TWIST OF A TAIL

3Q22 SCBS Strategy – A twist in the tail

Twist in the tail. We expect the Fed's 75 bps hike in June and subsequent substantial hikes to create a ripple effect across the world and cause a financial crisis and/or recession in the US, Europe and emerging markets.

At biggest risk is European economies. We believe eurozone economic growth will fall into recession in 2H22. We base this on 1) the economic interdependence between European countries and Russia and Ukraine, 2) Europe's exposure to both GDP downgrades and inflation spiral, 3) its central bank, ECB, is far behind the curve, while rising bond will lead to vulnerability in Europe's financial system.

What will the next US recession look like? We believe inflation this time is unlikely to peak at the same height (12-14%) as during the 1970s, though at the same time, the inflation rate in the US will be high and persist throughout the year. We see it likely that the US policy interest rate will peak at 3-4% in 1Q23 and subsequently, in 2Q24, the US will enter a recession. We identify the global weak points that may cause the next financial crisis and/or cause a global recession/stagflation as: 1) the yen, 2) US bond yield, 3) the rising cost of funds in Europe, 4) the real estate industry, esp. in DM, 5) the credit spread, 6) European economies and 7) emerging markets.

A year of 6-3-3-8 with downside risk. Inflation will peak in the third quarter of this year at ~8% before declining to 2% in late 2023; The Thai economy will accelerate to peak in the fourth quarter of this year at ~4% before slowing down in 2023 due to base factors and global economic risks causing the economy to grow 3.4% in 2022. We expect Thailand's policy interest rate hike pattern will be gradual. This year, the policy interest rate may be raised 1-2 times to 0.75-1%, while in 2023 it may be stepped up 3-5 times, causing interest rate to peak at 1.5-2%.

Waiting for the tide to turn. We are waiting for an inflection point in the short-term from developments in the war or China's lockdown or US margin pressure, to encourage us to add position.

Inflation may have peaked, but then what? On average, the market usually falls in the run up to the peak in headline inflation. Peaking inflation will be good for cyclicals, banks and consumer names that were hit the most in recent months.

Downside risk to earnings estimates, what is the key entry point? Our 2022 SET Index target based on fundamentals is 1,650. Based on scenario analysis and valuation approaches, the SET Index could fall to 1,500-1,550. Net profit will drop 1.3%, or implying 20-25 points for the SET for every 25bps interest hike.

A time for resilience. The world is facing a war, energy and food crises, hawkish pivots and economic slowdown. We prefer quality and fundamentally sound stocks that are in position for recovery and reduce portfolio risk. We think a dovish pivot and easing supply chain will spur us to consider leaning back into cyclical and high beta plays.

We are not buying the dip, prefer selective recovery. We will not be buying the dip due to margin squeeze and valuation de-rating after the rate hike. However, we like stocks that benefit from peaked inflation and easing supply chain disruption with a strong recovery in 2H22.

Stock selection matters more. Uncertainty is high, investing is more complicated and, we believe, active stock selection is crucial. We see opportunity to add to stocks that were unduly punished in the downturn but with improving earnings momentum. Our top picks in 3Q22 are BBL, BJC, CPF, CBG, MTC.

ECONOMIC

Conclusion: Fed front-loaded hike will create a ripple effect on the world economy.

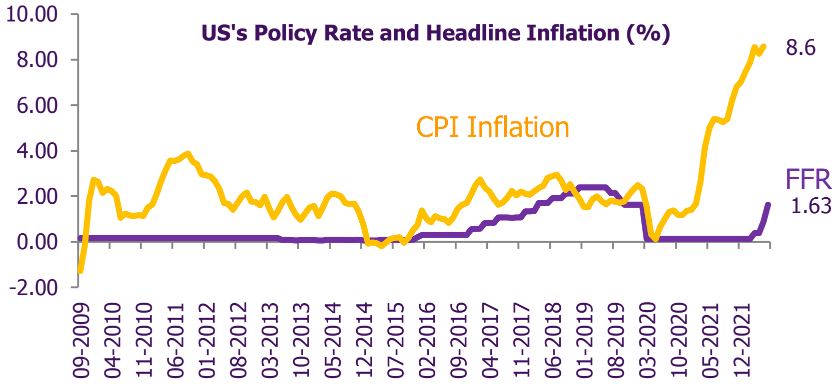
- **We believe that the Fed's 75 bps hike in June and further substantial hike will create a ripple effect across the world and cause a financial crisis and/or recession in the US, Europe, emerging markets.** The magnitude of this depends on the movement of inflation and monetary policy tightening to tame that inflation. We identify the global weak points that may cause the next financial crisis and/or cause a global recession/stagflation: 1) the yen, 2) US bond yield, 3) the rising cost of funds in Europe, 4) real estate industry, esp. in DM, 5) credit spread, 6) European economies and 7) emerging markets.
- After studying the episode of stagflation in the 1970s and compare that with today's stagflation-like era, we conclude that the US stagflation this time is different from the 1970s. **We believe inflation this time is unlikely to peak at the same height (12-14%) as during the 1970s,** though at the same time, the inflation rate in the US will be high and persist throughout the year. Using our three models, the monetary policy model, the momentum model and the Phillips curve model, **we see it likely that the US policy interest rate will peak at 3-4% in 1Q23 and subsequently, in 2Q24, the US will enter a recession.**
- **We believe eurozone economic growth will fall into recession in 2H22**, due to 1) economic interdependence between European countries and Russia and Ukraine, 2) Europe’s economy is prone to both GDP downgrade and inflation spiral, 3) ECB is far behind the curve, while rising bond will lead to vulnerability in Europe’s financial system.
- **China’s economy does not look as worrisome** since the government is showing a good approach to manage the omicron pandemic, while government policy is supportive. Lastly, in other EM economies, we believe that **the Fed’s supersized hike will have a substantial direct impact on EM Asia**, especially in terms of monetary policy tightening.
- In terms of inflation, **we raise our inflation projection significantly, with the peak of the current cycle pushing into 3Q22**, esp. the US, eurozone and Thailand. In terms of monetary policy, we believe the Fed will be the most hawkish central bank in our study. We expect another 175 bps hike from now (2Q22) until the end of the year, while the path is front-loaded.
- **In Thailand**, we adjusted our economic projection and assumptions, and find that:
  1. **Inflation will peak in the third quarter** of this year at around 8% before declining to 2% in late 2023;
  2. **The Thai economy will accelerate to peak in the fourth quarter** of this year at around 4% **before slowing down in 2023** due to base factors and global economic risks; and
  3. **We expect the Thailand's policy interest rate hike pattern will be gradual.** This year, the policy interest rate may be raised two times to 1%, while in 2023 it may be increased four times, causing interest rate to peak at 2%.

Source: CEIC, OPEC, SCBS Research

GLOBAL ECONOMY IS AT RISK FROM THE HAWKISH FED

Fed supersized hike that will change the world

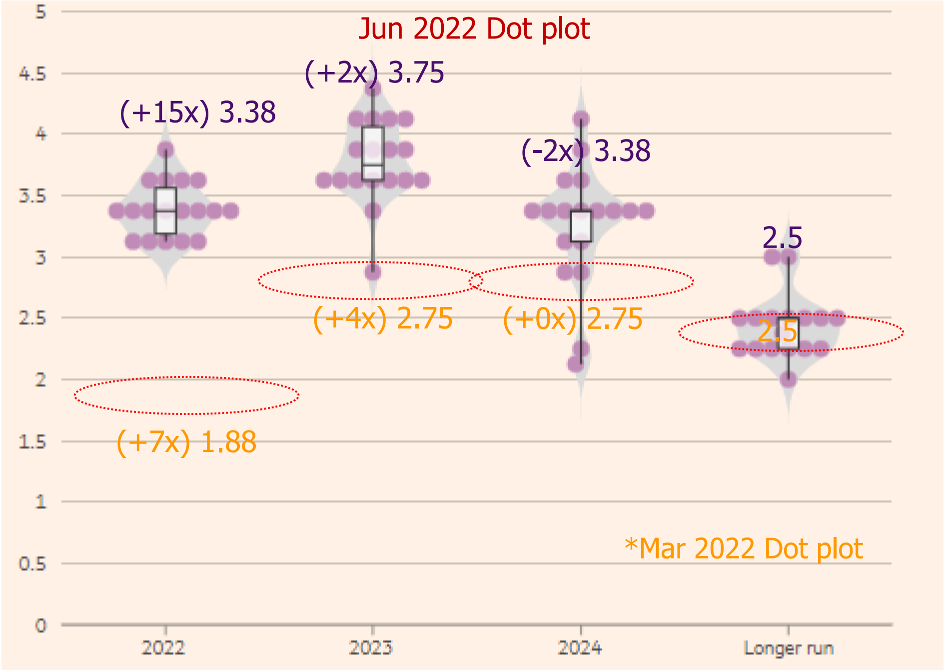
At the June 14-15 meeting, Fed decided to hike its Fed Funds Rate by 75 bps, the largest single hike since 1994, to 1.5-1.75%, to tame inflation. Along with that, the Fed downgraded its economic growth projection and raised unemployment and inflation rate significantly and hinted that there will be a substantial hike to tame the expected inflation.



- We believe that the June 75 bps hike and further substantial hikes will create a ripple effect worldwide and cause financial crisis and/or recession in the US, Europe and emerging markets. The magnitude depends on the level of inflation and the monetary policy tightening to tame that inflation.

