID LOR (TIDLOR TB) - As good as it could be; Maintain BUY TP THB37.00
- VGI PCL. (VGI TB) - 1QFY23 to remain in the red; Maintain HOLD TP THB4.70
- BANGKOK BANK (BBL TB) - Rate uptrend starts to benefit NIM; BUY TP THB170.00

Economics

- COVID-19 cases as of 1 Aug globally reaches 585,887,502 with new 752,284 cases and 1,595 new deaths. There are 23,083,497 currently infected patients, with 43,738 (0.2%) cases in serious condition.
- China's Taiwan war games threaten more global supply chain disruption
- Saudi Arabia raises oil prices for Asia to record levels
- Asian central banks deploy FX reserves to fight currency bears
- Inflation-fighting BoE poised to unleash big rate hike
- Wage rate wrangling rattles on
- Policy rate rise expected
- Tourism ministry still aims for 10m arrivals

Indices	Index as of 4-Aug-22	Change -1D (%)	Change YTD (%)	Net Foreign YTD (USD m)
Thailand SET	1,599	0.3	(3.6)	3,659
China SHCOMP	3,189	0.8	(12.4)	
Hong Kong HSI	20,174	2.1	(13.8)	
India SENSEX	58,299	(0.1)	0.1	(26,330)
Indonesia JCI	7,057	0.2	7.2	3,835
Korea KOSPI	2,473	0.5	(16.9)	(13,774)
MY FBMKLCI	1,508	1.1	(3.8)	
PH PCOMP	6,483	0.8	(9.0)	(847)
SG FSSTI	3,270	0.5	4.7	
Taiwan TWSE	14,702	(0.5)	(19.3)	(36,038)
VN VNINDEX	1,254	0.4	(16.3)	88
MSCI Emerging	995	0.9	(19.3)	
Nikkei 225	27,932	0.7	(3.0)	
FTSE 100	7,448	0.0	0.9	
CAC 40	6,513	0.6	(8.9)	
DAX	13,663	0.6	(14.0)	
Dow Jones	32,727	(0.3)	(9.9)	
Nasdaq	12,721	0.4	(18.7)	
S&P 500	4,152	(0.1)	(12.9)	
Brent	94.12	(2.7)	21.0	
Dubai	98.15	(2.8)	28.3	
WTI	88.54	(0.7)	17.0	
GOLD	1,791.28	0.1	(2.0)	
Trade data	Buy	Sell	Net	Share (%)
(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Foreign	31,470	32,675	(1,205)	46
Retail	24,160	23,728	433	35
Prop Trade	6,810	5,615	1,194	9
Local Institution	6,647	7,070	(422)	10
Total Trade	69,088	69,088	(0)	100
Rates	Last close	1M ago	End last yr	1yr ago
	8/4/2022	7/5/2022	12/31/2021	8/5/2021
THB/USD	35.89	35.98	33.21	33.26
Inflation *	7.66	7.10	2.17	1.25
MLR **	5.31	5.31	5.31	5.31
1Y Fixed *	0.43	0.43	0.43	0.43
Govt bond 10Y	2.41	2.66	1.89	1.47
Commodity	Last close	1M ago	End last yr	1yr ago
(USD/bbl)	8/4/2022	7/4/2022	12/31/2021	8/4/2021
Brent	94.12	113.50	77.78	70.38
Dubai	98.15	114.96	76.48	70.73
WTI	88.54	99.50	75.21	69.09
Gold	1,791	1,765	1,829	1,804
Baltic Dry	1,731	2,098	2,217	3,376
(USD/ton)	29-Jul-22	22-Jul-22	25-Dec-20	30-Jul-21
Coal	435.52	425.35	84.45	152.37
% change	2.4	7.9	415.7	185.8

* chg y-y% last at end of most recent month end; ** Avg of 4 major banks;

Sources: Bloomberg, except coal from BANPU

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- Business sector preps Apec proposals
- Ministry awards 26 firms for establishing ICPs
- Mama, Lay's unveil unprecedented tie-up, Collaboration to be solely strategic
- FPIT allots B4bn to expand warehouses, factories
- Thailand Post scales up delivery services strategy
- BGRIM, EDL-Gen ink development deal
- PTTEP to bid for new licences in the Gulf
- Most hotels still struggling despite full reopening

Published Reports

Thailand Diversified Financials - Shifting into a higher gear

Strong loan growth should drive 2Q22 performance

We expect an aggregate 2Q22 net profit for our covered auto title lenders (ATLs) of THB3,566m (+8% y-y, +5% q-q). We see continued robust loan demand from the resumption of business activity and the high cost of living, resulting in expected aggregate loan growth of 6.7% q-q. MTC and TIDLOR should continue to deliver attractive loan growth of 5-6% q-q, while SAK should have the second highest at 9% q-q. SAWAD should post the strongest 2Q22 loan growth at 11% q-q, driven mainly by its motorcycle hire purchase business. Regarding loan yield, we do not see further signs of tighter price competition. Thus, we expect a stable q-q aggregate loan yield of 18.3% in 2Q22. As for asset quality, we forecast NPLs to be in a rising trend due to the end of the forbearance program. Thus, we project a rise in ECL for ATLs. Only SAWAD should report a drop in NPLs due to a rise in car seizures, in our view.

Net negative impact from potential rate hikes and high inflation

Rate hikes and high inflation should impact ATLs in three key areas, including one positive – stronger loan growth – and two negatives: a greater NIM squeeze and a higher asset deterioration rate (details in report). In summary, we think the narrower NIM and higher asset deterioration rate should outweigh the stronger loan growth. Hence, we lower our 2022/23/24 net profit forecasts for the ATL sector by 2%/3%/4%. We lower our net profit forecasts for SAK, SAWAD, and TIDLOR. However, we revise up our earnings projections for MTC due to its relaxed provisioning strategy and higher loan growth.

Maintain Overweight call with MTC as top pick

We roll forward our valuations to 2023, lower our target prices for SAK, SAWAD, and TIDLOR to reflect the impact of rising inflation and future rate hikes, and increase MTC's target price due to its higher loan growth. We maintain our OVERWEIGHT view on the ATL sector and move it to our most preferred segment among diversified financials for three reasons. First, we still expect our covered ATLs to post attractive 2023 net profit growth of 22% y-y, despite the earnings downgrades. Second, we do not see more intense price competition as the rate uptrend should make the players more rational in setting prices. Third, we think the valuations of all covered ATLs – presently trading at 0.63-0.74x 2023E PEG – are very undemanding. We choose MTC as one of our top picks in the diversified financial sector.

Exhibit 1: Summary of 2Q22E results of ATL operators under our coverage

2Q22E	MTC	SAWAD	SAK	TIDLOR	Auto-title lender
Year-end Dec 31	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Net profit	1,405	1,042	166	954	3,566
Change y-y %	10.6	(5.8)	20.8	22.7	8.4
Change q-q %	2.1	0.6	0.8	1.4	4.6
Key ratios					
Asset quality ratio					
NPLs (THB m)	1,907	1,195	247	922	4,270
Change y-y %	116.1	(22.0)	48.1	8.0	24.3
Change q-q %	17.0	(1.0)	17.0	12.0	10.3
NPLs / Loans (%)	1.82	3.00	2.46	1.36	1.92
Loan loss reserve/NPLs (%)	109	60	111	296	136
Credit cost (bp)	105	75	210	110	106
Profitability ratio					
Cost to income ratio	50.2	40.2	50.4	57.0	50.0
Average yield	18.1	18.8	23.2	17.7	18.3
Cost of funds	3.4	3.6	3.2	2.5	3.1
Net interest margin (NIM)	15.4	16.9	21.5	16.0	16.1
Non-int income/total income	4.1	32.3	0.6	17.4	14.7
Loan growth					
y-y	30.9	22.2	29.1	25.0	27.4
q-q	6.0	11.0	9.0	5.0	6.7

Source: FSSIA estimates

Exhibit 2: Earnings revisions – changes in loan growth

	----- 2022E -----			----- 2023E -----			----- 2024E -----		
	Previous (%)	New (%)	Change (bps)	Previous (%)	New (%)	Change (bps)	Previous (%)	New (%)	Change (bps)
MTC	26.0	27.0	100	20.0	23.0	300	20.0	20.0	0
SAK	30.0	30.0	0	25.0	25.0	0	22.0	22.0	0
SAWAD	18.0	23.0	500	18.0	20.0	200	18.0	18.0	(0)
TIDLOR	18.0	23.0	500	18.0	18.0	0	18.0	18.0	0
Coverage	22.3	25.2	289	19.3	21.1	175	19.2	19.2	0

