MARKET STRATEGY

2Q 2020 UPDATE

BOUNCE

OR BOTTOM OUT?

SCBS

SCBS strategy

SET index	Close: 23/4/2020	1,272.53	+10.72 / +0.85%	Bt69,266mn
SET50 index	Close: 23/4/2020	854.09	+5.28 / +0.62%	Bt43,692mn

Bounce or bottom?

Analysts

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The market has rallied strongly as overall risks decline. We believe the market bottomed in March and expect the rally to continue, backed by improving risk appetite and optimism on economic reopening. At the same time, a strong rally backed by hopes of a fast recovery means more room for disappointment. We see 3Q20 as far too soon to expect the SET to return to pre COVID-19 levels. We are also in a low-rate and low-growth environment. We continue to stay put with defensive and high-quality stocks. Our top picks remain BDMS, BEM, BTS, CPF, and MINT. Tactical picks in a new bull market are HANA, IVL, KCE, SCC, SPRC and TOP.

Market has bottomed. The SET has rallied 13% thus far in April and 24% from trough after dropping 33% from a mid-Jan high as the market reacts to receding tail risks associated with COVID-19. Liquidity and credit risk have already subsided, while central banks stand ready to stimulate economies, leading investors to increase holdings in all asset classes. Overall risks are declining: we believe the worst is behind us. Recovery in risk appetite suggests an extended rally.

Downgrades and downside partially priced in. The largest economic impact from COVID-19 will be in 2Q20 but the depth remains uncertain. Thailand is facing the highest downgrade YTD at 26%, centered in the tourism, transportation, energy and petrochemical sectors. In the earnings and recommendation downgrades, the ratio of downgrades to upgrades is at a decade-low, suggesting the bearishness of consensus has been at least partly priced in.

Focusing on recovery and reopening the economy. The recovery from COVID-19 shock will be more rapid given the absence of other tail risks of credit default, FX volatility and financial stress. We are shifting our focus to the path of recovery and reopening of economies. The market expects a V-shaped recovery with GDP growth back to pre-outbreak level in 4Q20. Still, GDP typically takes 5-7 quarters to return to normal. In addition, full recovery of EBITDA takes more than three quarters. If Thailand and major countries do not experience a second wave of infections after reopening their economy, the SET is unlikely to sink to new lows.

Are we entering a new bull market? Share prices suggest that we prepare for a new bull market following the bear market lows. A successful economic reopening and positive developments in creating antiviral drugs and a vaccine would signal a new bull market. Higher gains from bottom over 3-6 months are frequently seen in previous events with average gains of 40-50%. We expect petrochemicals, refinery and electronics to outperform in an early bull market. We like TOP, SPRC, IVL, SCC, HANA, and KCE.

Hope is not a part of risk management. The rally appears too much too fast, opening the door for greater disappointment if the re-opening of the economy is put off by a second wave of infection. In our view, 2Q-3Q20 would be far too soon for the SET to get back to pre COVID-19 levels since earnings in 2021 are expected to be below 2019's. Also, many sectors already faced challenges to growth even before COVID-19: our big picture shows us in a low-rate, low-growth environment

Cautiously optimistic; stay with defensive and high-quality stocks. Our 2021 SET target is 1,400-1,450, implying 10-15% growth, with a good entry point at below 1,200 for a higher margin of safety. Although we have more positive view on the SET, we are cautious on long-term growth outlook and the speed of recovery in the short-term remains uncertain. In this environment, we tilt to more defensive investing in stocks with strong fundamental value. We reaffirm our top picks of BDMS, BEM, BTS, CPF, and MINT. Although share prices have recovered, we believe their share prices still have another leg of recovery as normal operations are likely to resume soon. We have a cautious view on oil related stocks and concerns on the banking sector, which faces high earnings risk ahead.

Bottomed out; the worst is behind us

After falling 36% from the start of COVID-19 (Jan 17) to the low (Mar 23) the SET has rallied 24%, implying a 39% recovery rate to pre COVID-19 level. A flattening infection rate curve in Thailand and slowing trajectory of the COVID-19 outbreak in the US and Europe may be one factor behind the improved market, as investor react to receding tail risks associated with COVID-19. Put in a historical context, the SET fell 31% in 1Q20, the worst first quarter ever and the worst quarter since 2Q98 (-41%). The speed of the drop was steeper than the first quarter of decline in the 2008 global financial crisis and the 1997 Asian financial crisis. In contrast, strong rallies are common in bear markets. The SET's current rally is faster than the top 90th percentile of historical rallies after events. In following quarters, historical statistics clearly show a market recovery within 1-2 quarters after a large decline. Thus, we believe the SET has bottomed in the presence of stabilizing infection curves, visibility of soft reopening of economic activities, large stimulus, mitigation of liquidity stress and money inflow into all asset classes.

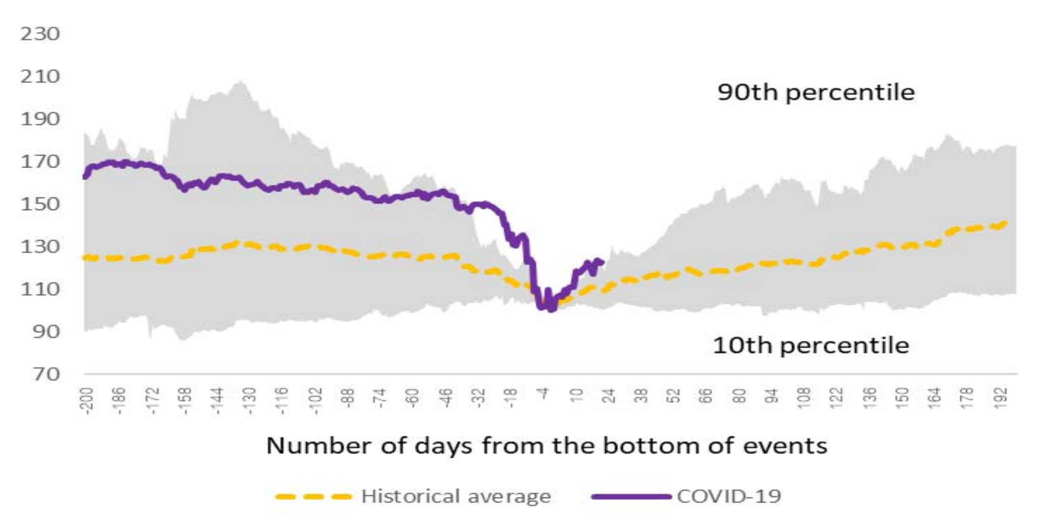
Figure 1: Market recovers within 1-2 quarters after a large decline