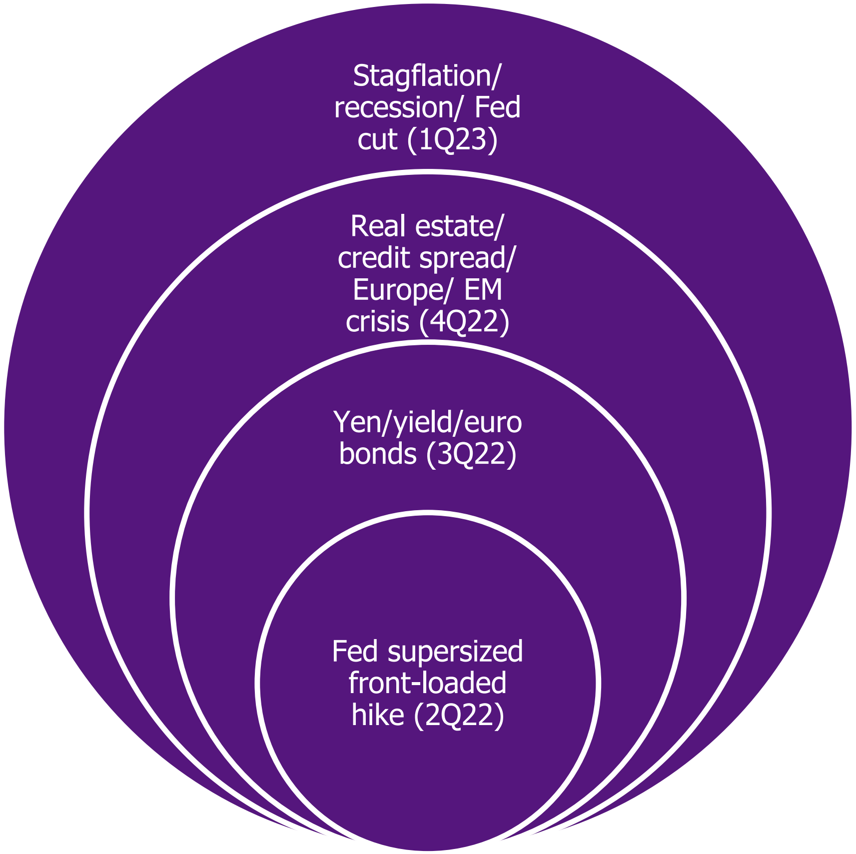
Jun 2022 Econ Projection VS Mar 2022

Variable (%)	2022	2023	2024	Longer run
GDP	1.7	1.7	1.9	1.8
(Mar Proj.)	2.8	2.2	2.0	1.8
U-rate	3.7	3.9	4.1	4.0
(Mar Proj.)	3.5	3.5	3.6	4.0
Core PCE	4.3	2.7	2.3	
(Mar Proj.)	4.1	2.6	2.3	
Fed Funds	3.4	3.8	3.4	2.5
(Mar Proj.)	1.9	2.8	2.8	2.4



SCBS

Ripple effect from the Fed's supersized & front-loaded rate hike



- We identify the global weak points that may be the cause of the next financial crisis and/or cause global recession/stagflation.
  1. **A greatly depreciated yen**, the lowest in 24 years, due to the policy differential between the US Fed and the BoJ.
  2. **Yield:** A substantial rise in US bond yield, both short-end and long-end.
  3. **Euro bonds:** The rising US yield will lead to an increase in cost of funds in Europe, which is increasingly becoming a problem esp. peripherally (which is why the ECB is setting up a mechanism to solve the problem of "fragmentation")
  4. **Real estate:** These sectors are most vulnerable to rate rises. We especially worry about the European real estate market, particularly in Scandinavia and Australia and New Zealand and in the US, where either price is up substantially after the pandemic; or there is a substantial amount of variable-rate mortgage outstanding as percentage of income
  5. **Credit spread:** This will rise substantially as US and global bond yields rise and will increase the chance of default
  6. **European economies:** These will suffer from the rising rate, the depreciation of the euro which will increase inflationary pressure, and suffer from food and energy dependence on Russia and Ukraine
  7. **Emerging markets:** These will suffer from FX depreciation, rising cost of funds, and rising inflationary pressure
- We believe these 7 vulnerabilities, along with other weaknesses in the global economy and financial system, will lead to stagflation and/or recession in the US in 2023-2024 and will subsequently lead to loosening of monetary tightness in the US.

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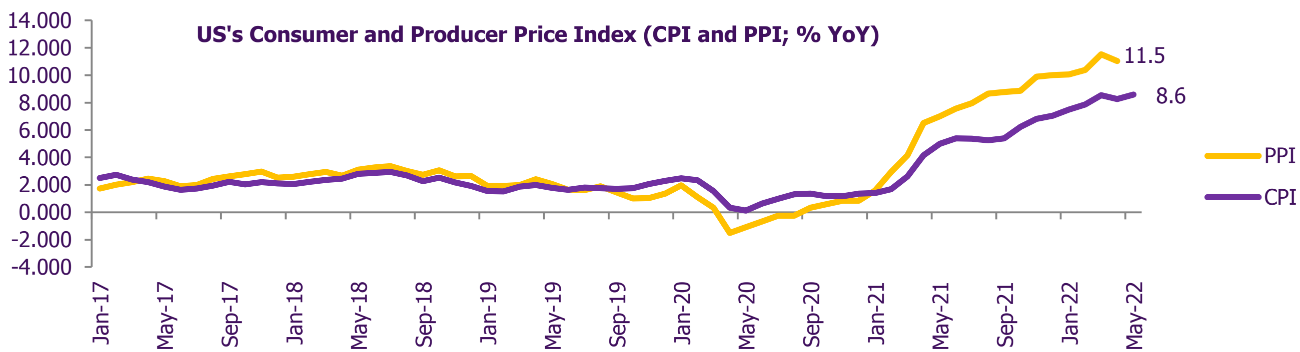
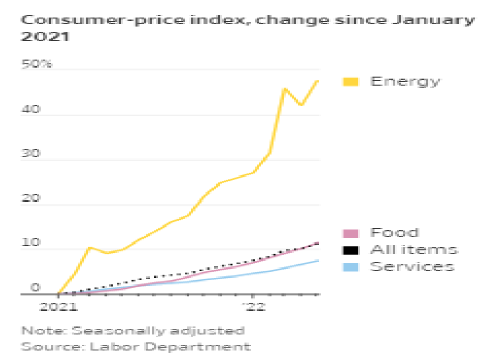
Behind the supersized hike is May's rise in CPI

- The US CPI increased 8.6% YoY in May, marking its fastest pace since December 1981. May's increase was driven in part by sharp rises in prices for energy, which rose 34.6% from a year earlier, and groceries, which jumped 11.9% on the year, the biggest increase since 1979. But inflation pressures were distinctly broad-based in May. Given everything from the implications of the *Russian invasion of Ukraine*, the *Chinese lockdowns* and the *appetite for travel*, what we are seeing is the perfect storm of those factors hitting, along with some major refinery closures. Prices for used cars and trucks rose 1.8% in May from April, reversing three months of declines. Shelter costs, an indicator of broad inflation pressures, accelerated on a monthly basis in May and were up 5.5% compared with a year ago. Airline fares rose 12.6% on the month, the third straight double-digit rise.
- Nevertheless, there is hope of cooling inflation in the near future. the Core CPI increased 6% YoY in May, down from 6.2% in April. March's 6.5% rise was the highest rate since August 1982.





	03/2021	06/2021	09/2021	12/2021	01/2022	02/2022	03/2022	04/2022	05/2022	
Urban	2.6	5.3	5.4	7.1	7.5	7.9	8.6	8.2	8.5	Urban
Food & Beverages	3.4	2.4	4.5	6.0	6.7	7.6	8.5	9.0	9.7	Food & Beverages
Housing	2.1	3.1	3.9	5.1	5.7	5.9	6.4	6.5	6.9	Housing
Apparel	-2.5	4.9	3.4	5.7	5.3	6.6	6.8	5.4	5.0	Apparel
Transport	5.9	21.2	16.5	21.3	20.9	21.1	22.5	19.8	19.3	Transport
Medical Care	1.8	0.4	0.4	2.2	2.5	2.4	2.9	3.2	3.7	Medical Care
Recreation	1.1	2.4	3.5	3.3	4.8	4.9	4.8	4.3	4.5	Recreation
Education & Comm	1.5	2.1	1.7	1.6	1.7	1.6	1.6	1.0	0.8	Education & Communication (EC)
Core	1.6	4.5	4.0	5.5	6.0	6.4	6.4	6.1	6.0	Core

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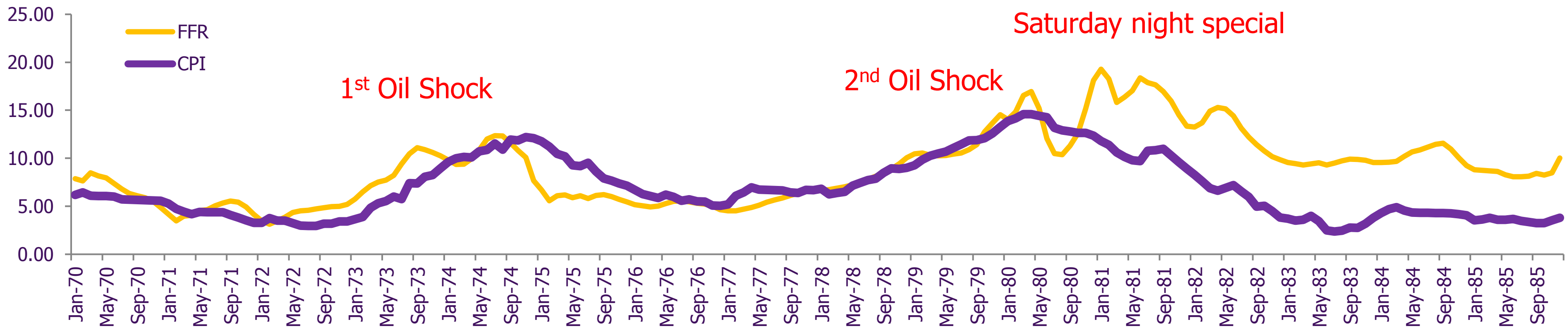
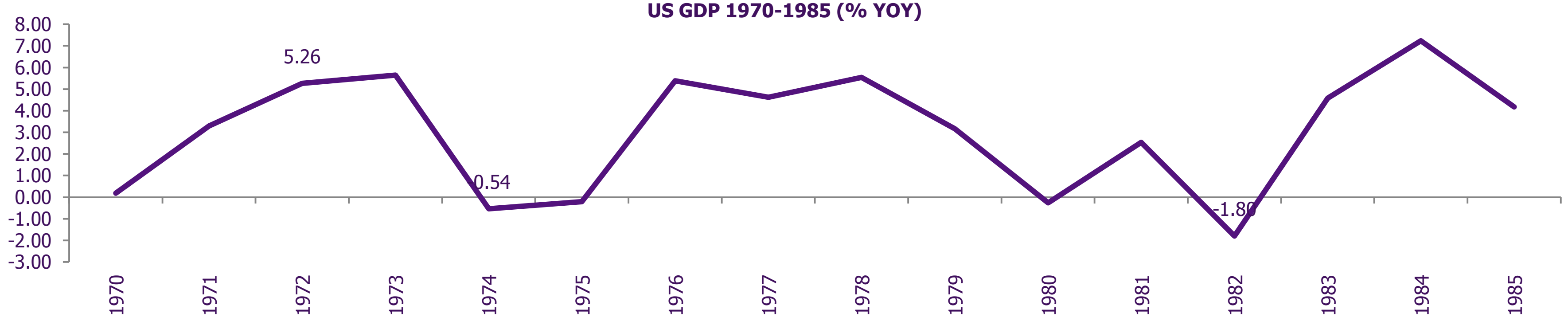
US CPI during the 1970s stagflation event

- In order to compare the current stage of stagflation with the 1970s era, we study the development of US CPI in 1970s. The combination of 1) oil shock, 2) dirty politics, 3) a weak central bank led to the first wave of high inflation. The Fed had to hike rate to near the rate of inflation, after which the economy collapsed.
- In the second oil shock, inflation peaked at 12%, both monetary and fiscal policy address the situation better. Paul Volcker, at that time the Fed's chairman, implemented the "Saturday night special" (increased the Fed Funds rate from 11% to 12% during the weekend (October 6, 1979)) and then increase the rate in each FOMC meeting until the FFR hit 20% from 11%); while President Reagan implement the Reaganomics (supply-side reform, which address the supply bottleneck problem). Both policies led to the death of stagflation.