Source: FSSIA estimates

Exhibit 3: Earnings revisions – changes in NIM

	----- 2022E -----			----- 2023E -----			----- 2024E -----		
	Previous (%)	New (%)	Change (bps)	Previous (%)	New (%)	Change (bps)	Previous (%)	New (%)	Change (bps)
MTC	15.50	15.41	(0.09)	15.60	15.44	(0.16)	15.62	15.35	(0.27)
SAK	21.75	21.67	(0.08)	21.37	21.23	(0.14)	20.95	20.68	(0.27)
SAWAD	18.16	18.12	(0.04)	18.35	18.21	(0.14)	18.50	18.32	(0.18)
TIDLOR	15.78	15.96	0.18	15.63	15.57	(0.06)	15.60	15.51	(0.09)
Coverage	17.10	16.33	(0.77)	17.04	16.23	(0.81)	16.97	16.15	(0.81)

Source: FSSIA estimates

Exhibit 4: Earnings revisions – changes in credit cost

	----- 2022E -----			----- 2023E -----			----- 2024E -----		
	Previous (bps)	New (bps)	Change (bps)	Previous (bps)	New (bps)	Change (bps)	Previous (bps)	New (bps)	Change (bps)
MTC	146	128	(18)	160	170	10	165	168	3
SAK	126	200	74	145	210	65	145	225	80
SAWAD	65	90	25	80	120	40	110	150	40
TIDLOR	80	105	25	80	95	15	80	100	20
Coverage	111	118	6	122	141	19	130	148	18

Source: FSSIA estimates

Exhibit 5: Sensitivity analysis for every 25-bps policy rate hike above our current forecasts

	----- 2023E net profit -----			----- 2023E NIM -----		
	Current	Rate hikes 25 bps	Diff	Current	Rate hikes 25 bps	Diff
	(THB m)	(THB m)	(%)	(%)	(%)	(%)
MTC	6,952	6,754	(2.8)	15.44	15.25	(0.19)
SAK	945	924	(2.2)	21.23	21.03	(0.20)
SAWAD	5,465	5,373	(1.7)	18.21	17.96	(0.25)
TIDLOR	4,587	4,512	(1.6)	15.57	15.45	(0.12)
Coverage	17,949	17,563	(2.1)	16.23	16.04	(0.19)

Sources: Company data; FSSIA estimates

MUANGTHAI CAPITAL (MTC TB) - King is reclaiming the throne; Maintain BUY TP THB60.00

Expect continued recovery in 2Q22 results from solid loan growth

We expect MTC to report a continued recovery in its 2Q22 net profit of THB1,405m (+11 y-y, +2% q-q) due to two reasons. First, its loan volume should increase strongly by 31% y-y and 6% q-q following a rise in all loan types. Second, we project a slight improvement in its loan yield to 18.1% from 18.0%. We think its loan yield passed the bottom in 1Q22. These positives should be able to offset a substantial increase in MTC's ECL due to an expected surge in its NPLs by 17% q-q from the end of the debt forbearance program and rising NPLs in the motorbike HP portfolio.

Stronger performance expected in 2H22

We think MTC's net profit in 2H22 will increase y-y and h-h, driven by a continued aggressive loan expansion. We believe this should offset a minimal rise in its cost of funds from future rate hikes and a significant increase in its ECL. We believe it will set higher provisions in 2H22 as it would like to increase its coverage ratio and accelerate NPL write-offs.

Room to raise loan yield to minimise rate hikes and high inflation impact

Rate hikes and high inflation should impact MTC in three key areas, including one positive – stronger loan growth – and two negatives: an intensified NIM squeeze and a higher asset deterioration rate (details in report). All in all, unlike other auto title lenders (ATLs), we see a slightly positive impact on MTC's performance. Therefore, we increase our net profit forecasts for 2022/23/24 by 5%/3%/3%. Among our covered ATLs, we see limited room to increase the rates charged to clients due to the tight competition. We think only MTC could slightly increase its rates, especially for motorcycle title loans, as it currently charges a lower interest rate than its peers. For every 50 bps increase in its motorcycle title loans, there should be a 2.5% upside to our 2023 net profit forecast.

Deriving new 2023 GGM-based TP of THB60, up from 2022 THB55

We roll forward our valuation to 2023 and derive a new TP of THB60. We choose MTC as one of our top picks in the diversified financial sector. We think the benefits from sacrificing its profit margin to gain more market share in the past two years should clearly manifest from 2H22 onward, potentially resulting in the most robust 2023 net profit growth among big ATLs at 23% y-y. Furthermore, we think its current value has priced in the concern over potential rate hikes and rising NPLs. MTC trades at the cheapest valuation in terms of PEG compared with the other big ATLs at 0.64x 2023E PEG.

Exhibit 6: MTC – 2Q22 results preview

Year-end Dec 31	2Q21	1Q22	2Q22E	Change		1H22E			2022E	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)	
Net interest income	3,177	3,682	3,913	23	6	7,594	21	47	16,055	23	
Non-interest income	212	163	168	(21)	3	331	(32)	52	631	(23)	
Operating income	3,389	3,844	4,081	20	6	7,925	17	47	16,687	20	
Operating expenses	1,656	1,943	2,047	24	5	3,990	27	48	8,285	19	
PPOP before tax	1,733	1,902	2,034	17	7	3,935	9	47	8,401	21	
Provision	138	169	267	93	58	436	48	33	1,334	83	
Income tax	325	357	362	11	2	719	5	51	1,413	12	
Minority interest	0	0	0			0			0		
Normalised profit	1,270	1,376	1,405	11	2	2,780	5	49	5,654	14	
Extraordinary items	0	0	0			0			0		
Net profit	1,270	1,376	1,405	11	2	2,780	5	49	5,654	14	
EPS (THB)	0.60	0.65	0.66	11	2	1.31	5	49	2.67	14	
Asset quality ratio											
Gross NPLs (THB m)	882	1,630	1,907	116	17				2,360	85	
NPL ratios (%)	1.11	1.65	1.82						2.02		
LLR/NPLs (%)	163	113	109						114		
Credit cost (bp)	72	71	105						128		
Profitability ratio											
	(%)	(%)	(%)						(%)		
Cost to income ratio	48.9	50.5	50.2						49.7		
Average yield	19.2	18.0	18.1						18.1		
Cost of funds	3.4	3.2	3.4						3.5		
Net interest margin (NIM)	16.6	15.5	15.4						15.4		
Non-int inc/total income	6.3	4.2	4.1						38.5		
Loan growth											
	(%)	(%)	(%)						(%)		
y-y	26.0	34.1	30.9						27.0		
q-q	8.5	7.4	6.0								

Source: MTC; FSSIA estimates

SAKSIAM LEASING (SAK TB) - Less bullish but maintain BUY; Maintain BUY TP THB9.70

Expect strong loan growth, but higher NPLs in 2Q22

We expect SAK to report a 2Q22 net profit of THB166m (+21% y-y, +1% q-q). There should be mixed performance in this quarter, in our view. On the positive side, we expect strong loan growth of 9% q-q due to the resumption of business activity and agricultural seasonality. However, we see two main negatives. First, we think its NPLs should increase substantially by 17% q-q, implying an NPL ratio of 2.5% from 2.3% in 1Q22, due to the end of forbearance program and the high inflation environment. Hence, we expect SAK to set a higher credit cost of 210 bps in 2Q22 from 130 bps in 1Q22. Second, we expect its cost to income to remain at a high level of 50%, as SAK continues to front-load its branch expansion, adding 171 new branches in 1H22 from its 2022 target of 200 branches.

Stronger performance expected in 2H22

We think SAK's net profit in 2H22 will increase y-y and h-h, driven by two factors. First, we expect its loan volume to increase continuously from ample demand and new loan generation from its new branches. Second, we think its cost to income ratio should slightly decline q-q as SAK has already front-loaded its branch expansion in 1H22. We believe these positives should offset a minimal rise in its cost of funds from future rate hikes and an increase in its ECL due to further asset deterioration.

Net negative impact from rate hikes and high inflation

Rate hikes and high inflation should impact SAK in three key areas, including one positive – stronger loan growth – and two negatives: an intensified NIM squeeze and a higher asset deterioration rate (details in report). All in all, we see a net negative impact on SAK's performance and lower our net profit forecasts for 2022/23/24 by 11%/11%/12%.

Roll forward to GGM-based 2023 TP of THB9.7

We are less bullish on SAK due to the higher-than-expected increase in its NPLs and the delay in its drone project. However, we reiterate our BUY call and roll forward our valuation to 2023 to derive a new TP of THB9.7, down from our 2022 TP of THB12.0. We think SAK should deliver the strongest 2023 net profit growth at 26% y-y, driven mainly by its solid loan growth and economies of scale.