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1Q	41	16	-3	-26	-11	1	-15	23	-1	-17	8	23	2	-16	2
2Q	-11	-9	1	3	15	-3	-25	-42	48	-19	10	4	27	0	-1
3Q	-12	13	11	17	-7	-12	3	-5	-25	-15	-14	-15	25	0	7
4Q	6	5	73	-8	-1	-24	-32	40	24	-3	10	7	33	4	-1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1Q	3	-1	-5	-4	7	1	17	12	6	1	9	2	1	5	-29
2Q	-8	15	-6	38	1	-1	-2	-7	8	0	3	0	-10	6	12
3Q	1	9	-22	20	22	-12	11	-5	7	-10	3	6	10	-5	
4Q	-1	1	-25	2	6	12	7	-6	-6	-5	4	5	-11	-4	

Source: Stock Exchange of Thailand, SCBS Investment Research

Figure 2: SET Index performance before and after market trough since 1987



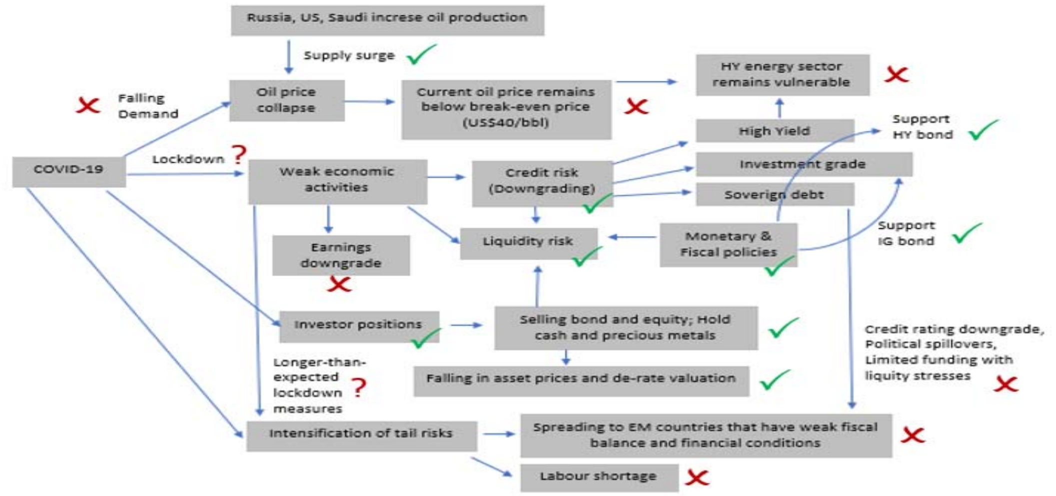
Source: Stock Exchange of Thailand, SCBS Investment Research

Figure 3: Strong recovery after a deep correction

	From peak	Bottom	+1M	+3M	+6M
US Black Monday	-48%	11-Dec-87	26%	58%	82%
Early 1990s recession	-49%	16-Jan-91	33%	52%	16%
Asian Financial Crisis	-70%	3-Sep-98	21%	63%	65%
US Tech bubble	-21%	7-Nov-01	15%	31%	41%
Global growth slowdown & SARS	-24%	14-Oct-02	8%	15%	18%
Hard-landing fears	-23%	17-May-04	7%	4%	11%
Mid-cycle slowing	-18%	14-Jun-06	2%	9%	14%
Thailand capital control	-17%	9-Jan-07	13%	12%	37%
Pre-crisis unwinding	-15%	16-Aug-07	7%	13%	10%
Global Financial Crisis	-56%	24-Nov-08	14%	12%	41%
US growth & EU debt crisis	-25%	4-Oct-11	12%	21%	40%
QE tapering / China liquidity	-22%	28-Aug-13	11%	7%	3%
China/Global growth concerns	-14%	7-Jan-16	7%	11%	19%
US rate hike / Trade war	-12%	27-Dec-18	5%	5%	12%
Average			**13%**	**22%**	**29%**
Average (>25% from peak)			**21%**	**41%**	**49%**
Average (Crisis & Recession)			**19%**	**36%**	**41%**
COVID-19	**-36%**	**23-Mar-20**	**23%**		

Source: SCBS Investment Research

Figure 4: Inside the investor's mind during COVID-19

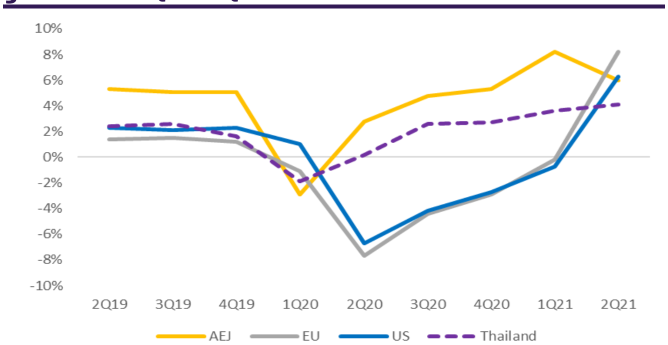


Source: SCBS Investment Research

V, U or L shaped recovery?

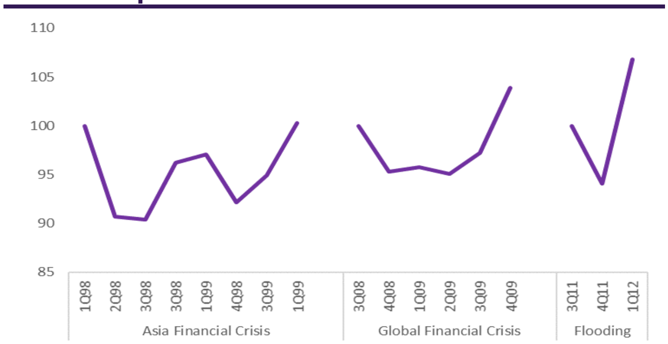
The reopening of some components of the economy of Thailand and many other countries economic activities, at least in manufacturing sectors, will likely be higher in May than in April. According to the Fund Manager Survey, 52% of fund managers believe the economic recovery from COVID-19 will be U-shaped and just 15% expect a V-shaped recovery, reflecting greater macro pessimism. Meanwhile, the market expects a V-shaped recovery with GDP growth back to normal or pre COVID-19 level by 4Q20. The depth of the downturn now has greater visibility provided by record-low incoming economic data, but the visibility of the slope of the recovery is low and this could limit Thailand's equity market upside. Based on our analysis, we expect a V-shaped recovery for land and rail transportation, manufacturers and department stores with a U-shaped recovery for airlines, airport, hotels – i.e. tourism-related businesses - because it requires a high confidence level to travel. Moreover, consumer psychology suggests medium-term headwinds for some industries such as residential development and automotive, both of which require large investment amid lower purchasing power.