Fed funds rate and CPI (%)



US GDP 1970-1985 (% YOY)



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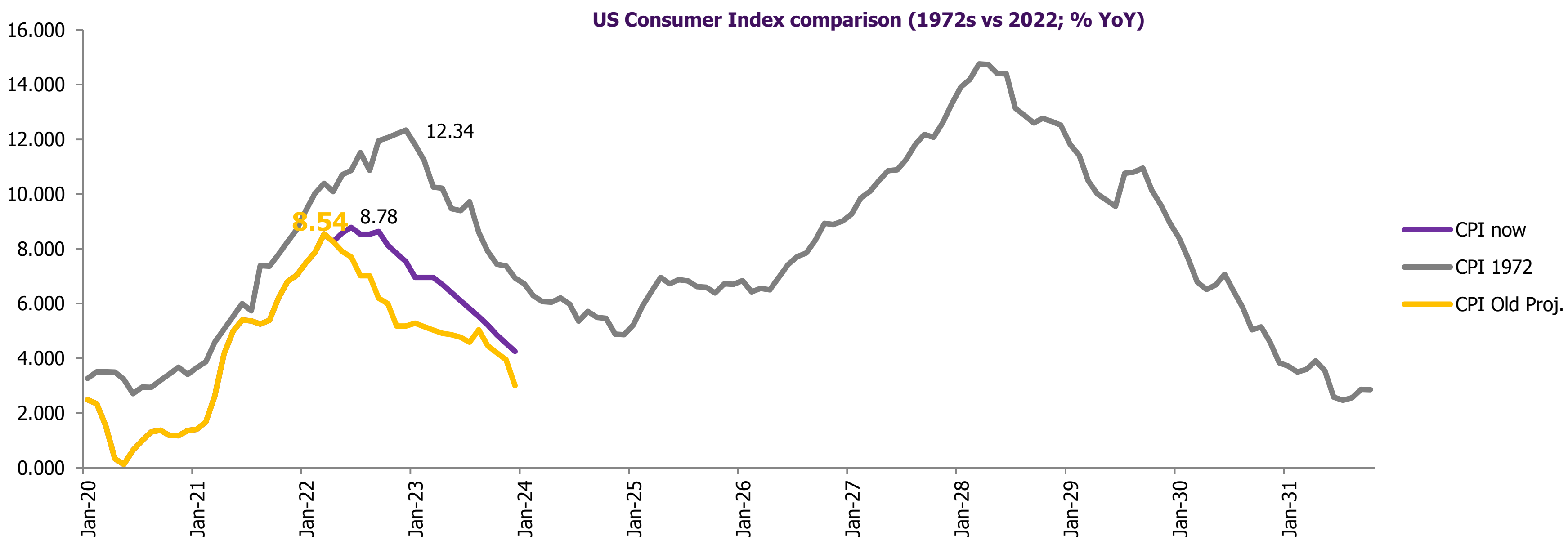
SCBS new CPI forecast and comparison to 1970s

- After studying the 1970s stagflation conditions and compare that with today's stagflation-like climate, we discover that this time is different. The differences are: 1) politics are better, 2) efforts are being made to increase supply, 3) the Fed's focus is on fighting inflation (to gain credibility, the Fed has to raise rates "ahead of the curve"). We thus conclude that inflation this time is unlikely to peak at the same height (12-14%) as in the 1970s.
- After we adjust our 2022 and 2023 oil price assumptions and incorporate assumptions of 1) supply disruption, 2) war in Ukraine and 3) tighter monetary policy, we find that 2022 CPI inflation is poised to be 8.2%, with 2023 at 5.9%, up from 7.0% and 4.6% in our January forecast.

CPI80	2022f Oil	2022f CPI	2023f Oil	2023f CPI
Jun Forecast	100	8.2	80	5.9
Jan Forecast	80	7.0	60	4.6



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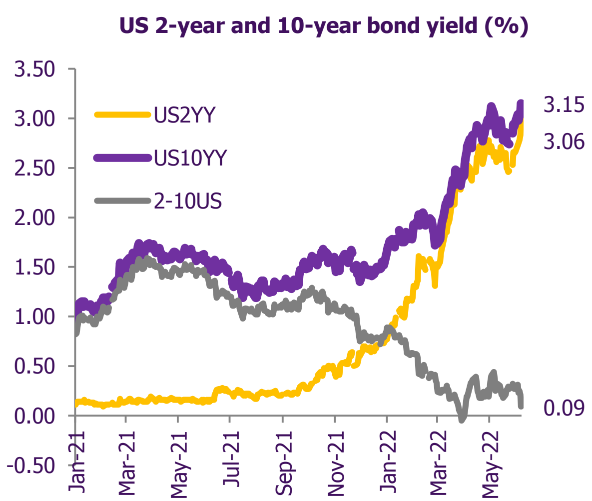
Currently, liquidity condition in the US is as tight as before COVID

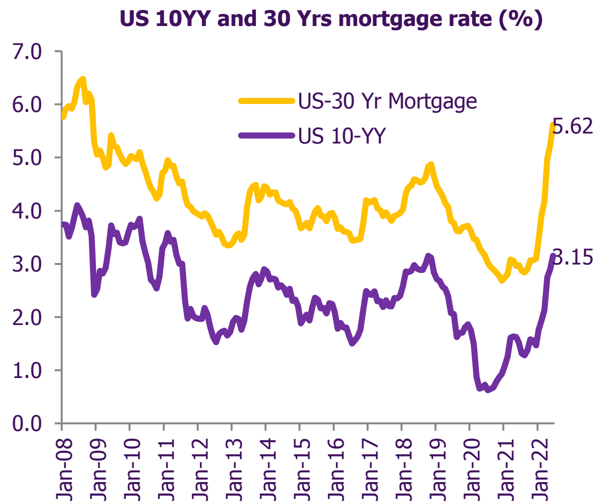
- As inflation rises, the Fed tightens monetary policy. The rising bond yield, strengthening dollar and reduction of money supply by means of QT and rate hikes leads to tightening of liquidity, as was seen before COVID-19.

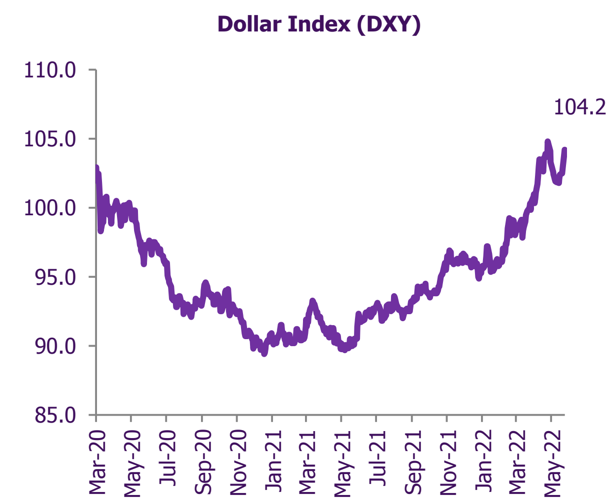
US liquidity heatmap (end of period)

Criteria	12/2018	12/2019	6/2020	12/2020	6/2021	12/2021	3/2022	Latest
Fed B/L sheet ($trl)	4.08	4.17	7.08	7.36	8.08	8.75	8.94	8.91
US2YY (%)	2.48	1.58	0.16	0.14	0.20	0.73	2.28	3.07
US10YY (%)	2.69	1.92	0.66	0.93	1.52	1.52	2.32	3.15
DXY (Pt.)	91.9	95.7	97.4	89.8	91.1	96.0	97.8	104.2
M2 Growth (%YoY)	3.7	6.7	22.9	25.1	12.8	12.7	10.9	8.2
Score (1-->5)	1.6	1.8	3.4	4.6	3.8	3.2	2.8	2.0

*Red = 1; Orange = 2; Yellow = 3; Light green = 4; Dark green = 5; 1 = most tight, 5 = most loose







Source: CEIC, OPEC, SCBS Research

1) Fed monetary policy forecast: After June 14-15 meeting

- By adjusting the inflation perspective, we revise our interest rate assumptions: 1) we raise the interest rates hike path to match the Fed's dot plot and 2) QT measures remain unchanged.

Timing	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1H24	2H24
CPI	8%	8.5%	8.6%	7.8%	6.9%	6.4%	5.5%	4.6%	3%	3%
FFR	0.33%	1.63%	2.88%	3.38%	3.88%	3.50%	2.75%	2.50%	2.0%	2.0%
B/S chg	0	-48/mt	-95/mt	-95/mt	-95/mt	0	0	0	0	0
B/S ($tn)	8.9	8.7	8.4	8.2	7.9	7.9	7.9	7.9	7.9	7.9
2YY (1/3FFR)	2.45	3.40	3.60	3.75	4.00	3.75	3.45	3.45	3.00	3.00
10YY (+30bps/$300bn)	2.55	3.50	3.75	4.00	4.25	4.10	3.95	4.05	3.75	4.00
2-10	0.10	0.10	0.15	0.25	0.25	0.35	0.50	0.60	0.75	1.00
GDP (%)	1.8%				1.2%				0.0%	
U-rate (%)	4.0%				6.0%				8.0%	

Our assessment:

1. Stronger (and front-loaded) interest rate hikes to curb inflation will push the yield on 2-year bonds up sharply. It was close to 4% at the end of the year and peaked above 4% in 1Q23 before coming down in 2Q23 after the Fed cut interest rates.
2. US 10-year bond yields must rise as well to avoid a yield curve inversion. We believe it will peak at 4.25% in 1Q23.
3. With the current projection, the yield on 10-year bonds will be much higher than GDP growth, causing market recession in early 2023 and an economic recession in 2024.