Exhibit 7: SAK – 2Q22 results preview

Year-end Dec 31	2Q21	1Q22	2Q22E	---- Change ----		----- 1H22E -----			2022E	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)	
Net interest income	417	490	517	24	6	1,006	28	46	2,196	27	
Non-interest income	3	4	3	(10)	(32)	7	10	55	13	0	
Operating income	420	494	519	24	5	1,013	28	46	2,209	27	
Operating expenses	238	259	262	10	1	521	14	49	1,071	16	
PPOP before tax	183	235	258	41	10	493	47	43	1,138	38	
Provision	12	29	51	330	73	80	378	39	203	219	
Income tax	34	42	41	23	(0)	83	32	44	187	24	
Minority interest	0	0	0			0			0		
Normalised profit	137	164	166	21	1	330	29	44	748	23	
Extraordinary items	0	0	0			0			0		
Net profit	137	164	166	21	1	330	29	44	748	23	
EPS (THB)	0.07	0.08	0.08	21	1	0.16	29	44	0.36	23	
Asset quality ratio											
Gross NPLs (THB m)	167	211	247	48	17				277	45	
NPL ratios (%)	2.14	2.29	2.46						2.42		
LLR/NPLs (%)	104	111	111						130		
Credit cost (bp)	64	130	210						200		
Profitability ratio											
	(%)	(%)	(%)						(%)		
Cost to income ratio	56.5	52.4	50.4						48.5		
Average yield	23.9	23.2	23.2						23.2		
Cost of fund	2.7	2.9	3.2						3.0		
Net interest margin (NIM)	22.8	21.8	21.5						21.7		
Non-int inc/total income	0.8	0.9	0.6						38.5		
Loan growth											
	(%)	(%)	(%)						(%)		
y-y	25.3	32.9	29.1						30.0		
q-q	12.2	4.5	9.0								

Source: SAK; FSSIA estimates

SRISAWAD CORP (SAWAD TB) - Loan growth accelerating again; Maintain BUY TP THB62.00SAWAD

Soft 2Q22 net profit from lazy balance sheet in previous quarters

We expect SAWAD to report a lukewarm 2Q22 net profit of THB1,042m (-6% y-y, +1% q-q) for three reasons. First, although we expect its NPLs to drop by 1% q-q from a rise in car seizures, we think its credit cost should rise to 75 bps in 2Q22 from 23 bps in 1Q22 following the strong growth in the riskier motorcycle hire purchase (HP) segment. Second, we expect SAWAD to aggressively resume its growth mode, with strong loan growth of 11% q-q. We expect that its loan volume might increase significantly at the end of 2Q22. SAWAD did not expand its loan volume in the previous quarter. Hence, we think it will still not fully benefit from strong loan growth in this quarter, resulting in slow NII growth. Lastly, we think SAWAD's cost to income should remain at a high level of 40% as it might increase its marketing campaign to boost its loan volume.

Stronger performance expected in 2H22

We think SAWAD's net profit in 2H22 will increase y-y and h-h, driven by strong loan growth. We expect the company to continue to expand its loan volume aggressively in 2H22. We think SAWAD will gain more market share in motorcycle title loans. Also, we believe SAWAD will fully benefit from robust loan growth which we project at 18% 6MTD.

Net impact from rate hikes and high inflation

Rate hikes and high inflation should impact SAWAD in four key areas, including one positive – stronger loan growth – and three negatives: slower insurance fees, an intensified NIM squeeze and a higher asset deterioration rate (details in report). All in all, we see a net negative impact on SAK's performance and lower our net profit forecasts for 2022/23/24 by 8%/9%/10%.

Maintain BUY at 2023 GGM-based TP of THB62

We roll forward our valuation to 2023 and derive a TP of THB62, down from our 2022 TP of THB68. We maintain our BUY call. After two years of lazy balance sheets, SAWAD has become more active in its loan expansion, especially in the motorcycle HP business. Thus, we expect its normalised profit to resume growing noticeably in 2023 at 19% y-y, up from zero growth in 2022E. But, we prefer MTC to SAWAD as there is still uncertainty from the potential motorcycle HP rate cap. We think if the rate cap is below 28%, there would be a downside risk to its earnings.

Exhibit 8: SAWAD – 2Q22 results preview

Year-end Dec 31	2Q21	1Q22	2Q22E	--- Change ---		----- 1H22E -----			2022E	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)	
Net interest income	1,415	1,560	1,602	13	3	3,162	2	46	6,804	12	
Non-interest income	831	794	764	(8)	(4)	1,558	3	48	3,273	2	
Operating income	2,246	2,354	2,366	5	1	4,720	2	47	10,076	9	
Operating expenses	793	991	952	20	(4)	1,942	14	49	3,960	14	
PPOP before tax	1,453	1,363	1,415	(3)	4	2,778	(4)	45	6,116	6	
Provision	(48)	20	71	n/a	255	91	(141)	27	338	n/a	
Income tax	315	219	268	(15)	22	487	(30)	44	1,098	(19)	
Minority interest	84	82	35	(58)	(57)	117			112	(65)	
Normalised profit	1,106	1,036	1,042	(6)	1	2,078	(9)	45	4,580	1	
Extraordinary items	0	0	0			0			0		
Net profit	1,106	1,036	1,042	(6)	1	2,078	(16)	45	4,580	(3)	
EPS (THB)	0.81	0.75	0.76	(6)	1	1.51	(16)	45	3.37	(3)	
Asset quality ratio											
Gross NPLs (THB m)	1,532	1,207	1,195	(22)	(1)				1,473	18	
NPL ratios (%)	4.70	3.37	3.00						3.56		
LLR/NPLs (%)	69	58	60						64		
Credit cost (bp)	(59)	23	75						90		
Profitability ratio											
	(%)	(%)	(%)						(%)		
Cost to income ratio	35.3	42.1	40.2						39.3		
Average yield	20.1	19.9	18.8						20.1		
Cost of funds	3.5	3.5	3.6						3.6		
Net interest margin (NIM)	17.5	17.9	16.9						18.1		
Non-int inc/total income	37.0	33.7	32.3						38.5		
Loan growth											
	(%)	(%)	(%)						(%)		
y-y	(15.4)	12.1	22.2						23.0		
q-q	1.8	6.5	11.0								

Source: SAWAD; FSSIA estimates

NGERN TID LOR (TIDLOR TB) - As good as it could be; Maintain BUY TP THB37.00

Strong top line should drive 2Q22 performance

We expect TIDLOR to post a 2Q22 net profit of THB954m (+23% y-y, +1% q-q), driven by 1) strong loan growth of 25% y-y and 5% q-q following ample demand from the resumption of business activity and high inflation; and 2) an increase in its insurance brokerage fee income y-y. Strong revenue growth should offset a rise in its ECL following an increase in NPLs and its conservative strategy; setting special provisions to provide a cushion against future uncertainties. We expect NPLs to rise moderately by 12% q-q in 2Q22, thanks to the end of the forbearance program. However, we have little concern about asset quality due to its sufficient provisions, with an expected coverage ratio at 296% in 2Q22.

Expect 2H22 net profit to rise y-y, but be relatively be stable h-h

In 2H22, we expect TIDLOR's net profit to increase y-y, driven by 1) a rise in its loan volume from ample loan demand; and 2) an increase in insurance fee income from the low base due to Covid last year. However, net profit might drop h-h from a rise in seasonal OPEX and a higher provisioning setup. Due to the slow economic recovery and high inflation, we believe TIDLOR will implement a conservative policy to set extra ECL.

Slight impact from rate hikes and high inflation

Rate hikes and high inflation should impact TIDLOR in four key areas, including one positive – stronger loan growth – and three negatives: slower insurance fees, an intensified NIM squeeze and a higher asset deterioration rate (details in report). All in all, we think TIDLOR should be able to manage its cost of funds better than its peers due to its upgraded credit rating. We see a slightly negative impact on TIDLOR's performance, and hence cut our 2022/23/24E net profit by 2%/2%/4%.

Maintain BUY at 2023 GGM-based TP of THB37

We roll forward our valuation to 2023 and derive a new GGM-based TP of THB37, down from our 2022 TP of THB43. We maintain our BUY call on TIDLOR due to 1) its stringent asset quality control and highest coverage ratio among auto title lenders; 2) its strong insurance brokerage business; and 3) its strategy to not engage in price wars but instead use unique product strategies, e.g. TIDLOR cash card, to take on competitors. However, we prefer MTC to TIDLOR as TIDLOR has a more expensive valuation at its current 2023E PEG of 0.74x vs 0.64x for MTC.