Figure 5: Market expects GDP to resume normal growth in 4Q20-1Q20



Source: Bloomberg, SCBS Investment Research

Figure 6: GDP growth took more than five quarters to resume pre-crisis levels

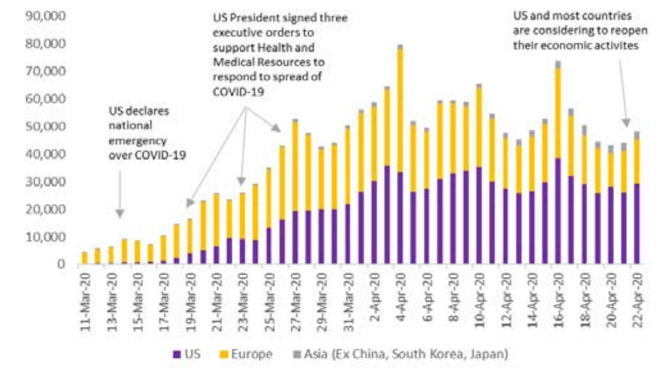


Source: Bloomberg, SCBS Investment Research

Overall risks are declining

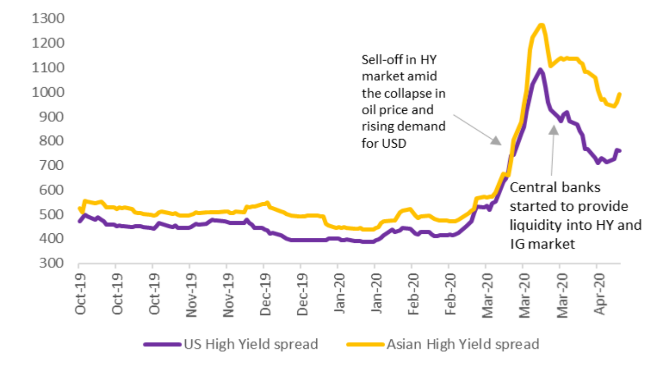
Markets have exhibited strains across a range of assets from sovereign bonds to stocks, corporate credit, commodities and foreign exchange from mid-March to mid-April on great uncertainty about how long and how deep the disruption of business activity would end up. However, the outbreak is moving and developing quickly. Although new cases and daily death rates remain high and Asia is seen rising cases, we see signs of stabilization in the number of new patients per day in the US, Europe and Thailand. In addition, central banks are ready to act to limit downside risks. The most recent Thai economic stimulus package is worth Bt1.9tn overall as it also includes Bt900b of measures by the Bank of Thailand. The market expects a rapid recovery after the economy is reopened. Thus, overall risks - liquidity risk, credit risk, high FX volatility, yield spike - are declining, which is good for risk assets. But other risks are adding to the list of our concerns and are likely to exacerbate a sell-off; these include high oil price volatility, a second wave of infection in Thailand and Asia, weak earnings outlooks and a slower-than-expected recovery in 2H20.

Figure 7: New COVID-19 cases stabilized but we cannot be complacent



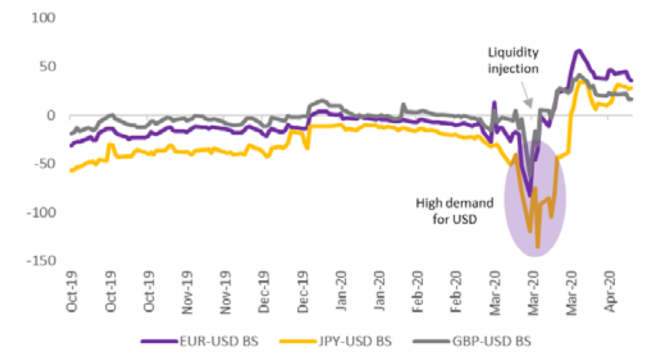
Source: SCBS Investment Research

Figure 8: High-yield credit spread is falling, but still high



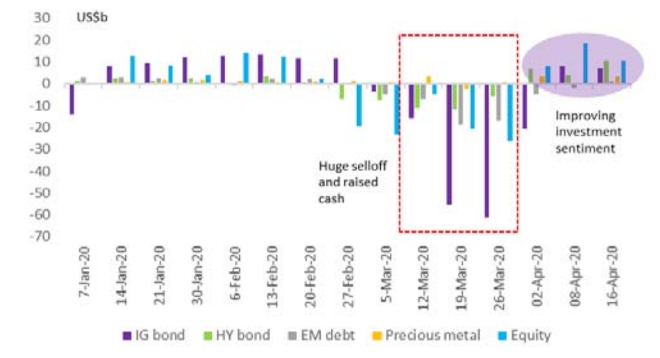
Source: Bloomberg, SCBS Investment Research

Figure 9: 3-month cross-currency basis swaps indicates easing dollar funding strain



Source: CEIC, Reuter, SCBS Investment Research

Figure 10: Improving investment sentiment is bringing money into all asset classes



Source: EPFR, SCBS Investment Research

Rising risk appetite after a huge selloff

The COVID-19 outbreak has had a huge and growing impact on the global economy and has affected the short-term business outlook. The significant rise in uncertainty can lead to the build-up of tail risks in the economy such as liquidity and credit risks could lead investors to try to sell everything and raise cash in order to reduce the unpredictable risks from the COVID-19 outbreak. This caused a spike in high-yield credit spread and higher cross-currency-basis swap for US dollars. However, central banks are following their recession playbook in order to reduce systematic risks. Major central banks, and with them the Bank of Thailand, are stepping up easing via slashing interest rates and launching bond buying programs as well as a massive scale of fiscal stimulus at nearly 7% of GDP. This has led to an obvious slowdown in bond liquidation. Right now, most investors are being forced to hedge against a bounce in 2H20 and this is improving short-term sentiment for risky assets. Global and Thai equity markets are benefiting from the increased risk appetite that has brought a recent money inflow into both equity and bond markets. Sectors that are most sensitive to COVID-19 have likely moved past their extremes, including volatility. According to our calculation, the SET has come up from bottom around 40% from pre COVID-19 levels, which is slightly faster than the average of regional and global peers. In addition, the recent recovery is driven by ICT, industrials, consumer staples, consumer discretionary and utilities, offsetting the laggards such as energy and financials. Technology and healthcare have underperformed relative to peers.