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2) US macro forecast: momentum model

- To predict the timing of the next crisis, we use the US macroeconomic momentum model to measure trends based on the last three recessions in which US Fed funds rates have risen and were followed by a contraction in the economy, as follows:
- 1) Over 1998-2000, US policy interest rate rose from 4.1% to 6.5% and led to the dot-com crisis in 2001.
- 2) Over 2004-2007, US policy interest rate rose from 1% to 5.25% and led to the sub-prime crisis in 2009.
- 3) Over 2015-2019, US policy interest rate increased from 0.25% to 2.38% , before the COVID-19 crisis struck in 2020.

- We summarize the results of the study as follows: 1) In all three episodes of interest rate hikes, it took an average of 11 quarters (or almost 3 years) from nadir to peak, and interest rates from trough to peak will rise about 2.6 ppt; 2) after policy interest rate peaked, it takes 4-6 quarters (1-1.5 years) before the economy entered a recession, with GDP growth shrinking by 3.3-4.6 ppt, depending on the severity of the crisis. Finally, as shown in the table above, we applied the model to the current rate hike episode and found that, according to the momentum model, US policy interest rate will peak at approximately 3% in 1Q23 and subsequent to that, in 2Q24, the US economy will enter a recession, with the GDP growth to shrink by -0.5% YoY.

Summary of FFR hike and accumulated increase (ppt)

FFR	Trough to peak (quarters)	Accrued increase (ppt)
EP.1 4Q98-2Q00	8	2.4
EP.2 1Q04-1Q10	13	3.3
EP.3 2Q12-2Q21	14	2.2
Avg.	11	2.6

Summary of GDP growth contraction and accumulated decrease (ppt)

GDP	FFR peak to GDP trough (quarters)	Accrued decrease (ppt)
EP.1 4Q98-2Q00	4	-2.9
EP.2 1Q04-1Q10	7	-3.7
EP.3 2Q12-2Q21	3	-7.1
Avg.	4.6	-4.6
Avg. (EP.1&2)	5.5	-3.3

Projection of FFR hike and GDP growth contraction in Ep. 4 (1Q22-4Q24)

EP.4 Projection	Peak (trough)	Rate at peak (trough)
FFR	23Q1	2.75%
GDP (YoY)	24Q2	(2.8%-3.3%) = -0.5 ppt

Source: CEIC, OPEC, SCBS Research

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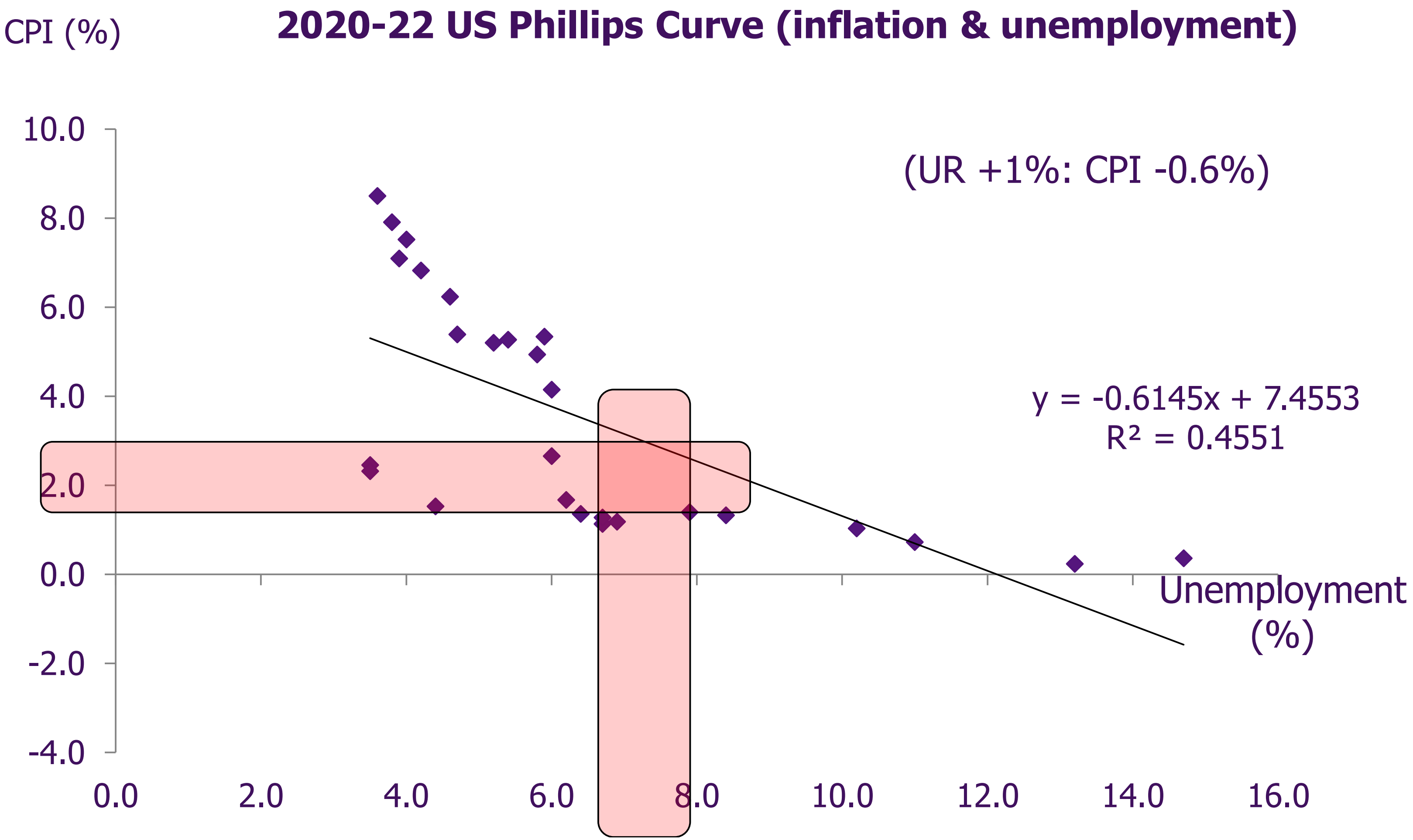
(3) Phillips Curve Model Forecast

Analysis of relationship between unemployment and inflation

- In order to get CPI at +/-2%, unemployment needs to be around 6-8%



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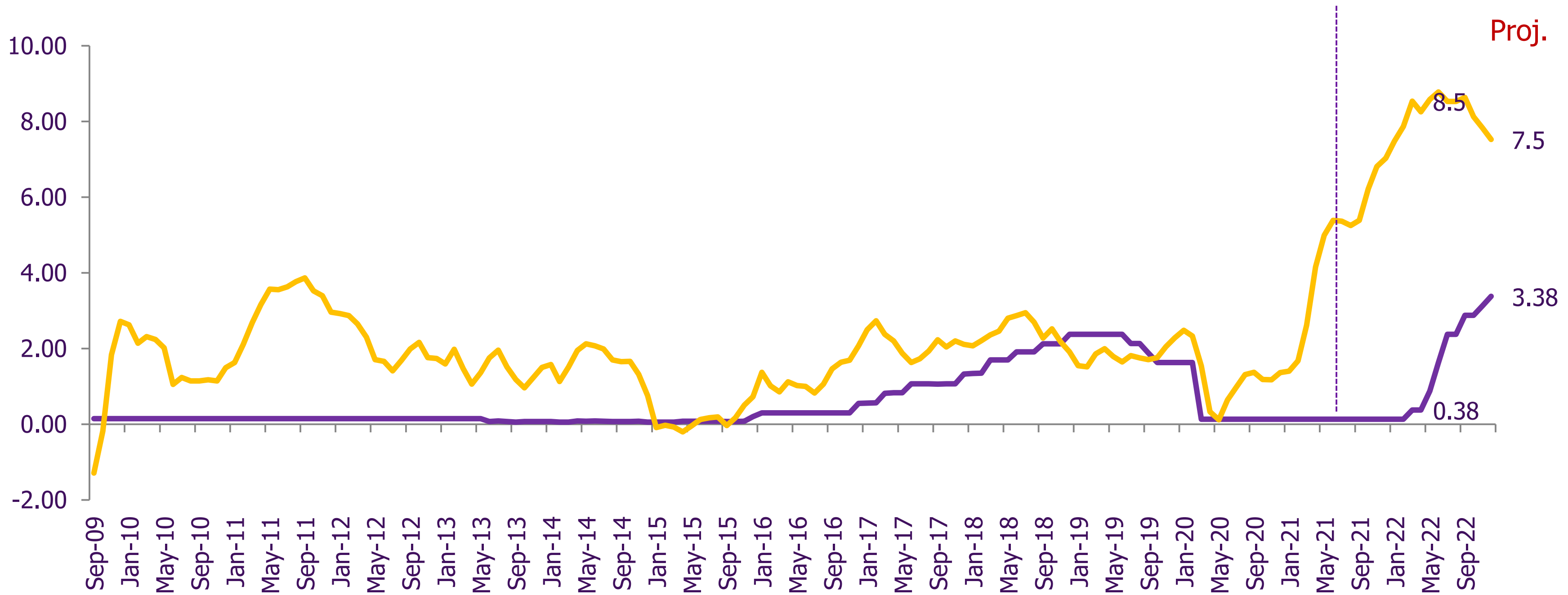
SCBS 2022 Fed monetary policy forecast (Jun 2022)

2022	Jan	Feb	Mar	Apr	May	Jun	Jul (f)	Aug (f)	Sep (f)	Oct (f)	Nov (f)	Dec (f)
CPI	7.5	7.9	8.5	8.3	8.6	8.8	8.5	8.5	8.6	8.1	7.8	7.5
FFR	0.13	0.13	0.38	0.38	0.88	1.63	2.38	2.38	2.88	2.88	3.13	3.38
Chg	-	-	0.25	-	0.50	0.75	0.75	-	0.5	-	0.25	0.25

US policy rate and headline inflation projection (%)