Exhibit 9: TIDLOR – 2Q22 results preview

Year-end Dec 31	2Q21	1Q22	2Q22E	Change		1H22E			2022E	Change	Comments
	(THB m)	(THB m)	(THB m)	(y-y%)	(q-q%)	(THB m)	(y-y %)	%22E	(THB m)	(y-y %)	
Net interest income	2,113	2,496	2,641	25	6	5,137	24	48	10,738	23	
Non-interest income	506	596	556	10	(7)	1,151	9	47	2,443	10	
Operating income	2,619	3,092	3,197	22	3	6,288	21	48	13,181	21	
Operating expenses	1,519	1,779	1,823	20	2	3,601	16	47	7,707	18	
PPOP before tax	1,100	1,313	1,374	25	5	2,687	28	49	5,475	25	
Provision	130	140	182	40	30	322	111	46	706	71	
Income tax	192	233	238	24	2	471	21	48	983	25	
Minority interest	0	0	0			0			0		
Normalised profit	777	940	954	23	1	1,894	21	50	3,785	19	
Extraordinary items	0	0	0			0			0		
Net profit	777	940	954	23	1	1,894	21	50	3,785	19	
EPS (THB)	0.34	0.41	0.41	23	1	0.82	16	52	1.57	11	
Asset quality ratio											
Gross NPLs (THB m)	853	823	922	8	12				930	27	
NPL ratios (%)	1.57	1.28	1.36						1.25		
LLR/NPLs (%)	306	317	296						293		
Credit cost (bp)	97	90	110						105		
Profitability ratio											
Cost to income ratio	58.0	57.5	57.0						58.5		
Average yield	18.04	17.71	17.70						17.8		
Cost of fund	2.90	2.43	2.46						2.7		
Net interest margin (NIM)	15.80	15.99	15.97						16.0		
Non-int inc/total income	19.31	19.26	17.39						18.5		
Loan growth											
y-y	17.3	22.3	25.0						23.0		
q-q	2.7	7.0	5.0								

Source: TIDLOR; FSSIA estimates

VGI PCL. (VGI TB) - 1QFY23 to remain in the red; Maintain HOLD TP THB4.70

1QFY23 to remain in the red

VGI admits that although there was a recovery in the mass transit ridership during Apr-May 2022, its transit media revenue is expected to fall slightly by 3% q-q. Fanslink revenue should also decline due to the low season. Office, digital, and other media revenue should post slight growth. Therefore, we expect VGI's revenue in 1QFY23 to be at THB1.1b (-0.8% q-q). Moreover, operational costs should be maintained as VGI started paying a higher revenue sharing amount on transit media from 10% to 15% in Jun-22. Lastly, we also expect the share of loss from its associates to be higher than the previous quarter's THB90m to THB105m, due to the expectation of a higher loss from Kerry Express (Thailand) (KEX TB, REDUCE, TP THB20). Hence, we expect VGI's loss in 1QFY23 to be at THB70m, lower than 4QFY22's THB106m core loss.

Unclear outlook ahead

Despite the average daily mass transit ridership on BTS sky trains improving by 26% q-q to 337k trips in Apr-Jun 2022, the revenue from transit media has not improved. We believe this was due to ad spenders needing to see a solid improvement in the number of eyeballs first. Moreover, ridership should start to recover at a decelerating rate from Jul-22 onward. Most people have started to resume out-of-home activities as normal since May-22. We also have a concern over VGI's retail business, Fanslink, which should face uncertainty on the economic slowdown and weak purchasing power in the following quarters.

Earnings estimate cut

With the two reasons we mentioned above, together with the earnings revisions on KEX and Jay Mart (JMART TB, BUY, TP THB66) – we have increased KEX's loss forecast and reduced JMART's net profit projection for this year – we cut our core profit estimate on VGI for FY23 to THB314m, down by 48% compared to THB601m previously.

Maintain HOLD with a new TP of THB4.70

The recovery momentum of VGI's revenue remains unclear, and with its currently high P/E trading level in FY23, we maintain our HOLD call with a new SoTP-based TP of THB4.70. The recovery signs need to manifest.

Exhibit 10: 1QFY23 results preview

	1QFY22	4QFY22	1QFY23E	----- Change -----		FY2023E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)
Transit media	349	448	436	(2.7)	24.9	1,924
Office and others	29	24	26	8.3	(10.3)	150
Digital media	218	202	211	4.5	(3.2)	1,215
Retail	0	476	468	(1.7)	n/a	2,220
Total revenue	596	1,150	1,141	(0.8)	91.4	5,509
Operating costs	(410)	(938)	(926)	(1.2)	125.7	(4,017)
Gross profit	186	212	215	1.3	15.8	1,492
SG&A expenses	(251)	(268)	(251)	(6.5)	0.1	(1,243)
EBIT	(65)	(56)	(36)	(35.8)	(44.7)	249
Depn & amort.	123	121	157	29.6	27.9	520
EBITDA	58	65	121	85.7	109.5	769
<i>EBITDA margin (%)</i>	<i>10</i>	<i>6</i>	<i>11</i>	<i>nm</i>	<i>nm</i>	<i>14</i>
Interest expense	(15)	(46)	(35)	(23.9)	139.1	(48)
Other income	24	42	32	(24.5)	31.7	252
Associates	38	(90)	(105)	16.7	(115.9)	(81)
Extra items	-	60	-	(100.0)	n/a	-
Pretax profit	(18)	(90)	(144)	60.6	31.7	372
Tax	7	(22)	29	(230.0)	312.7	(60)
<i>Tax rate (%)</i>	<i>(39)</i>	<i>25</i>	<i>(20)</i>	<i>nm</i>	<i>nm</i>	<i>(16)</i>
Minority interests	(21)	(66)	(45)	(31.9)	110.4	(1)
Net profit	10	(46)	(70)	53.6	(773.6)	314
Core net profit	10	(106)	(70)	(33.6)	(798.6)	314
EPS (THB)	0.00	(0.00)	(0.01)	53.6	(773.6)	0.03
Core EPS (THB)	0.00	(0.01)	(0.01)	(33.6)	(798.6)	0.03

Sources: VGI; FSSIA estimates

BANGKOK BANK (BBL TB) - Rate uptrend starts to benefit NIM; BUY TP THB170.00

Slightly positive view from analyst meeting

BBL hosted a post-2Q22 results analyst meeting on 4 August 2022. We read the overall tone as slightly positive due to its improved ability to command higher loan yields and the limited asset quality concern.

Better NIM, limited concern on asset quality

In 2Q22, BBL was able to command higher loan yields from its domestic and international clients – the corporate segment in particular – due to the rate uptrend and strong demand. BBL expects this trend to continue in 2H22. BBL conservatively maintains its 2022 NIM target at 2.1% vs our assumption of 2.08% (1H22 = 2.14%). Thus, we think this might provide an upside risk. Regarding the future rate hikes and increasing the FIDF fee to its normal rate, BBL believes that the banking sector will pass this through to their clients. The magnitude and pace of rising loan yields might differ for each bank. As for its exposure in China, BBL does not provide the exact numbers, but the bank still has limited concern over its China-related asset quality in the future. With regard to the asset quality of its total loan portfolio, the bank's concern is also limited. Loans under the forbearance program were relatively stable in the low teens of the total portfolio. BBL believes its current provision level is sufficient for future uncertainty. It maintains a 2022 expected credit loss level of cTHB26b. Note, BBL maintains its other 2022 financial targets (Exhibit 1).

BoT might increase rate to normal level of 2-3%

Mr. Kobsak Pootrakool, director and senior executive vice president of BBL, thinks that the Bank of Thailand (BoT) wants to increase the policy rate to the normal level. In the first phase, the Thai policy rate should reach 1.25% this year. Then, the BoT could gradually raise the rate to 2-3%. He thinks the Thai baht might slightly further weaken from the current level in the short term. At the end of the year when more tourists return to Thailand, the baht may appreciate.

Maintain as our top pick with our 2023 GGM-based TP of THB170

Among our covered banks, we think BBL should benefit the most from the interest rate uptrend. Also, amid the rise in the inflation rate, we have limited concerns about BBL's asset quality due to its portfolio with low concentration risk and a sufficient provision cushion. We, thus, reiterate BBL as one of our top picks and maintain our TP of THB170.