Figure 11: Stock market is recovering from bottom, still far from normal

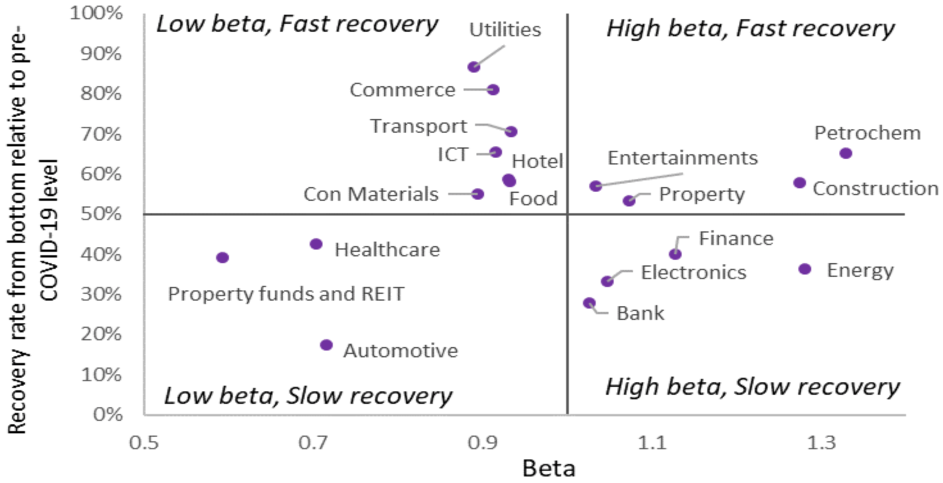
Source: Stock Exchange of Thailand, SCBS Investment Research

Figure 12: Defensive sectors are winners in this recovery; energy and financials lag

	US	EU	Thailand	China	Global	Asia
IT	52.9%	45.8%	35.8%	33.6%	52.4%	46.0%
Healthcare	81.1%	72.1%	44.3%	175.2%	79.2%	88.7%
Financials	28.8%	-1.7%	24.1%	34.7%	14.1%	26.6%
ICT	43.5%	14.5%	62.9%	29.9%	43.0%	71.9%
Cons Disc	57.5%	44.3%	76.6%	37.0%	48.9%	47.2%
Industrials	33.8%	28.7%	63.7%	76.3%	32.5%	32.3%
Cons Staples	62.6%	40.4%	65.3%	189.4%	57.9%	70.3%
Energy	32.6%	26.9%	34.3%	4.4%	30.7%	42.3%
Utilities	56.5%	20.0%	82.1%	36.8%	46.9%	65.1%
Real Estate	49.7%	18.6%	49.6%	62.3%	39.6%	38.9%
Materials	47.3%	29.6%	53.7%	46.3%	46.1%	39.4%
REIT	50.5%	12.1%	33.2%		41.0%	

Source: SCBS Investment Research

Figure 13: Strong recovery of the market is driven by utilities, commerce, ICT and transportation



Source: Bloomberg, SCBS Investment Research

Economic stimulus cannot cure COVID-19 but can support the economy

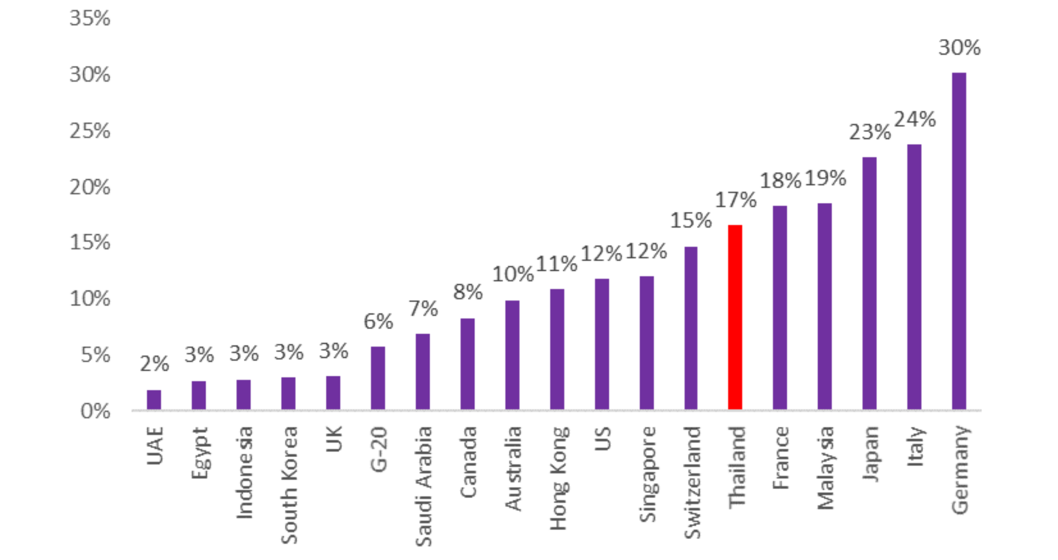
The government launched the three stimulus packages worth Bt2.4tn (US$75bn): Bt400bn in phase 1, Bt120bn in phase 2 and Bt1.9tn in phase 3. This is the largest economic stimulus ever done in Thailand and accounts for nearly 17% of GDP, higher than global average of 7% of GDP, as the government works to try and mitigate the impact of the COVID-19 outbreak on the populace. The Bank of Thailand also reacted aggressively with additional measures to assist SMEs, offering a 6-month loan payment holiday, Bt500bn in soft loans, a 23 bps reduction in the Financial Institutions Development Fund fee, and Bt1tn to stabilize the corporate bond market. We believe these measures, along with further easing in monetary policy, are sufficient to support the economy. We think the government has more room to stimulate by using tax measures, if necessary.