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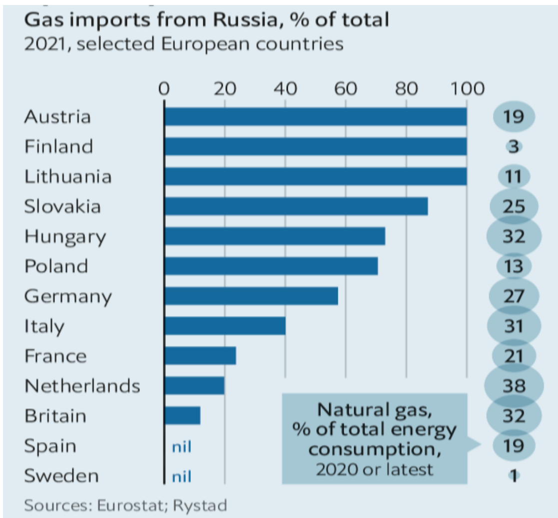
EUROPE: RECESSION IN 2H22

We believe eurozone economic growth will fall into recession in 2H22

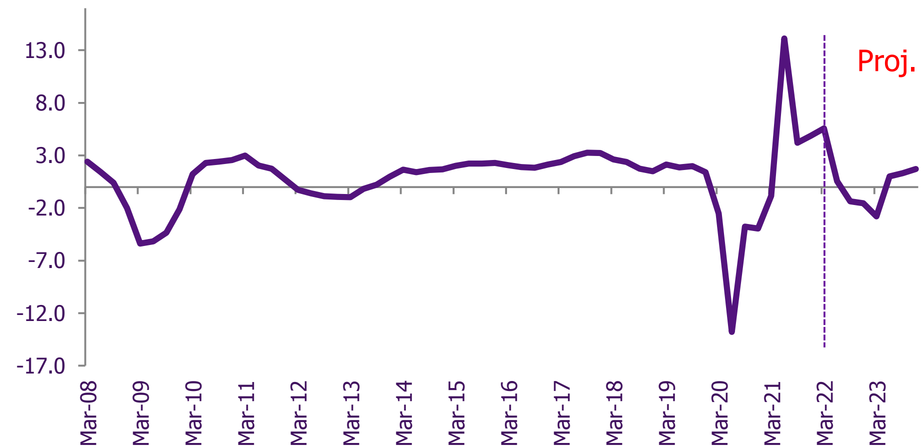
- 3 reasons for the European recession: 1) it is at the epicenter of the conflict between Russia and Ukraine, which is becoming lengthy; 2) sensitivity analysis shows that Europe is prone to both GDP downgrades and inflation spiral; 3) ECB is way behind the curve, while the rising bond yield, especially in peripherals, led the ECB to implement the “anti-fragmentation” mechanism, which will lead to vulnerability in Europe financial system.

European countries depend heavily on energy imports from Russia



Our model estimates the eurozone will fall into recession (YoY GDP contraction) in 2H22

Quarterly real GDP growth: eurozone (%YoY)



European economy is the most sensitive to oil price rise

2022 Avg. Oil Price	Sensitivity (+$10: Oil)
US GDP	-0.1
EU GDP	-0.5
CN GDP	-0.1
TH GDP	-0.08

Eurozone economic projection (%YoY)

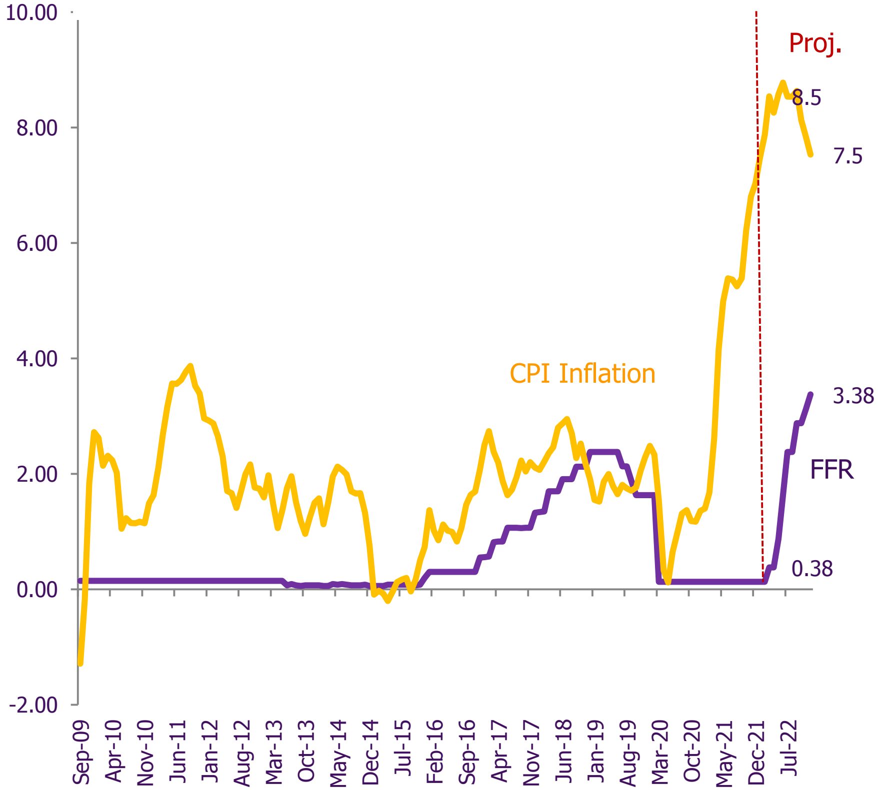
(%)	1Q	2Q	3Q	4Q	Year
2022	5.6	0.5	-1.4	-1.6	0.8
2023	-2.8	1.0	1.3	1.7	0.3

Source: CEIC, OPEC, SCBS Research

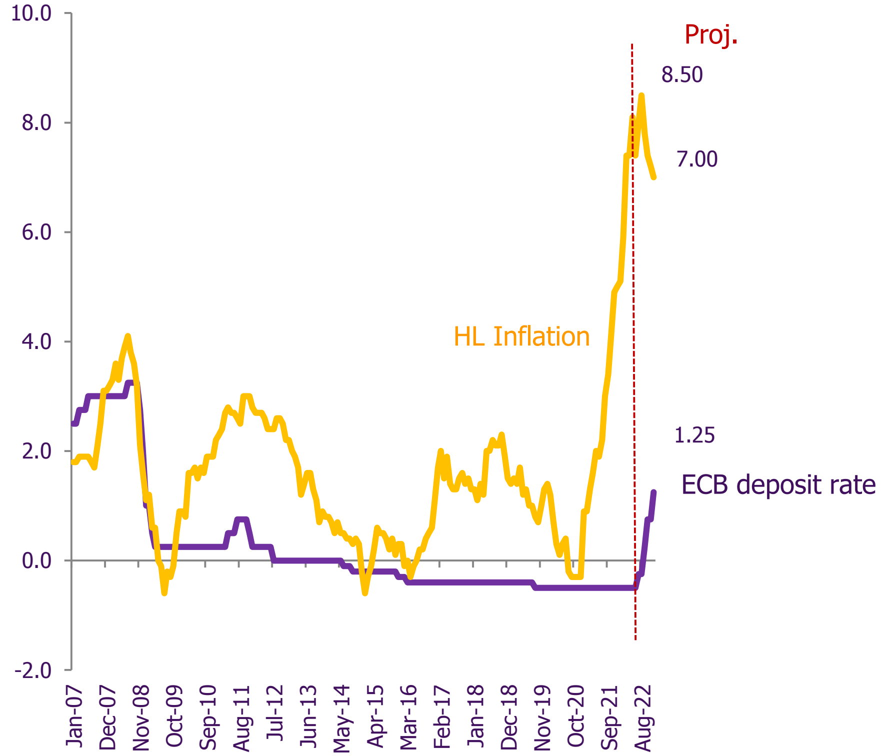
ECB is far behind the curve

- Inflation equals that in the US, but policy rate is very far behind.
- This implies: 1) inflation in Europe is more likely supply driven; 2) the rate increase path must accelerate substantially (more than the market expects).

US policy rate and headline inflation projections (%)



ECB Refinance, Deposit and Lending rate projections (%)

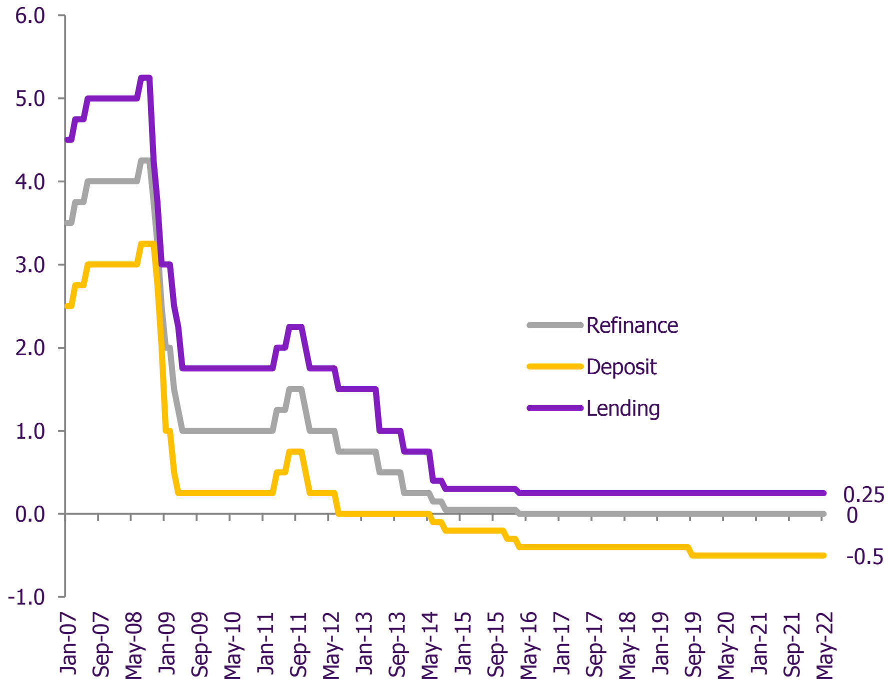


Source: CEIC, OPEC, SCBS Research

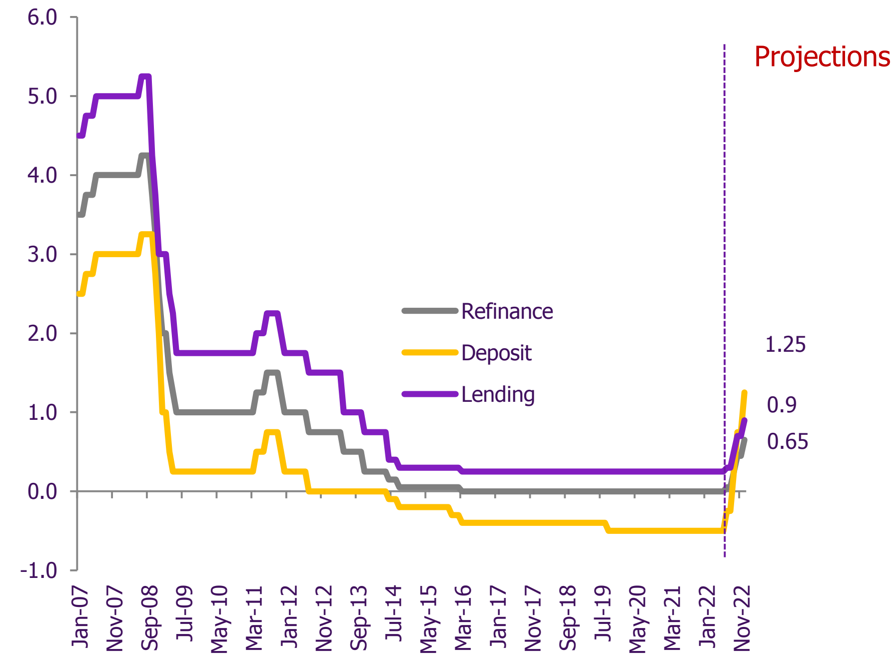
We believe the ECB needs to catch up fast