Exhibit 11: 2022 financial targets

	2021	----- 2022E -----	
	Actual	BBL	FSSIA
NIM (%)	2.1	Around 2.1	2.08
Loan growth (%)	9.3	4-6	4.0
Fee growth (%)	18.2	Flat growth	0.5
Cost to income ratio (%)	50.0	Low 50s	52.0
Provision (THB m)	34,134	26,000	26,401
Reported NPL ratio (%)	3.2	Less than 4	3.4

Sources: BBL; FSSIA estimates

Economic news

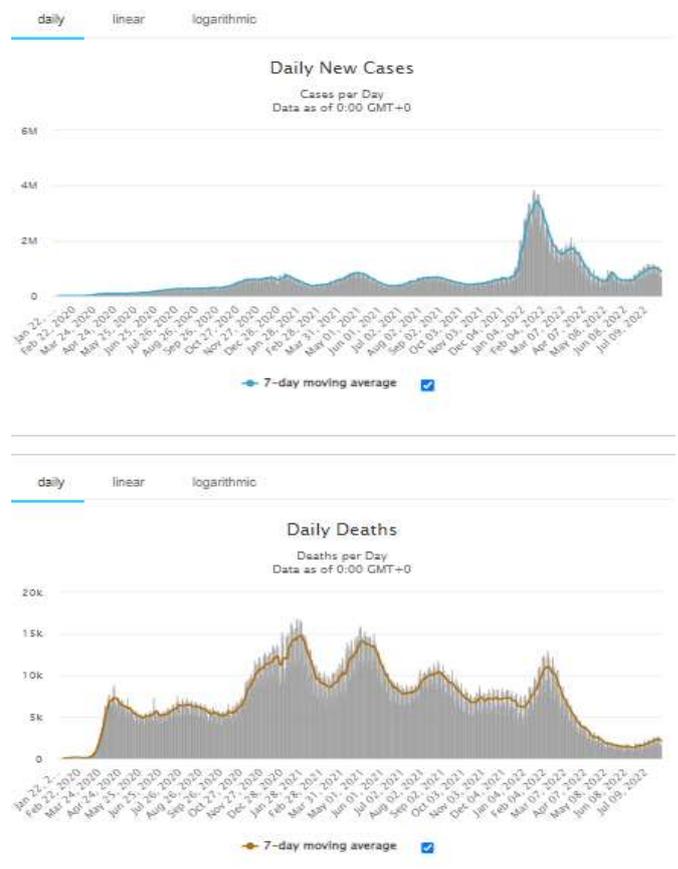
- COVID-19 cases as of 1 Aug globally reaches 585,887,502 with new 752,284 cases and 1,595 new deaths. There are 23,083,497 currently infected patients, with 43,738 (0.2%) cases in serious condition.

Exhibit 12: Top 25 countries by new cases

Country	Total Cases	New Cases	Total Deaths	New Deaths
World	585,887,502	752,284	6,429,389	1,595
1 Japan	13,344,898	231,597	32,976	157
2 S. Korea	20,160,154	107,849	25,144	34
3 Italy	21,213,559	42,959	172,729	161
4 USA	93,635,541	42,327	1,057,452	170
5 Australia	9,554,373	37,261	12,111	85
6 Brazil	33,964,494	37,166	679,536	200
7 France	33,993,930	33,799	152,457	87
8 Taiwan	4,675,128	22,959	9,082	56
9 Mexico	6,803,190	20,210	328,006	123
10 Russia	18,653,867	17,126	382,604	44
11 India	44,103,598	16,561	526,530	10
12 Georgia	1,698,020	11,802	16,869	10
13 Chile	4,274,613	11,697	59,698	65
14 Romania	3,098,268	8,617	66,117	26
15 Iran	7,426,030	7,415	142,290	81
16 Austria	4,770,516	6,706	19,165	14
17 Singapore	1,742,874	6,648	1,531	3
18 Indonesia	6,229,315	6,527	157,060	14
19 Serbia	2,148,615	6,467	16,319	6
20 New Zealand	1,642,334	6,342	2,321	47
21 Hong Kong	1,371,938	5,020	9,527	3
22 Bolivia	1,052,030	4,832	22,080	8
23 Poland	6,084,876	4,481	116,628	20
24 Philippines	3,790,309	4,441	60,773	11
25 Malaysia	4,697,213	4,413	36,003	8
31 Thailand	4,598,725	2,166	31,495	29

Source: worldometers.info

Exhibit 13: Global by new cases and deaths



Source: worldometers.info

- China's Taiwan war games threaten more global supply chain disruption** BANGKOK POST: BEIJING: Chinese military exercises around Taiwan are set to disrupt one of the world's busiest shipping zones, analysts told AFP, highlighting the island's critical position in already stretched global supply chains. The drills -- China's largest-ever around Taiwan -- are a major show of strength after US House Speaker Nancy Pelosi infuriated Beijing by visiting the island. The manoeuvres kicked off Thursday and will take place along some of the busiest shipping routes on the planet, used to supply vital semiconductors and electronic equipment produced in East Asian factory hubs to global markets. The routes are also a key artery for natural gas.
- Saudi Arabia raises oil prices for Asia to record levels** BANGKOK POST: Saudi Arabia raised oil prices for buyers in Asia to record levels, a sign the world's largest exporter sees the region's market remaining tight. Despite indications that slowing economies are starting to hit global demand for crude, state producer Saudi Aramco increased its Arab Light grade for next month's shipments to Asian refineries to US\$9.80 a barrel above the Middle Eastern benchmark. That is 50 cents than in August. Still, traders and refiners had expected a bigger jump of \$1.50, according to a Bloomberg survey in late July. That was before data emerged this week showing that Americans are driving less than they did in the summer of 2020, when pandemic travel curbs all but halted movement. Aramco also increased all US grades, with prices for the region going up by 50 cents a barrel. It was the first change Aramco has made for American customers since May.
- Asian central banks deploy FX reserves to fight currency bears** BANGKOK POST: Asia's emerging economies are drawing on large foreign exchange reserves to help prop up their currencies rather than going all-out with interest-rate hikes. Thailand, India and Korea have seen their reserves drop by a combined US\$115 billion this year as they sold dollars to curb currency declines. While most central banks in Asia are also raising rates, economists see this aimed more at tamping down inflation than narrowing the rate differential with the Federal Reserve. The hope in the region is that a relatively slow and shallow hiking cycle will be enough to keep a lid on price gains without sending economies into reverse. "Emerging-markets Asia central banks are arguably less willing to indulge in competitive hikes," said Vishnu Varathan, head of economics and strategy at Mizuho Bank Ltd in Singapore. "The build-up of FX reserves provides some scope for these central banks to exploit this as a means to backstop currencies and contain imported inflation."
- Inflation-fighting BoE poised to unleash big rate hike** BANGKOK POST: LONDON: The Bank of England is expected Thursday to follow other major central banks with an aggressive interest rate hike to tackle surging inflation. The BoE is

tipped to lift its main rate by 0.50 percentage points -- the biggest amount in more than a quarter of a century. British inflation jumped to a four-decade high of 9.4% in June, worsening a cost-of-living crisis as workers' wages fail to keep pace. With inflation spiking globally following Russia's invasion of Ukraine, the US Federal Reserve and the European Central Bank sprang large hikes last month of 0.75 and 0.50 percentage points respectively.

- **Wage rate wrangling rattles on** BANGKOK POST: The tripartite committee considering raising daily wages has yet to approve new rates proposed by provincial wage sub-committees due to dramatic differences in proposals submitted for consideration. The committee asked the provincial wage sub-committees to revise their proposals and promises and deliver the outcome to the Labour Ministry by September, according to a source. The meeting was held on Tuesday and chaired by Boonchob Suthamansong, permanent secretary of the Labour Ministry. A conclusion could not be reached because some provinces had proposed way too high rates, while others suggested low rates and others did not seek a wage increase, said the source.
- **Policy rate rise expected** BANGKOK POST: The meeting of the Bank of Thailand's Monetary Policy Committee (MPC) next week is expected to raise the policy rate by 0.50%, according to Pipat Luengnaruemitchai, chief economist of KKP Research under Kiatnakin Phatra Securities Public Co. The MPC is scheduled to hold its next policy meeting on Aug 10, when economists expect the rate to be hiked from the current record low of 0.50%, which has been left unchanged since May 2020. The rate hike is aimed at taming persistently high inflation. Mr Pipat said many central banks have raised policy rates at an aggressive level by 0.50-0.75% to wrestle control over high inflation and now raising the policy rates by a high level has become a common approach among many central banks.
- **Tourism ministry still aims for 10m arrivals** BANGKOK POST: Thai tourism earned 157 billion baht in the first seven months from 3.15 million international travellers, while the Tourism and Sports Ministry is maintaining the target of 10 million tourists despite Prime Minister Prayut Chan-o-cha's suggestion that the tally would be lower. Meanwhile, tourism operators have cast doubts on recovery as some countries have reimposed strict travel rules after seeing a record high in infections. Gen Prayut said on Tuesday that the number of foreign visitors is forecast to reach 6 million before more than tripling to 19 million in 2023. Tourism Minister Phiphat Ratchakitprakan said the ministry remains upbeat about the target of 10 million as monthly arrivals exceeded 1 million for the first time since the pandemic with 1.07 million tourists, growing 50.8% from June, mainly attributed to cancellation of the Thailand Pass.