Figure 14: Thailand unveils Bt1.9tn stimulus package to ease COVID-19 impact

Government	Bank of Thailand
Bt150bn in soft loans at a 2% interest rate	Cheap funds for banks to extend Bt500bn in loans at 2% interest rate to SMEs
Bt30bn in loans from the security fund at a rate of 3%	A six-month debt moratorium on principal and interest for loans of less than Bt100mn
Relaxing debt repayments and lower rate	Setting up a Bt400bn corporate bond liquidity stabilization fund to provide a backstop for the bond market
Withholding taxes for business will be reduced to 1.5% from 3%	Cutting the FIDF contribution to 0.23% of deposits from 0.46%
Offering 1.5 times tax reduction on interest rates	Cut policy rate by 50bps
Offering 3 times tax reduction on wage expenses	
Reduce financial contributions into Social Security Fund to 4% from 5%	
Higher tax benefits for SSF	
Support for utilities costs	
Bt5,000 monthly handouts to 9mn people affected by outbreak for 6 months	
Increase tax reduction on healthcare insurance to Bt25,000 from Bt10,000	
Extension of deadline for filing taxes for 4 months	
Customs and import duty exemptions	
Bt10,000 emergency loan at 0.1% per person (total Bt40bn)	

Source: Various press, SCBS Investment Research

Figure 15: Government economic stimulus measures account more than 10% of GDP

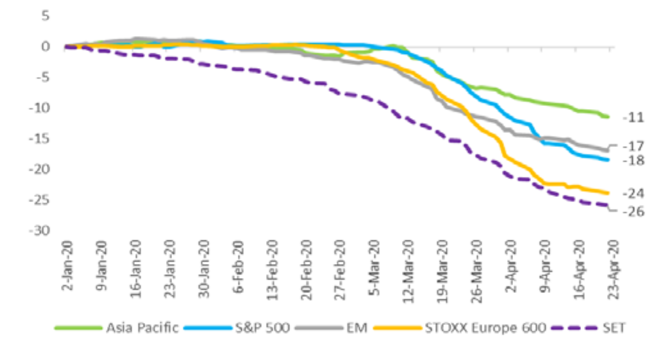


Source: SCBS Investment Research

Downgrades and downside risk are partially priced in

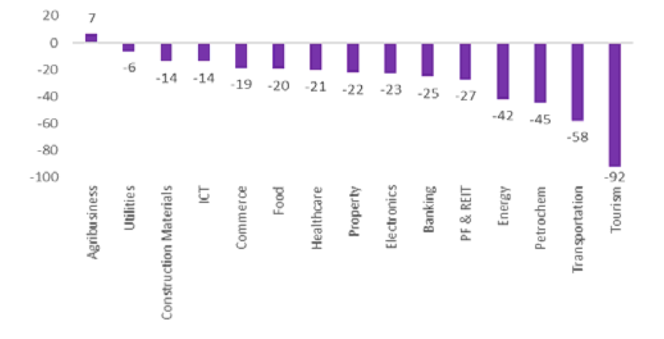
The rapidity of the COVID-19 outbreak has changed our macroeconomic and earnings growth outlook. Our latest updated 2020 SET EPS has fallen by 22% YoY, mostly from a 16% negative sales growth. Our EPS is well below consensus of 17% in 2020. YTD revisions to 2020/2021 EPS are 26% and 18% for SET EPS, the largest downgrade relative to regional peers at 13% for 2020 and 8% for 2021. We forecast 2021 EPS growth at 25% off a low base in 2020, which is aligned with regional peers' EPS growth of 30%, expecting half of the cumulative earnings cut for 2020 to be recovered. However, the level of SET forward earnings may not return to its 2018 level until 2022. Based on data, the earnings revision ratio, which shows the trend in earnings expectations, fell from 0.8 in January to 0.1 in April as analysts revised down EPS estimates at a faster rate due to the unforeseen impact from COVID-19. The ratio deteriorated in most cyclical stocks. In addition, the analyst recommendations revision index has fallen to its lowest level since Dec 2013 at 0.46. These indicate that downside and downgrades are at least partially priced in. Consensus holds a cautious view on EPS growth and sees risk/reward as unfavorable because of the COVID-19 outbreak. Another round of downgrades caused by a second wave of rising infection rates would have a large impact on stock prices as we believe the weak earnings in 1H20 are only partially priced in.

Figure 16: Largest earnings downgrades among peers YTD



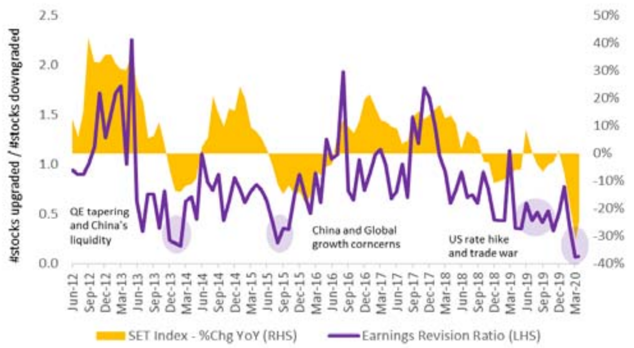
Source: Bloomberg, SCBS Investment Research

Figure 17: Tourism, transportation, energy and petrochemical hurt by the COVID-19 outbreak



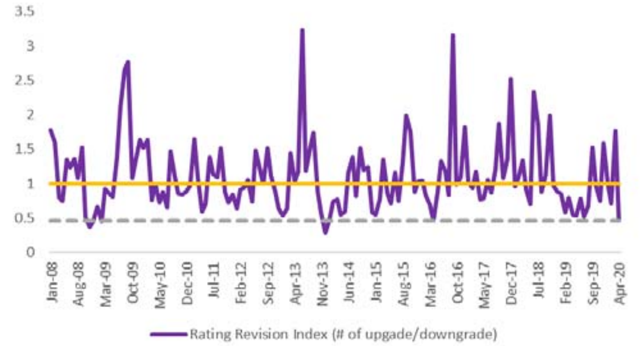
Source: Bloomberg, SCBS Investment Research

Figure 18: Analysts are revising EPS down at a faster pace



Source: Bloomberg, SCBS Investment Research

Figure 19: Analyst recommendations revision index has fallen to the 2008 global financial crisis level