2022	Jan	Feb	Mar	Apr	May	Jun	Jul (f)	Aug (f)	Sep (f)	Oct (f)	Nov (f)	Dec (f)
Lending	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.25	0.45	0.45	0.65
Ref/n	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.50	0.70	0.70	0.90
Deposit	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.25	-0.25	0.25	0.75	0.75	1.25
Chg	-	-	-	-	-	-	+0.25	-	+0.50	+0.50	-	+0.50

ECB Refinance, Deposit and Lending Rates (%)



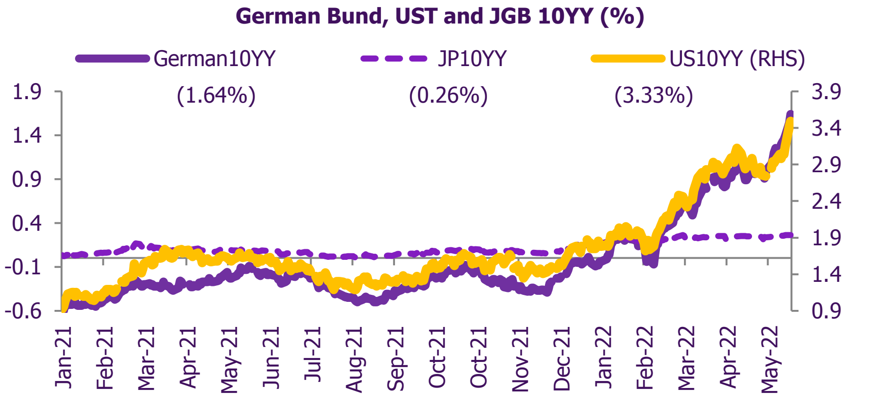
ECB Refinance, Deposit and Lending Rate Projections (%)

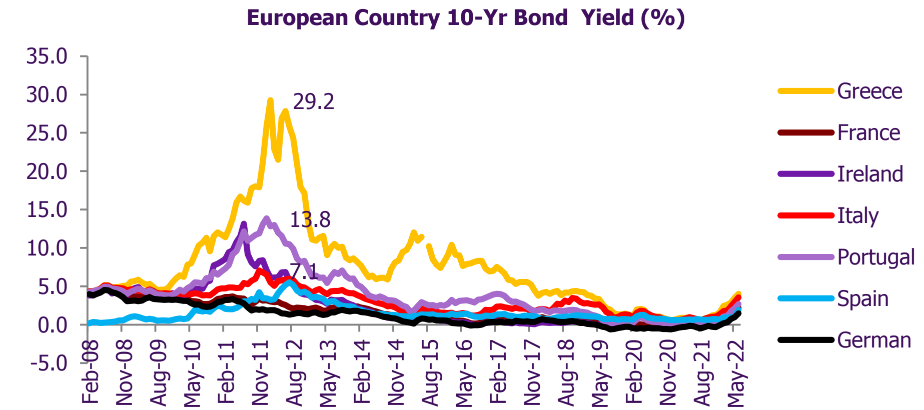


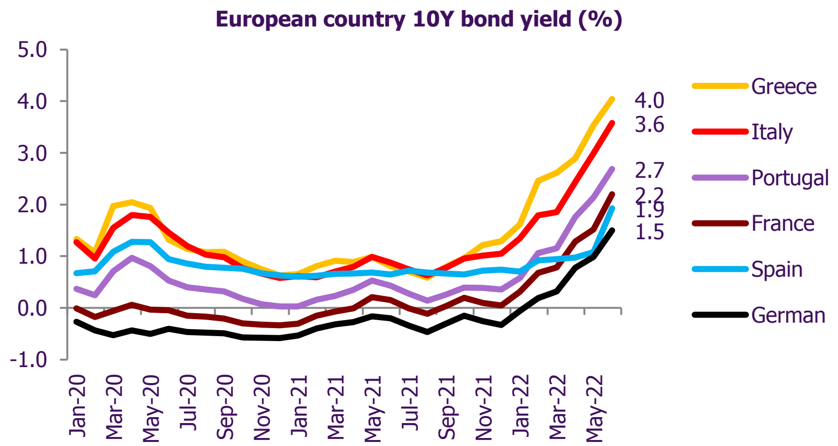
Source : CEIC, and SCBS Investment Research

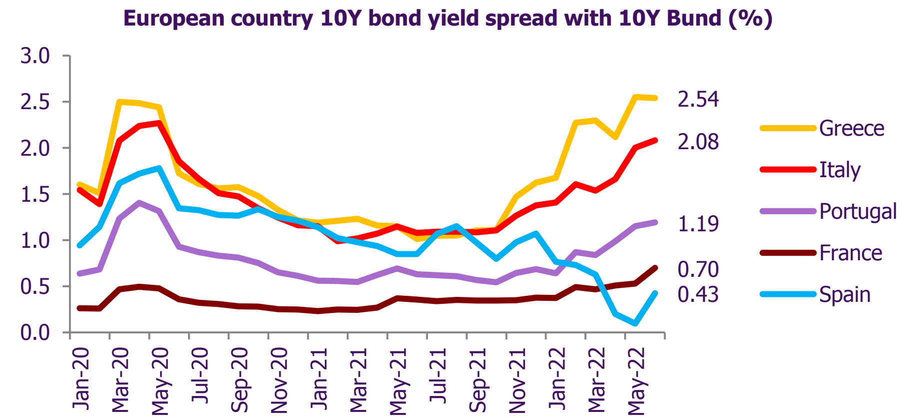
ECB's "yield curve control" will lead to a flat yield curve, making it prone to financial crisis

- The rising US yield curve, as well as the inflationary pressure from the Russia-Ukraine war, leads to a rise in sovereign bond yield in other countries, esp. those in Europe. Moreover, those prone to credit risk, esp. the peripheral countries such as Greece, Italy and Portugal, are facing more pressure from rising yield. 10-year yields of Italy and Greece have risen to approx. 4% despite being at less than 1% a year ago. This "fragmentation" led to an emergency ECB meeting on Jun 15 in which the bank agreed to set up a mechanism for (de facto) control of the yield curve by means of QE. We believe the ECB's (de facto) yield curve control will lead to a flattening yield curve in peripheral countries, making their financial institutions prone to a financial crisis.









SCBS

(Extra) European and US real estate markets could be the start of a new crisis

House of scorecards

Housing-risk indicators, selected countries

(Ranking out of 20*)	**House-price increase,** Q4 2019-Q4 2021, %	**Share of homeowners with a mortgage,** 2019†, %	**Variable-rate mortgages as a share of total,** 2018†, %	**Total outstanding residential loans to disposable income of households,** 2019†, %
Sweden (1)	28	43	69	177
Netherlands (=2)	30	49	16	182
New Zealand (=2)	46	67	18	142‡
Norway (4)	16	50	94	169
Australia (=5)	28	32	81	150
Luxembourg (=5)	31	34	47	147
Canada (7)	26	39	28	137
Denmark (=8)	17	38	16	170
United States (=8)	31	40	15	70§
Finland (10)	9	31	96	73
Poland (11)	22	11	100	33
Ireland (12)	17	26	39	70
Britain (13)	18	31	7	101
Germany (=14)	22	18	12	71
Lithuania (=14)	15	9	97	28
Hungary (=16)	24	12	16	17
Spain (=16)	2	24	36	64
France (18)	14	24	2	71
Romania (19)	10	1	75	13
Italy (20)	6	10	33	32

Sources: OECD; Hypostat; Suttle Economics; Knight Frank; *The Economist*

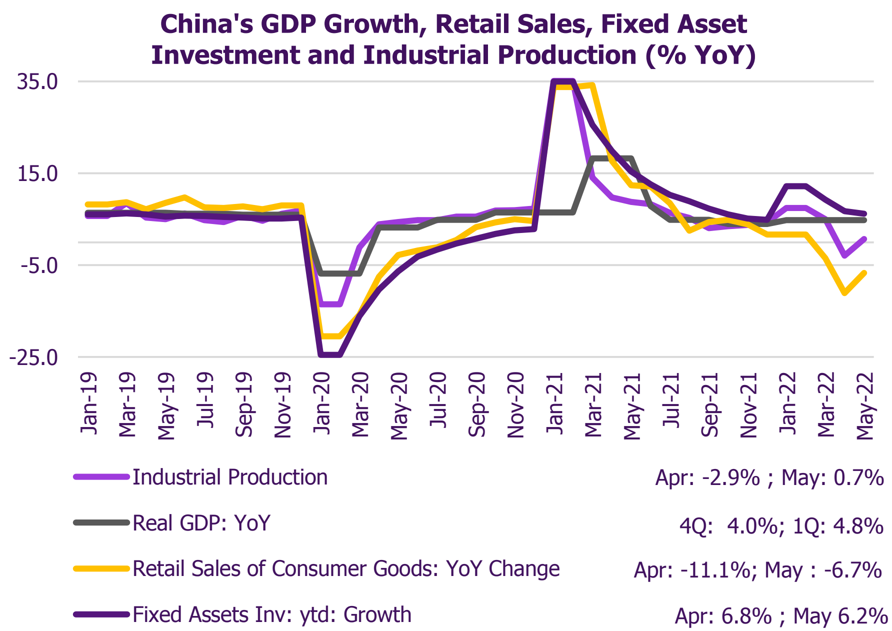
*Average of four indicators (1=most exposed to interest-rate rises)
†Or latest available ‡Estimate §2018