Corporate news

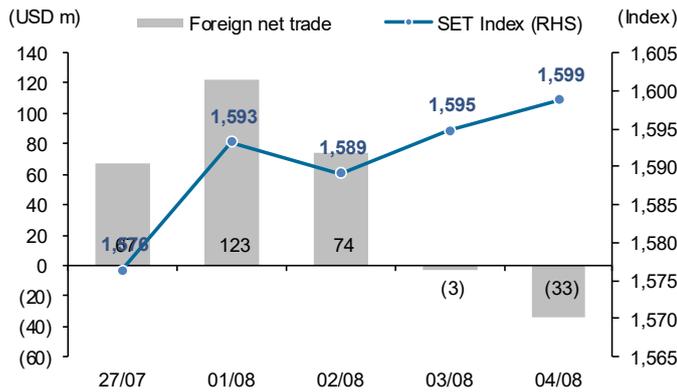
- **EV Startup VinFast Hits U.S. With Novel Pricing Strategy** BANGKOK POST: Vietnam's Vingroup JSC became a corporate juggernaut in its home country, operating everything from luxury resorts to hospitals, shopping malls and supermarkets. Now, it wants to break into the U.S. car market with a little-known electric-vehicle startup, called VinFast, that has a novel way of pricing its models. The young Vietnamese car manufacturer opened its first U.S. showrooms in July in California and is moving aggressively to expand its operations in the states, including a plan to spend \$2 billion to build a new EV factory in North Carolina. To fund its growth, VinFast has also filed paperwork with U.S. regulators for an initial public offering to be held later this year or next, making it the latest company to test investors' appetite for seemingly out-of-nowhere startups focused on the increasingly competitive EV market.
- **Zipmex allowing some altcoin withdrawals** BANGKOK POST: Asia crypto exchange Zipmex Pte plans to allow users to withdraw some tokens from their trading accounts. The exchange set a timeline for withdrawals of Solana's SOL, Ripple's XRP and Cardano's ADA, from Zipmex's Z Wallet. Larger coins including Bitcoin and Ether remain locked up, the company said in a statement. Zipmex, which operates in Thailand, Singapore, Indonesia and Australia, halted withdrawals in July, citing "volatile market conditions, and the resulting financial difficulties of our key business partners." Last week, Thailand's Securities & Exchange Commission (SEC) ordered Zipmex's Thai unit to lift a freeze on some digital coins. SOL tokens would be released on Tuesday, XRP on Thursday and ADA next Tuesday, Zipmex said. Withdrawals from Zipmex's yield-based program ZipUp+ remain suspended.
- **dwp pioneers green buildings** BANGKOK POST: Thailand is seeing a new trend in building designs that promise more energy saving and solutions to support the government's campaigns against global warming, says Bangkok-based architecture company dwp. Buildings which are eco-friendly and able to adapt to the impact of climate change are increasingly important as the world becomes more aware of environmental and energy issues. Kittiphot Boochangkool, group sustainability leader at dwp, said new buildings will have better airflow and ventilation for healthier and more comfortable living as well as more green areas that will connect residents with nature. His company is providing design services in countries such as Australia, the United Arab Emirates, China and Thailand, amid increasing awareness of the impact of global warming.
- **NYE & RGP, Siam Piwat pin hopes on Park Silom** BANGKOK POST: NYE & RGP Development has inked an agreement with Thailand's leading mall operator Siam Piwat to manage "Park Silom" -- a premium mixed-use project in the centre of Silom. Park Silom's retail space spans over five storeys of the total 39-storey mixed-use project. This property caters to office occupants' lifestyles and Thai and international tourists with high purchasing power. Park Silom aims to be a new landmark in Silom by introducing a new lifestyle that responds to multi-dimensional ways of living. Ornruei Na-Ranong, chief executive of NYE Estate Co, said NYE & RGP Development is a joint force between NYE Estate and Minor International Plc.
- **True, DTAC hit back at allegations by AIS** BANGKOK POST: True Corporation and Total Access Communication (DTAC) have hit back and denied allegations of disrespecting the regulators' authority levelled by the head of their main rival, Advanced Info Service (AIS). Earlier this week, Somchai Lertsutiwong, chief executive of AIS, insisted that the National

Broadcasting and Telecommunications Commission (NBTC) has the legal power to approve or reject the True-DTAC merger. True and DTAC yesterday clarified that mergers in the Thai telecommunications industry have been consistently and continuously carried out. They cited at least nine merger cases which the NBTC had considered according to the 2018 NBTC Notification by issuing resolutions to acknowledge the notification of those mergers.

- **Nok Air announces redress** BANGKOK POST: Nok Air has offered compensation to all 164 passengers of a flight that skidded off the runway after landing amid heavy rain at Chiang Rai airport on Saturday, saying it will put more stringent safety protocols in place in accordance with the Civil Aviation Authority of Thailand (CAAT). Nok Air chief executive Wutthiphum Jurangkool said 164 passengers aboard flight DD108 bound for Mae Fah Luang Chiang Rai International Airport on Saturday night and another 164 passengers who were booked to take flight DD109 from Chiang Rai to Bangkok on the same day would receive compensation due to the incident involving the airline's Boeing 737-800. He said those aboard DD108 would be compensated with an additional round-trip ticket to any destination in Thailand within one year, while the airfare the passengers paid for the flight involved in the incident could be kept as credit for their next trip. It can be used on another route without any additional fee or the passenger can request a cash refund for the full amount. For the passengers who were due to take flight DD109, the airline has offered 1,200 baht in compensation in addition to the privilege of keeping the airfare paid as credit. The passengers are also able to opt for another route without any additional fee or they can request a cash refund.
- **KBank unveils Vietnamese expansion plan, Lender aims to be a regional digital bank** BANGKOK POST: Kasikornbank (KBank) is pressing ahead with plans to become a regional digital bank, with an expansion drive in Vietnam. Aiming to invest more than 2.7 billion baht to fortify its service network within AEC+3 (Asean plus Japan, China, and South Korea), KBank has announced its commitment to broaden its presence in the Vietnamese market in order to serve customers across all segments with digital services. For the Vietnam market, the bank aims to lend 20 billion baht and have a retail customer base of 1.2 million by 2023. Kattiya Indaravijaya, KBank chief executive, said that bright prospects lie ahead for the Asean economy post-pandemic. Aside from a recovering economy, Asean is known for its large marketplace with a growing share of young people -- the main driver of its economic expansion.
- **Business sector preps Apec proposals** BANGKOK POST: Key business people are preparing to propose five-point recommendations, including the long-delayed Free Trade Area of the Asia-Pacific (FTAAP), which is part of regional economic recovery plans, to 21 leaders of the Asia-Pacific Economic Cooperation (Apec) when they meet in Bangkok later this year. The recommendations are based on a series of meetings of the Apec Business Advisory Council (Abac). The Asia Pacific needs to jointly cope with economic problems, brought about by the Covid-19 pandemic, the impact of geopolitical conflicts, rising inflation, global supply chain disruptions as well as climate change, said Kriengkrai Thiennukul, Abac chairman and chairman of the Federation of Thai Industries. "We need more urgent measures to boost the economy and the 21 Apec leaders will discuss them at the Apec summit," he said.
- **Ministry awards 26 firms for establishing ICPs** BANGKOK POST: The Commerce Ministry yesterday awarded certificates to the first 26 companies which have established internal compliance programmes (ICP) that meet criteria prescribed by the ministry to prevent trade activities pertaining to the proliferation of weapons of mass destruction (WMD). Pitak Udomwichaiwat, director-general of the Foreign Trade Department, said the ICPs benefit exporters by clearly outlining the data of users and end-users for the government if their products are subject to export checks. Without an ICP, if a company's products attract the suspicion of intelligence agencies, their exports may be halted or held back by governments.
- **Mama, Lay's unveil unprecedented tie-up, Collaboration to be solely strategic** BANGKOK POST: Mama, Thailand's leading instant noodle brand, is breaking with tradition by forging the first partnership in its 50-year history with Lay's potato chip snacks. The move is aimed at tapping into young consumers who want to explore diverse flavours and stimulating the public's appetites amid soaring costs of living. According to Petch Paniangvait, marketing director at Saha Pathanapibul, the marketer and distributor of Mama products, the company, in partnership with Pepsi-Cola (Thai) Trading Co, the marketer of Lay's potato chips, will roll out two new Mama OK flavours of Lay's potato chips called "Chili Crab-Miso Butter" next week. "This is the first time in Mama's 50-year history that we have collaborated with a partner, with the aim of exchanging each other's customer bases and extending Mama OK instant noodles to capture more of the mass market from the current target customers aged between 15 and 25 years old," said Mr Petch.
- **FPIT allots B4bn to expand warehouses, factories** BANGKOK POST: Industrial estate developer Frasers Property Industrial (Thailand) or FPIT will spend 4 billion baht to expand new warehouses, built-to-suit factories and city micro storage centres to capitalise on rising demand. Chief executive Sopon Racharaksa said its overall occupancy in the first quarter this year was 85%, higher than its target of 83% as the industrial segment outlook was bullish, driven by short-term leases and demand from customers in the automotive and electronic sectors. "Beyond our prediction, demand for short-term leases continued because of the Ukraine-Russia war, China's zero-Covid policy and the earlier peak of the pandemic in the country," he said. FPIT will spend 3 billion baht on developing warehouses with a total lettable area of 200,000 square metres which will be completed next year.
- **Thailand Post scales up delivery services strategy** BANGKOK POST: Thailand Post, a state enterprise that provides postal services, is scaling up efforts to optimise its delivery service efficiency in what is called a "parcel-defined logistics strategy" in a bid to level up its operating margins amid intense competition in the sector. The strategy is meant to ensure the most effective logistics process, ranging from packaging and space management to route optimisation and last-mile delivery. Retail business is expected to generate 15% of Thailand Post's revenue this year, up from 10% last year. The company is also exploring opportunities in connection with food delivery and the electric vehicle (EVs) business at present to drive growth.