Source: Bloomberg, SCBS Investment Research

Figure 20: SCBS expects net profit to drop 21% YoY in 2020

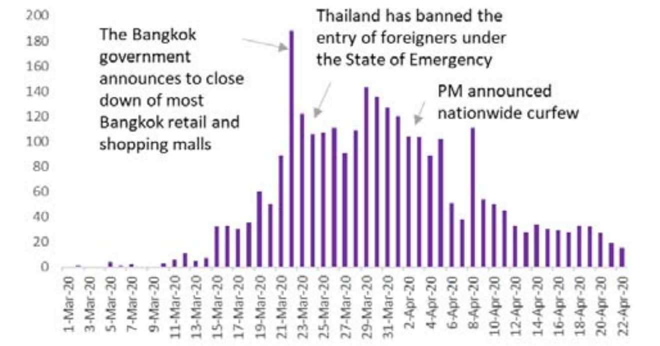
	Net Profit (Btmn)			Growth (%)		
	2019A	**2020F**	**2021F**	**2019A**	**2020F**	**2021F**
Agribusiness	1,195	1,061	1,149	15.2	(11.2)	8.3
Automotive	2,415	2,053	2,876	(46.9)	(15.0)	40.1
Banking	211,515	160,440	186,556	4.3	(24.1)	16.3
Commerce	44,136	45,147	49,235	7.3	2.3	9.1
Construction Materials	37,514	39,687	43,094	(24.4)	5.8	8.6
Energy & Utilities	152,854	117,714	170,426	(19.4)	(23.0)	44.8
Finance & Securities	24,595	21,017	27,141	16.3	(14.5)	29.1
Food & Beverage	32,970	26,873	30,122	41.5	(18.5)	12.1
Health Care Services	21,498	16,054	18,935	40.3	(25.3)	17.9
Information & Communication Technology	55,414	50,854	47,063	26.4	(8.2)	(7.5)
Insurance	4,705	4,798	5,387	11.7	2.0	12.3
Paper & Printing Materials	863	861	888	11.1	(0.2)	3.0
Petrochemicals & Chemicals	17,028	11,342	28,537	(74.0)	(33.4)	151.6
Property Development	38,441	26,453	28,512	(0.4)	(31.2)	7.8
Tourism & Leisure	2,190	779	1,638	(19.3)	(64.4)	110.3
Transportation & Logistics	25,620	9,432	26,948	17.5	(63.2)	185.7
SCBS Coverage	**672,953**	**534,565**	**668,506**	**(7.3)**	**(20.6)**	**25.1**

Source: SCBS Investment Research

Focusing on recovery and reopening economic activities

Although we think reopening economic activities would be good for the equity market and overall investment sentiment, market reaction to this opening play is confusing with trading like everything is returning to normal in a matter of weeks. This indicates that the huge economic impact and growth contraction are having no net impact on stock prices this year. We fell the timetable is too aggressive and there remains significant issues and drawbacks in the plans, such as testing, scanning and preventive measures in essential places. Without continuous imposition of restrictive measures and fully educated communities for individual protection, we could see a second wave of spread, as is already being seen in Singapore and Japan. If Thailand and major countries do not experience a second wave of infections after the economy reopens, the SET is unlikely to make new lows. Our previous near-term downside target of 950 is now less likely. It does not matter how steeply the economy will be hurt by COVID-19 in 1Q-2Q20 as it is seen as a short-term hiccup; we believe the market is shifting focus to the path to recovery starting in 3Q20. Based on Bloomberg consensus, Thailand's GDP could resume normal growth at 2-3% YoY in 4Q20.

Figure 21: New COVID-19 cases fall below critical level



Source: Ministry of Public Health, SCBS Investment Research

Figure 22: EBITDA normally takes more than three quarters to get back to normal

Source: SCBS Investment Research

Hope is not a risk management component

The higher the climb in the SET over the past three weeks (11%), the more room there is for disappointment if the reopening of the economy does not materialize and a second wave of infection takes place. Given the continued high level of uncertainty, the build-up in optimism over antiviral drugs and vaccines and the reopening of the economy has set a high bar if the drugs or vaccines fail or the economy is not reopened. There is a significant risk of a second wave of COVID-19 spread if policies or distancing are eased prematurely and indiscriminately. If market expectations of recovery are too high, efficient risk management is required as all factors are liable to disappoint once there is a clearer picture of the economic damage.

Please remember that growth outlook was not bright before COVID-19

The improvement in sentiment as the infection rate appears to stabilize is well priced into markets, while recovery path and future growth continues to appear uncertain in view of Thailand's clouded economic growth outlook. Before the COVID-19 outbreak, many sectors and various companies were already showing slow revenue and earnings growth and faced challenges to growth from low domestic spending, lack of new government policies, baht appreciation, geopolitical risks and strong supply growth in service sectors. We believe getting the SET back to pre-COVID level in 2Q-3Q20 would be too fast since earnings in 2021F are below 2019's. In addition, relative valuation suggests a normality of asset price valuation rather than deep undervaluation of assets as balance sheets are deteriorating. Our base case for the Thai economy over the next three to five years is for a continuation of slow economic growth on average. We believe the Thai economy is in a late cycle with low interest rate. Our recommendation for core long-term portfolios is to take positioning in high-quality and defensive stocks.