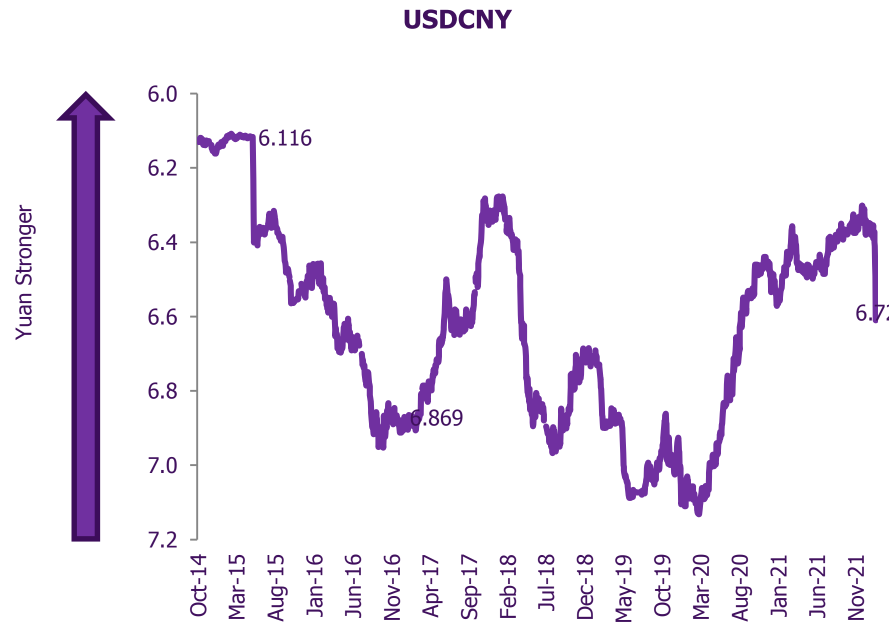
Source: CEIC, OPEC, SCBS Research

CHINESE ECONOMY: RISKS FROM ZERO COVID, BUT POLICIES BECOME INCREASINGLY ACCOMMODATIVE

China’s Economy Shows Mixed Recovery

- China’s economy had a mixed recovery in May as COVID restrictions gradually eased, with industrial production unexpectedly increasing while consumer spending and the property market continued to contract, but to a lesser extent. This implies that growth has bottomed and recovery has just started. Some COVID restrictions in Shanghai were eased during the month, allowing factories to gradually resume production and logistics bottlenecks to ease. However, stringent controls continued to hinder consumer activity across the country. The course of the recovery remains uncertain as Beijing continues to rely on lockdowns and other restrictions to contain large-scale outbreaks of the virus. We believe the government will continue the policy until President Xi Jinping is sworn in for a third term in November, with continuing risk of on-and-off lockdowns hurting the economy.
- Nevertheless, Chinese authorities have begun to signal easing of monetary and fiscal policy, such as the reduction of reserve requirement ratio (RRR) and issued 23 measures to relax liquidity tightening, along with issuing 33 fiscal measures to stimulate the economy. The authority is also allowing the yuan to depreciate, which we believe will lessen the impact and maintain GDP growth rate this year within 4%.





Source: CEIC, OPEC, SCBS Research

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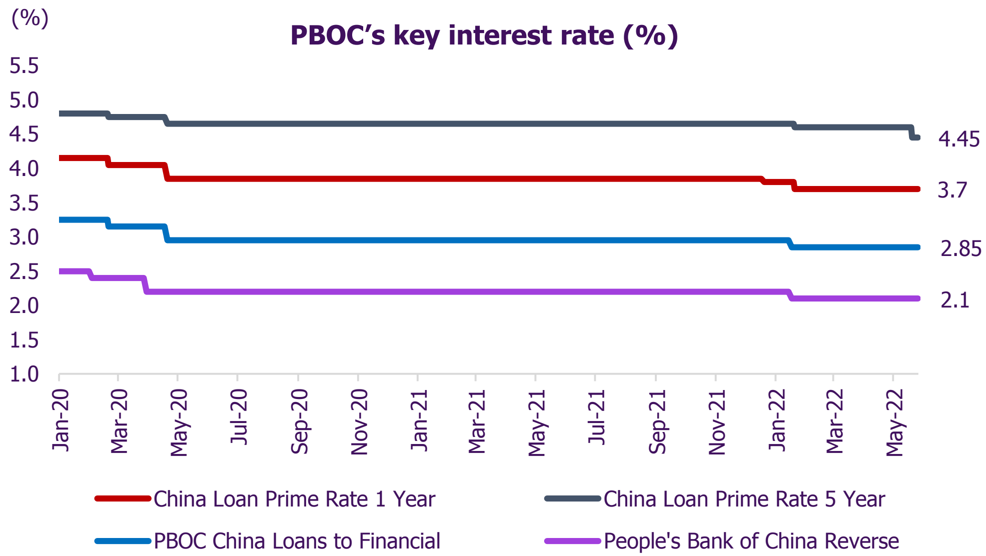
China’s “machine gun” monetary and fiscal measures

- China has cut the prime rate on five-year loans and has issued measures to help the real estate sector, including 33 fiscal measures and 23 liquidity injection measures to help the economy. Most of the fiscal measures involve tax reduction and relief. This is to support SMEs and grassroots citizens.



Summary of China’s US$21bn fiscal measures (mainly tax relief)	
1	Tax rebates to companies
2	Cuts on passenger car purchase taxes
3	Tax cuts equal about 0.1% of China’s GDP
4	China to double small business loan quota
5	Extend delay on social insurance payments

Bigger Efforts

China expands policy easing for home sales to revive growth

	Tier-1 cities	Tier-2 cities
Lower the bar prohibiting purchase by certain homebuyers	Shanghai (employees in some companies in suburban Lingang area)	Nanjing, Ningbo, Suzhou, Lanzhou, Zhengzhou, Fuzhou, Nanchang
Shorten the period prohibiting buyers to sell their properties	None	Suzhou, Lanzhou, Harbin
Allow mortgage borrowing for more purchase, especially buying a second home	None	Lanzhou, Zhengzhou, Chongqing, Wenzhou, Nanning
Lower mortgage rates	Beijing, Shanghai, Shenzhen, Guangzhou	Suzhou, Zhengzhou, and many more cities
Give out home-buying subsidies	Shanghai (Jinshan district)	Kunming, Dalian, Zhengzhou
Relaunch the shanty town redevelopment program	None	Nanning, Zhengzhou, Lanzhou, Kunming
Offering property-buying perks to families with second or third kids	None	Hangzhou, Shenyang, Dazhou, Wuxi
Cut interest rate for new mortgages by 20 basis points	All	All

Source: China Index Holdings, government announcements

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Source: CEIC, OPEC, SCBS Research

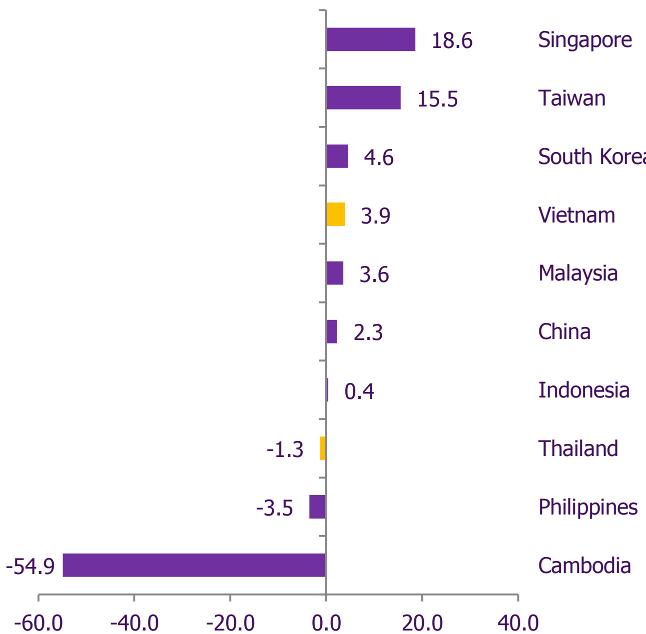
EMERGING MARKET ECONOMIES: THE RISKS OF 3 CRISES

Emerging markets are facing three negative factors, and this will increase the risks going forward.

- Economic risks are arising from three factors: the prolonged Ukraine-Russia war, on-and-off lockdowns in China and tightening liquidity as a result of Fed actions, and these are leading to deterioration in emerging market economies. Bloomberg Economics has ranked 19 emerging-market countries at risk of crisis, based on their food and energy self-sufficiency and their risk of capital outflows, both from relatively large foreign currency debt and high current account deficits. It identified 10 emerging markets at risk of further economic crisis, including Thailand. The others are Turkey, Egypt, Vietnam, the Philippines, Poland, South Korea, Chile, China and Peru. Malaysia, India and Indonesia, meanwhile, are ranked 11th, 12th and 18th respectively on Bloomberg's high-risk list. Looking forward, the three factors will have a negative effect on emerging economies.