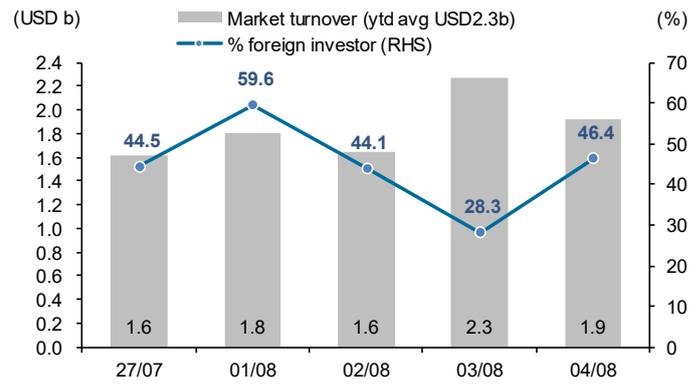
- **BGRIM, EDL-Gen ink development deal** BANGKOK POST: Thailand's leading energy conglomerate B.Grimm Power Plc (BGRIM) and EDL-Generation Public Co (EDL-Gen) of Laos have signed an agreement to collaborate on wide-ranging power-related ventures and meet Asean's clean energy demands. Harald Link, president of BGRIM, and Duangsy Pharanhok, chief executive of EDL-Gen, inked a memorandum of understanding (MoU) to jointly explore the feasibility of developing hydropower, wind power, solar energy, transmission systems and power trading in domestic and overseas markets. Vientiane-based EDL-Gen is part of state power enterprise Electricite du Laos (EDL), which was listed on the local Stock Exchange in 2017. The firm has total installed capacity of 1,949 megawatts with 1,683MW derived from 27 power plants in operation.
- **PTTEP to bid for new licences in the Gulf** BANGKOK POST: PTT Exploration and Production Plc (PTTEP) is preparing to join a new auction for petroleum exploration and production licences in the Gulf of Thailand, part of the government's efforts to increase the domestic gas supply. The licences, to be granted under the 24th round of auctions covering three offshore areas, does not include the Erawan and Bongkot gas blocks, currently operated by PTTEP. Orachon Ouiyamapun, PTTEP's senior vice-president for finance, said yesterday that the company has yet to conclude whether it will take part in the auction on its own or form a partnership with other firms before bidding for new petroleum development projects. The decision will be taken once PTTEP finishes a technical study of the projects, she said.
- **Most hotels still struggling despite full reopening** BANGKOK POST: Despite fully reopening in July, the employment rate in the hotel sector stands at just 71% of the pre-pandemic level with 68% of hotels hit by a labour shortage, according to the Thai Hotels Association (THA). Marisa Sukosol Nunbhakdi, THA president, said 67% of hotels had to keep their wage rates static as revenue in the past month had not significantly picked up, even though the number of foreign arrivals last month topped 1 million for the first time in more than two years. The Hotel Business Operator Sentiment Index, surveying 118 hotels in July, found that 67% of hotels had revenue at 50% or less of the pre-pandemic levels. The hotel segment that outperformed others in the industry, gaining revenue of more than 50%, were 4- and 5-star hotels at around 31%.

Exhibit 14: Foreign fund flow and SET Index



Source: Bloomberg

Exhibit 15: Foreign participation



Source: Bloomberg

Exhibit 16: Index performance

	SET Index		Index performance (% change)									
	Index	(%chg)	Energy	Bank	Comu	Commerce	Food	Property	Construct	Transport	Petrochem	
% of SET Index			22%	9%	9%	10%	6%	6%	4%	8%	3%	
Current	1,598.75	0.3	(0.8)	0.2	0.3	0.7	(0.2)	0.3	0.7	0.7	(1.1)	
-5D	1,553.18	2.9	1.2	0.0	3.1	1.0	2.2	2.5	(0.1)	2.8	1.1	
-1M	1,541.30	3.7	1.9	0.4	1.7	3.8	0.1	5.6	0.3	1.6	(0.8)	
-3M	1,643.30	(2.7)	(1.8)	(4.2)	(17.1)	(8.9)	(0.8)	(2.1)	(1.8)	2.7	(5.7)	
-6M	1,674.22	(4.5)	(4.0)	(15.8)	(9.4)	(5.4)	(2.5)	(2.5)	(6.9)	5.9	(14.1)	
-1Y	1,527.66	4.7	9.6	12.4	20.5	(0.1)	(6.0)	16.0	(12.6)	11.1	(6.2)	
WTD	1,576.41	1.4	0.6	(0.4)	2.2	0.5	0.7	1.7	(0.9)	1.6	0.8	
MTD	1,576.41	1.4	0.6	(0.4)	2.2	0.5	0.7	1.7	(0.9)	1.6	0.8	
QTD	1,568.33	1.9	1.7	(1.7)	1.2	1.3	(2.6)	2.7	(1.5)	0.3	(4.1)	
End of 2021	1,657.62	(3.6)	(1.3)	(12.5)	(8.9)	(5.5)	(3.2)	0.3	(6.8)	7.6	(10.5)	

Source: Bloomberg

Exhibit 17: Trade by investor types

	SET Index		Exchange rate (USD:THB)	SET Index		Equity trading / Net position				Bond Net foreign (USD m)
	Index	Change (y-y%)		Average daily turnover (THB m)	Average daily turnover (USD m)	Foreign (USD m)	Retail (USD m)	PropTrade (USD m)	Local Inst (USD m)	
2018	1,563.88	(10.8)	32.32	56,370	1,744	(8,913)	3,571	(478)	5,799	8,855
2019	1,579.84	1.0	31.06	52,468	1,689	(1,496)	(662)	477	1,681	(502)
2020	1,449.35	(8.3)	31.29	67,335	2,152	(8,287)	6,873	459	953	(1,005)
2021	1,657.62	14.4	32.00	88,443	2,764	(1,632)	3,630	435	(2,330)	6,550
2022YTD	1,598.75	(3.6)	34.16	77,100	2,257	3,659	(665)	75	(3,066)	3,350
1Q21	1,587.21	41.0	30.27	93,653	3,094	(987)	1,622	129	(765)	128
2Q21	1,587.79	18.6	31.35	94,016	2,999	(1,482)	1,973	85	(575)	2,442
3Q21	1,605.68	29.8	32.94	86,406	2,623	(8)	(179)	190	98	632
4Q21	1,657.62	14.4	33.37	79,917	2,395	845	212	33	(1,089)	3,348
1Q22	1,695.24	6.8	33.03	89,343	2,705	3,369	(904)	32	(2,495)	2,613
2Q22	1,568.33	(1.2)	34.38	70,765	2,058	72	128	11	(211)	663
3Q22	1,598.75	(0.4)	36.21	61,845	1,708	217	111	32	(359)	75
Jan-22	1,648.81	12.4	33.22	87,540	2,635	432	220	104	(757)	2,434
Feb-22	1,685.18	12.6	32.63	91,300	2,798	1,931	(864)	142	(1,207)	2,201
Mar-22	1,695.24	6.8	33.25	89,189	2,682	1,006	(260)	(214)	(532)	(2,023)
Apr-22	1,667.44	5.3	33.80	71,959	2,129	321	109	(40)	(390)	227
May-22	1,663.41	4.4	34.41	73,281	2,130	592	(771)	50	128	876
Jun-22	1,568.33	(1.2)	34.94	67,056	1,919	(841)	790	1	50	(440)
Jul-22	1,576.41	3.6	36.35	58,263	1,603	128	155	(12)	(271)	(96)
Aug-22	1,598.75	(2.4)	36.06	65,427	1,815	89	(44)	44	(89)	171
2022YTD	1,598.75	(3.6)	34.16	77,100	2,257	3,659	(665)	75	(3,066)	3,350
27/07/2022	1,576.41		36.68	59,390	1,619	67	(73)	(12)	17	(21)
01/08/2022	1,593.24		36.13	82,257	2,277	51	(62)	(5)	16	144
02/08/2022	1,589.16		36.23	59,464	1,642	74	(10)	5	(69)	13
03/08/2022	1,594.73		36.22	50,898	1,405	(3)	16	11	(24)	28
04/08/2022	1,598.75		35.89	69,088	1,925	(34)	12	33	(12)	(13)