Cautiously optimistic; stay defensive and look for high quality

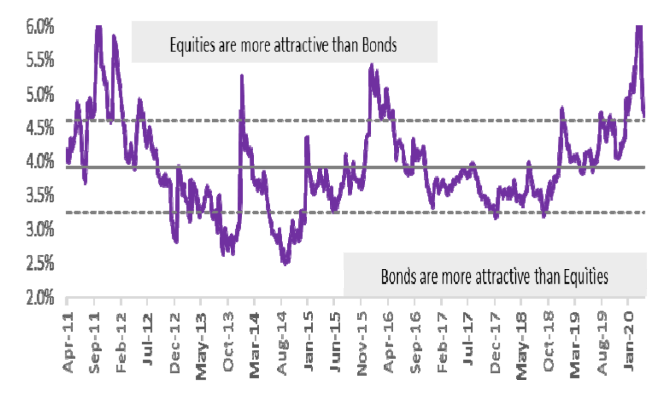
Although we have a more positive view on the SET and believe the market has bottomed out, we are still cautious about a second wave of infections and rising default rates. In this environment, we suggest a combination of defensive investing into stocks with strong fundamental value. We lower overall beta and tilt toward more defensive stocks that match the short-term and long-term investment horizon. We expect the market to reward stability, high competitiveness, visible growth and secure dividend yields. Quality stocks that have proven track records of stable revenue and sales growth and high earnings visibility are poised to outperform in this environment. We also favor companies that will be able to bring operating performance back to pre-COVID-19 levels quickly while maintaining long-term competitiveness after COVID-19 is contained. Our recommendations are BDMS, BEM, BTS, CPF and MINT. Although share prices recovered in late March, we believe share prices for our picks still have another leg of recovery as normal operations are likely to resume shortly. On the other hand, we have a cautious view on exposure to global cyclicals such as materials and energy in the short-term given the characteristics of high volatility that cannot offer a favorable risk/reward. We also concerned about the Banking sector, which is facing earnings risk from rising NPLs and provisions and low loan growth as well as margin pressure from the low rate environment.

Valuation-wise, the SET is trading at 16.8x 2020F which at +1SD over 7-year average, while staying at 14x 2021F or -1SD below 7-year average. The earnings yield gap of 5.3% indicates that the Thai stock market is more attractive than the bond market. Our 2021 SET target is 1,400-1,450, or upside of 10-15% from current level, aligning with our view that net profit estimates for 2021 are still below actual net profit in 2019. With limited upside, our key entry point is below 1,200 for a higher margin of safety during a highly volatile market.

Figure 23: Forward PE is at the crossroads

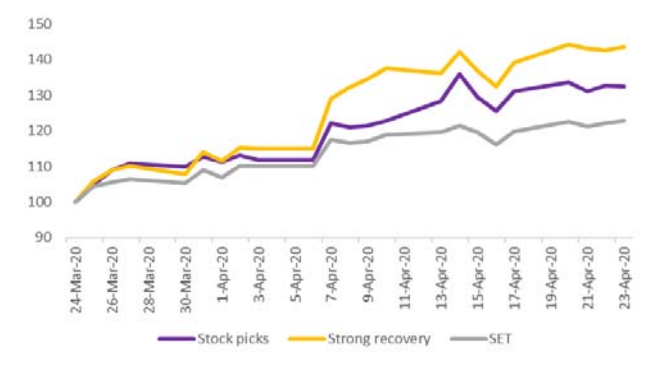
Source: Bloomberg,, SCBS Investment Research

Figure 24: Earnings Yield Gap has room to recover



Source: Bloomberg, SCBS Investment Research

Figure 25: Our returns from 2Q20 recommendation



Source: SCBS Investment Research

Figure 26: Our index target range

Yield Gap	EPS FY2021 -5%	-1%	Base (EPS 85)	+1%	+5%
3.2%	1,376	1,434	1,449	1,463	1,521
3.9%	1,233	1,285	1,298	1,311	1,363
4.6%	1,124	1,172	1,184	1,195	1,243
5.3%	1,021	1,064	1,075	1,086	1,129
Forward P/E					
-2SD (13x)	1,062	1,106	1,117	1,129	1,173
-1SD (14.2x)	1,153	1,201	1,213	1,226	1,274
Avd (15.4x)	1,244	1,296	1,309	1,323	1,375
+1SD (16.5x)	1,335	1,391	1,405	1,420	1,476

Source: SCBS Investment Research

Are we entering a new bull market?

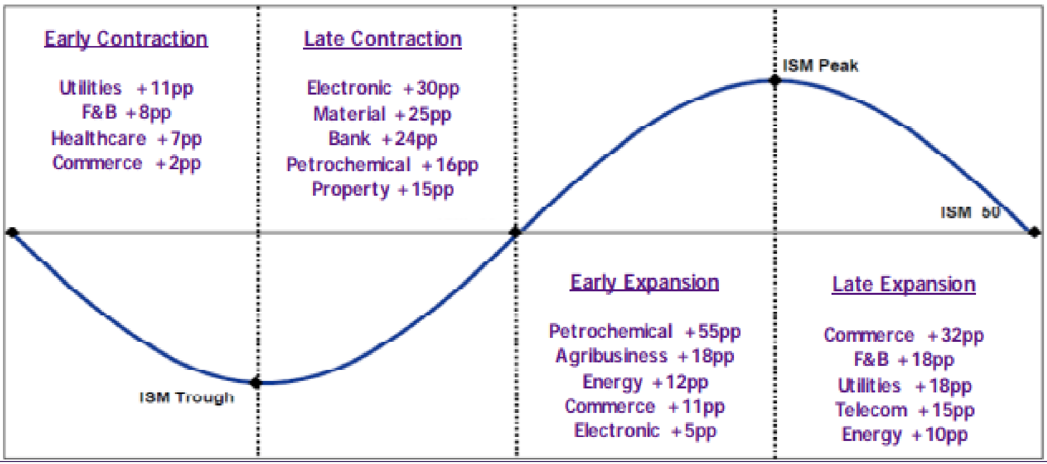
We believe the SET has bottomed out, though the speed of recovery in both economic activities and index performance on the upside remain uncertain. If the reopening is successful, with small or no growth in infection rate and positive results in the development of antiviral drugs and vaccines, this would signal the soon arrival of a new bull market. We believe the SET will exit the bear market and enter a new bull market in 4Q20. In a historical context, an early bull market typically offers returns of around 23% within 3-5 months after a deep correction. If the SET falls more than 25% from peak, the early first bounce gains 39% from bottom within three months. Financial market sentiment normally improves along with signs of an economic bottoming out as a rising cyclical tide supports a rally in cyclical sectors. According to data over 1990-2018, Electronics (hardware) and Petrochemicals, Materials, Banking, Property and Transportation sectors offered excess returns during the late contraction. We expect a repeat of this picture this time around, especially in the Petrochemicals and Electronics sectors, which are facing earnings downgrades and eventually valuation de-rating while overall industry growth outlook remains good amid the spread of COVID-19. For those with a high risk appetite, our recommendations are TOP, SPRC, IVL, SCC, HANA and KCE