Source: Bloomberg

Exhibit 18: Upcoming events

Date Time	Event		Survey	Actual	Prior	Revised
08/05/2022 10:30	CPI YoY	Jul	8.00%	--	7.66%	--
08/05/2022 10:30	CPI NSA MoM	Jul	0.00%	--	0.90%	--
08/05/2022 10:30	CPI Core YoY	Jul	2.63%	--	2.51%	--
08/05/2022 14:30	Forward Contracts	29-Jul	--	--	\$28.6b	--
08/05/2022 14:30	Foreign Reserves	29-Jul	--	--	\$218.0b	--
08/09/2022 10:30	Consumer Confidence Economic	Jul	--	--	35.7	--
08/09/2022 10:30	Consumer Confidence	Jul	--	--	41.6	--
08/10/2022 14:00	BoT Benchmark Interest Rate	10-Aug	0.75%	--	0.50%	--
08/15/2022 09:30	GDP SA QoQ	2Q	--	--	1.10%	--
08/15/2022 09:30	GDP YoY	2Q	2.00%	--	2.20%	--
08/18/2022 08/24	Car Sales	Jul	--	--	67952	--
08/23/2022 11:30	Bloomberg Aug. Thailand Economic Survey					
08/24/2022 10:30	Customs Exports YoY	Jul	--	--	11.90%	--
08/24/2022 10:30	Customs Imports YoY	Jul	--	--	24.50%	--
08/24/2022 10:30	Customs Trade Balance	Jul	--	--	-\$1529m	--
08/26/2022 08/30	Mfg Production Index ISIC NSA YoY	Jul	--	--	-0.08%	--
08/26/2022 08/30	Capacity Utilization ISIC	Jul	--	--	62.41	--
08/31/2022 14:00	BoP Current Account Balance	Jul	--	--	-\$1873m	--
08/31/2022 14:30	Exports YoY	Jul	--	--	11.10%	--
08/31/2022 14:30	Exports	Jul	--	--	\$26234m	--
08/31/2022 14:30	Imports YoY	Jul	--	--	24.30%	--
08/31/2022 14:30	Imports	Jul	--	--	\$24175m	--
08/31/2022 14:30	Trade Balance	Jul	--	--	\$2059m	--
08/31/2022 14:30	BoP Overall Balance	Jul	--	--	-\$3308m	--
09/01/2022 07:30	S&P Global Thailand PMI Mfg	Aug	--	--	52.4	--
09/01/2022 14:30	Business Sentiment Index	Aug	--	--	49.4	--

Source: Bloomberg

Exhibit 19: Management trading

Company	Management	Securities	Transaction	Shares	Price (THB)	Action	Value (THBm)
Kiatnakin Phatra Bank (KKP)	Banyong Pongpanich	Common Shares	3/8/2022	419,100	65.00	Buy	27.24
JMT Network Services (JMT)	Rerngchai Ingkapakorn	Warrant	4/8/2022	312	14.30	Sell	0.00
TPC Power Holding (TPCH)	Pol Kongsue	Common Shares	2/8/2022	10,000	7.70	Buy	0.08

Source: SEC

Exhibit 20: Upcoming XM

Symbol	X-Date	Meeting Date	Type of Meeting	Agenda	Venue
GLOCON	8/8/2022	9/8/2022	EGM	Paid up capital reduction	E-EGM
BAY	8/9/2022	9/1/2022	EGM	Acquisition and disposition of assets, Changing the director(s)	E-EGM
STHAI	8/11/2022	9/9/2022	EGM	To Consider and approve the amendment of the Memorandum of Association Clause 3. (Objectives) by increasing the Company's objectives to operate and sell steam	E-EGM
STARK	8/29/2022	9/23/2022	EGM	Capital increase, Acquisition and disposition of assets	E-EGM

Source: SET

Exhibit 21: Upcoming XR

Symbol	X-Date	Rights for	Unit	Subscription Ratio (Holding:New)	Allotted Shares (Shares)
BR	8/18/2022	Warrants	Baht	2 : 1	456,723,279
JP	8/23/2022	Warrants	Baht	2 : 1	227,500,000
MBAX	8/24/2022	Warrants	Baht	3 : 1	63,965,047
SABUY	9/1/2022	Warrants	Baht	5 : 2	616,428,376

Source: SET

Exhibit 22: Upcoming XD

Symbol	X-Date	Dividend (per Share)	Adjusted DPS	Unit	Operation Period	Source of Dividend	Payment Date
PTL	8/5/2022	0.34	0.34	Baht	01/04/2021 - 31/03/2022	Both	8/25/2022
SCGP	8/8/2022	0.25	0.25	Baht	01/01/2022 - 30/06/2022	NP	8/24/2022
BMSCITH	8/8/2022	0.3	0.3	Baht	-	RE	8/24/2022
SCC	8/10/2022	6	6	Baht	01/01/2022 - 30/06/2022	NP	8/26/2022
RAM	8/10/2022	0.25	0.25	Baht	-	RE	8/26/2022
1DIV	8/11/2022	0.2	0.2	Baht	-	RE	8/30/2022
INETREIT	8/15/2022	0.228	0.228	Baht	01/04/2022 - 30/06/2022	NP	8/29/2022
PTTEP	8/15/2022	4.25	4.25	Baht	01/01/2022 - 30/06/2022	Both	8/26/2022
FTREIT	8/16/2022	0.175	0.175	Baht	01/04/2022 - 30/06/2022	NP	9/1/2022
TFM	8/16/2022	0.05	0.05	Baht	01/01/2022 - 30/06/2022	NP	8/31/2022

Source: SET

Exhibit 23: New securities

Derivative Warrants	Trade Date	Underlying	Issuer	DW Type	Market	Maturity Date	Exercise Price (Baht)
AOT13P2212A	5/8/2022	AOT	KGI	Put	SET	9/12/2022	57
BABA28C2212D	5/8/2022	BABA	MACQ	Call	SET	5/1/2023	140
BBL13P2212A	5/8/2022	BBL	KGI	Put	SET	9/12/2022	100
BEC06C2212A	5/8/2022	BEC	KKPS	Call	SET	17/12/2022	16.4
CKP19C2212A	5/8/2022	CKP	YUANTA	Call	SET	9/12/2022	6.56
DJI28P2212B	5/8/2022	DJI	MACQ	Put	SET	22/12/2022	26,500.00
DTAC06C2212A	5/8/2022	DTAC	KKPS	Call	SET	10/12/2022	60
GULF13P2212A	5/8/2022	GULF	KGI	Put	SET	9/12/2022	34.75
HAIERS28C2301A	5/8/2022	HAIERS	MACQ	Call	SET	3/2/2023	28.5
HANA06C2212A	5/8/2022	HANA	KKPS	Call	SET	10/12/2022	60
HSI28C2210C	5/8/2022	HSI	MACQ	Call	SET	3/11/2022	22,200.00
HSI28P2210C	5/8/2022	HSI	MACQ	Put	SET	3/11/2022	19,800.00
HSI28P2210D	5/8/2022	HSI	MACQ	Put	SET	3/11/2022	16,200.00
IVL24C2301A	5/8/2022	IVL	FSS	Call	SET	12/1/2023	58
JMT06P2212A	5/8/2022	JMT	KKPS	Put	SET	17/12/2022	57
KCE06P2212A	5/8/2022	KCE	KKPS	Put	SET	17/12/2022	47
KCE19P2212A	5/8/2022	KCE	YUANTA	Put	SET	9/12/2022	45.85
SET5028C2210A	5/8/2022	SET50	MACQ	Call	SET	3/11/2022	1,045.00
SET5028P2210A	5/8/2022	SET50	MACQ	Put	SET	3/11/2022	870
SPRC13P2212A	5/8/2022	SPRC	KGI	Put	SET	9/12/2022	7.7
SPRC24C2212A	5/8/2022	SPRC	FSS	Call	SET	9/12/2022	14.8
SPRC28C2302A	5/8/2022	SPRC	MACQ	Call	SET	7/2/2023	11.7
TASCO13C2212A	5/8/2022	TASCO	KGI	Call	SET	15/12/2022	21.5
TIDLOR24C2212A	5/8/2022	TIDLOR	FSS	Call	SET	9/12/2022	36.75
TRUE06C2212A	5/8/2022	TRUE	KKPS	Call	SET	10/12/2022	5.8
TRUE28C2302A	5/8/2022	TRUE	MACQ	Call	SET	7/2/2023	4.74

Source: SET