Figure 27: Average speed of price recovery after deep correction since 1990

	Current	Historical average +1M	+3M	+6M
Agribusiness	27%	4%	9%	14%
Food	22%	6%	13%	20%
Banks	18%	11%	28%	38%
Financials	19%	8%	9%	21%
Automotive	5%	1%	7%	17%
Petrochemical	44%	14%	26%	39%
Cons Materials	16%	11%	26%	40%
Property	33%	10%	29%	41%
PF & REIT	12%	2%	7%	11%
Contractors	32%	4%	3%	13%
Energy	28%	13%	12%	21%
Utility	26%	12%	16%	21%
Commerce	23%	7%	13%	22%
Communication	13%	10%	10%	22%
Healthcare	12%	6%	15%	29%
Tourism & Leisure	22%	4%	8%	6%
Transportation	29%	12%	23%	32%
Electronics	24%	11%	13%	16%
Small caps	27%	9%	12%	23%
Large caps	25%	10%	12%	19%

Source: SCBS Investment Research

Figure 28: Excess returns vs SET Index in phases of ISM cycle since 1990



Source: SCBS Investment Research

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Corporate Governance Report

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Declared (ประกาศเจตนารมณ์)

2S, ABICO, AF, AI, AIRA, ALT, AMA, AMARIN, AMATA, ANAN, B, BM, BPP, BUI, CHG, CHO, CHOTI, CHOW, CI, CMC, COL, DDD, DELTA, EFORL, EPCO, ESTAR, ETE, FPI, FTE, ICHI, INOX, IRC, ITEL, JAS, JSP, JTS, KWG, LDC, LIT, META, MFEC, MPG, NEP, NOK, NWR, ORI, PRM, PSL, ROJNA, RWI, SAAM, SAPPE, SCI, SEAOIL, SHANG, SKR, SPALI, STANLY, SYNEX, TAE, TAKUNI, TMC, TOPP, TPP, TRITN, TVO, UV, UWC, WHAUP, XO

N/A

7UP, A, A5, AAV, ABM, ACAP, ACC, ACE, ACG, ADB, AEC, AEONTS, AFC, AGE, AH, AHC, AIT, AJ, AJA, AKR, ALL, ALLA, ALUCON, AMATAV, AMC, AOT, APCO, APEX, APP, APURE, AQ, ARIN, ARIP, AS, ASAP, ASEFA, ASIA, ASIAN, ASIMAR, ASN, ATP30, AU, AUCT, AWC, B52, BA, BAM, BAT-3K, BC, BCT, BDMS, BEAUTY, BEC, BEM, BFIT, BGC, BGT, BH, BIG, BIZ, BJC, BKD, BLAND, BLISS, BOL, BR, BROCK, BSM, BTNC, BTW, CAZ, CBG, CCET, CCP, CGD, CHARAN, CHAYO, CHUO, CITY, CK, CKP, CMAN, CMO, CMR, CNT, COLOR, COMAN, COTTO, CPH, CPL, CPR, CPT, CPW, CRANE, CRC, CRD, CSP, CSR, CSS, CTW, CWT, D, DCON, DCORP, DOD, DOHOME, DTCI, EA, EASON, ECF, EE, EIC, EKH, EMC, EPG, ERW, ESSO, EVER, F&D, FANCY, FLOYD, FMT, FN, FORTH, FPT, FSMART, FVC, GENCO, GIFT, GL, GLAND, GLOBAL, GLOCON, GPI, GRAMMY, GRAND, GREEN, GSC, GTB, GULF, GYT, HFT, HPT, HTECH, HUMAN, HYDRO, ICN, IFEC, IHL, III, ILINK, ILM, IMH, INGRS, INSET, IP, IRCP, IT, ITD, J, JCK, JCKH, JCT, JKN, JMART, JMT, JUBILE, JUTHA, JWD, KAMART, KC, KCM, KDH, KIAT, KKC, KOOL, KTECH, KTIS, KUMWEL, KUN, KWM, KYE, LALIN, LEE, LH, LHFG, LOXLEY, LPH, LST, MACO, MAJOR, MANRIN, MATCH, MATI, MAX, M-CHAI, MCS, MDX, MEGA, METCO, MGT, MIDA, MILL, MITSIB, MJD, MK, ML, MM, MODERN, MORE, MPIC, MTC, MVP, NC, NCH, NCL, NDR, NER, NETBAY, NEW, NEWS, NEX, NFC, NOBLE, NPK, NTV, NUSA, NVD, NYT, OHTL, OISHI, OSP, OTO, PACE, PAE, PAF, PERM, PF, PICO, PIMO, PJW, PK, PLE, PMTA, POLAR, POMPUI, PORT, POST, PPM, PPPM, PR9, PRAKIT, PRECHA, PRIME, PRIN, PRO, PROUD, PTL, RAM, RBF, RCI, RCL, RICH, RICHY, RJH, ROCK, ROH, RP, RPC, RPH, RS, RSP, S, S11, SAFARI, SALEE, SAM, SAMART, SAMCO, SAMTEL, SANKO, SAUCE, SAWAD, SAWANG, SCP, SDC, SE, SEAFCO, SEG, SF, SFLEX, SFP, SGF, SHR, SIAM, SIMAT, SINGER, SISB, SKE, SKN, SKY, SLP, SMART, SMT, SOLAR, SONIC, SPA, SPCG, SPG, SPORT, SPVI, SQ, SR, SSC, SSP, STAR, STARK, STC, STEC, STHAI, STI, STPI, SUC, SUN, SUPER, SUTHA, SVH, SVOA, SWC, SYMC, T, TACC, TAPAC, TBSP, TC, TCC, TCCC, TCJ, TCMC, TCOAT, TEAM, TEAMG, TGPRO, TH, THAI, THANA, THE, THG, THL, THMUI, TIGER, TITLE, TIW, TK, TKN, TKS, TM, TMI, TMW, TNDT, TNH, TNPC, TOA, TPAC, TPBI, TPCH, TPIPL, TPIPP, TPLAS, TPOLY, TPS, TQM, TR, TRC, TRT, TRUBB, TSE, TSF, TSI, TSR, TSTE, TTA, TTI, TTT, TTW, TVT, TWP, TWZ, TYCN, UAC, UMI, UMS, UNIQ, UP, UPA, UPF, UPOIC, UREKA, UT, UTP, UVAN, VARO, VCOM, VI, VIBHA, VL, VNG, VPO, VRANDA, WAVE, WG, WIN, WINNER, WORK, WORLD, WP, WPH, WR, YCI, YGG, ZIGA, ZMICO

Explanations

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