	Overall exposure	Capital flight risk	Net energy exports	Net grain exports	Trade and inv. exposure to Russia
	Rank (Out of 19)	Rank(Out of 19)	% of GDP	% of GDP	% of GDP
Turkey	1	2	-0.9	-0.4	2.68
Egypt	2	4	-0.9	-1.6	1.12
Vietnam	3	15	-3.6	-0.9	1.33
Philippines	4	10	-3.5	-0.5	0.44
Poland	5	7	-2.3	0.1	3.45
South Korea	6	17	-5.2	-0.2	1.11
Thailand	7	16	-4.6	-0.1	0.51
Chile	8	8	-3.8	-0.2	0.04
China	9	11	-2.1	0.0	0.56
Peru	10	13	-1.2	-0.6	0.20

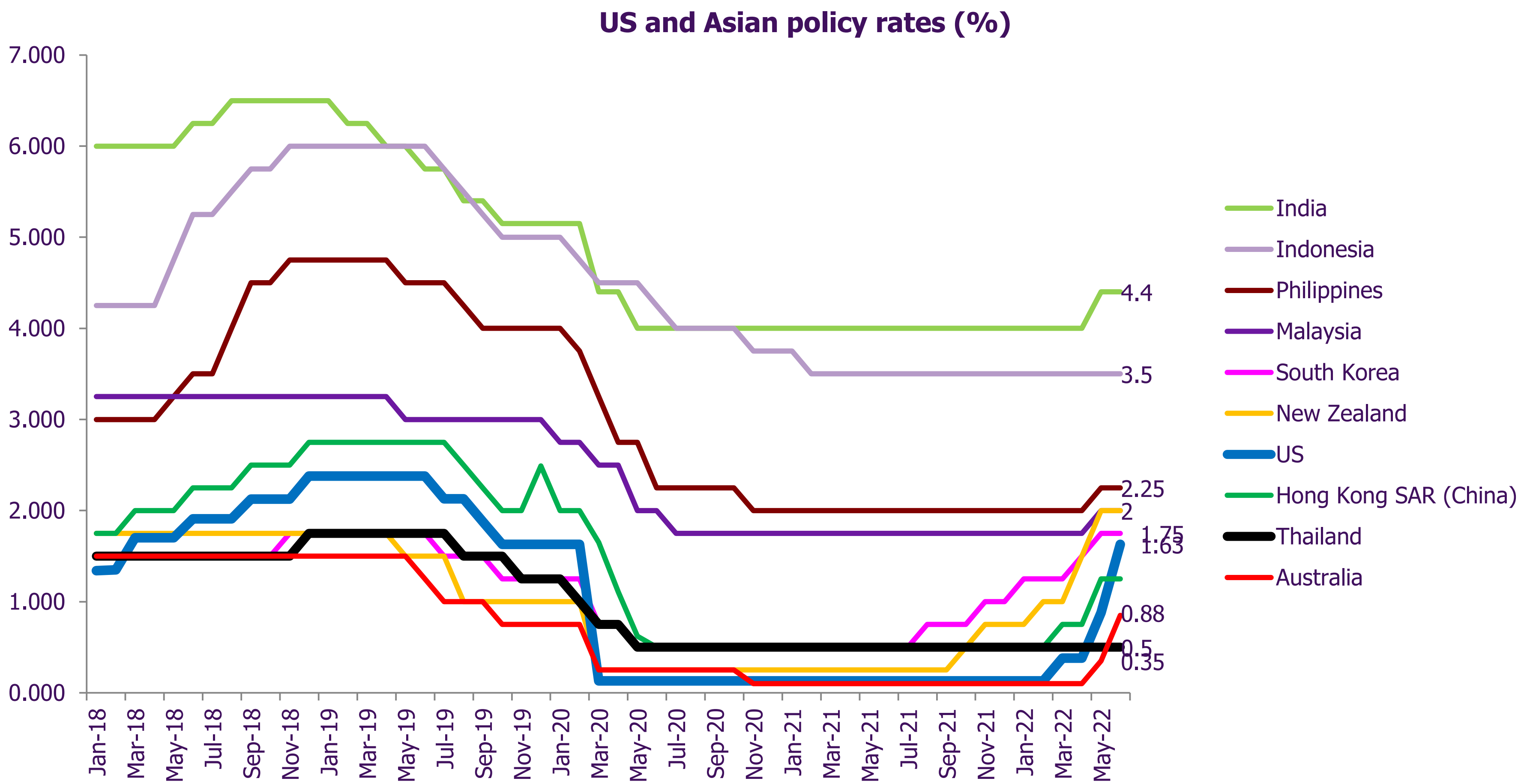
Selected countries with current account deficit (4Q22; % of GDP)



Source: Bloomberg, SCBS Research
Source: CEIC, OPEC

Ongoing Fed supersized hikes,

will have substantial direct impact on EM Asia, especially in terms of monetary policy tightening



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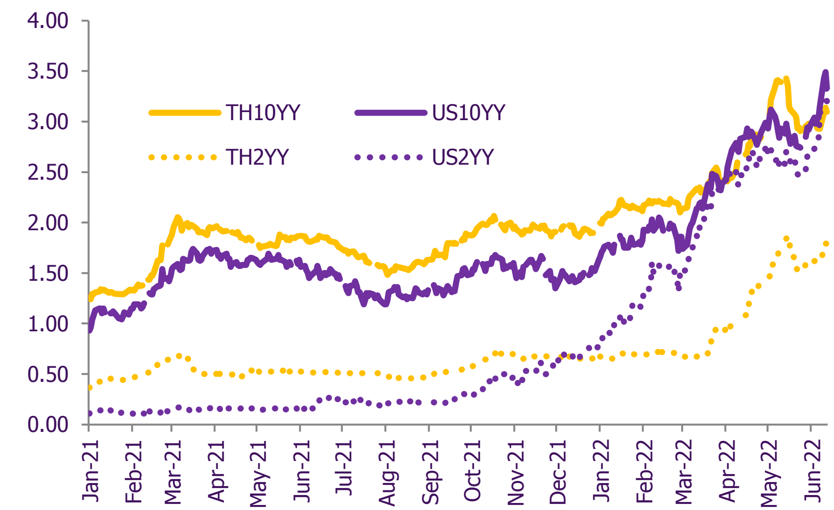
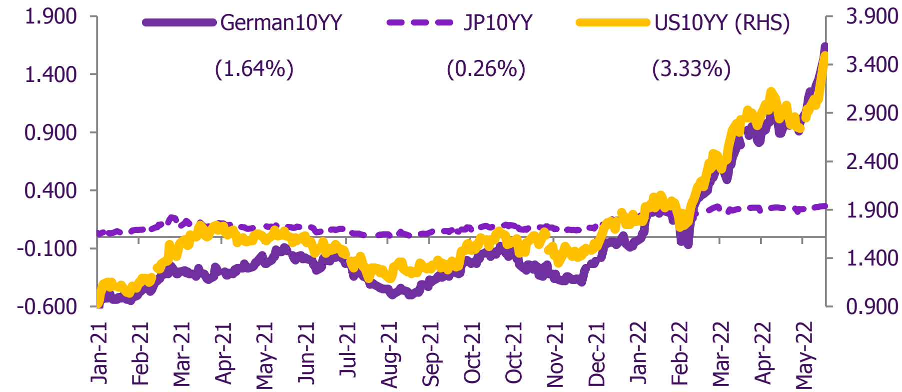
DM, Asian and Thai bonds hit by rising yield

- A sharp rise in US bond yield leads to a rise in sovereign bond yield and/or the depreciation of local currency in all other countries, but to a lesser extent.

US and Thailand 2-year and 10-year bond yield (%)

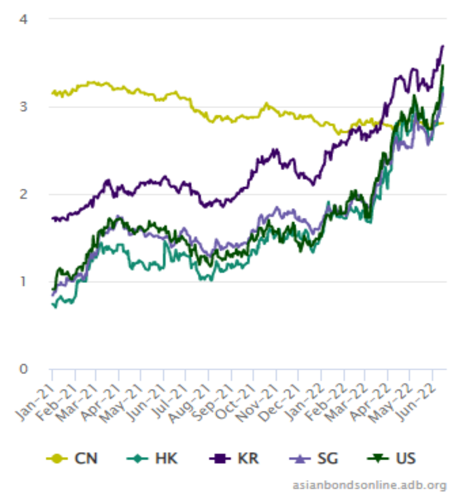


German Bund, UST and JGB 10YY (%)

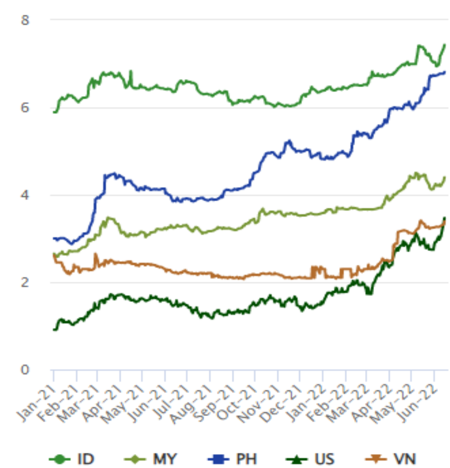


	US	US 2021	Chg	TH	TH2021	Chg
2Yr	3.20	0.73	2.47	1.78	0.66	1.12
10Yr	3.33	1.50	1.83	3.09	1.90	1.19

10-Year Local Currency Government Bond Yields



10-Year Local Currency Government Bond Yields



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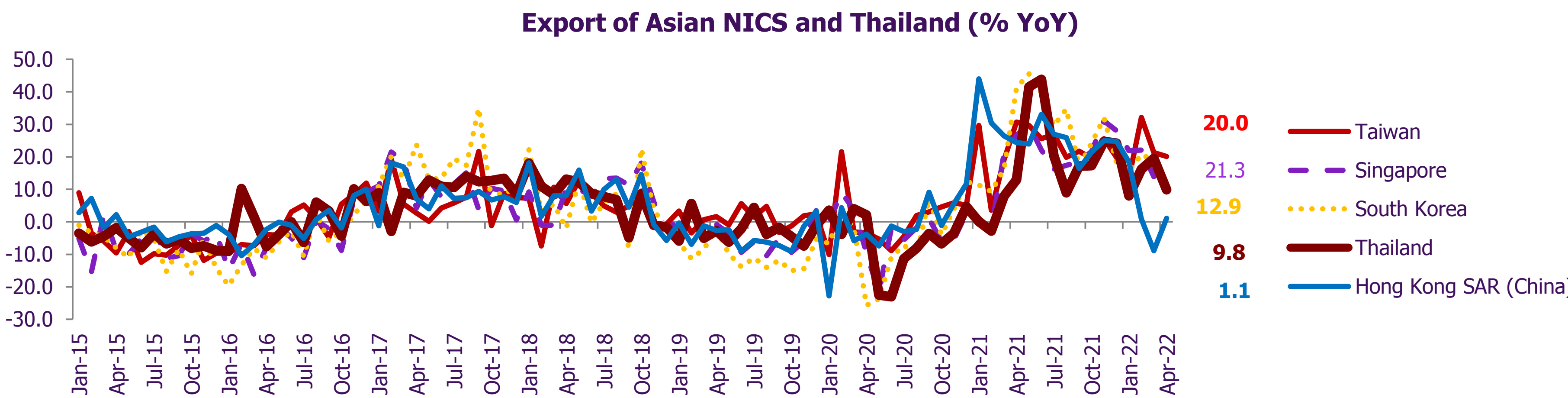
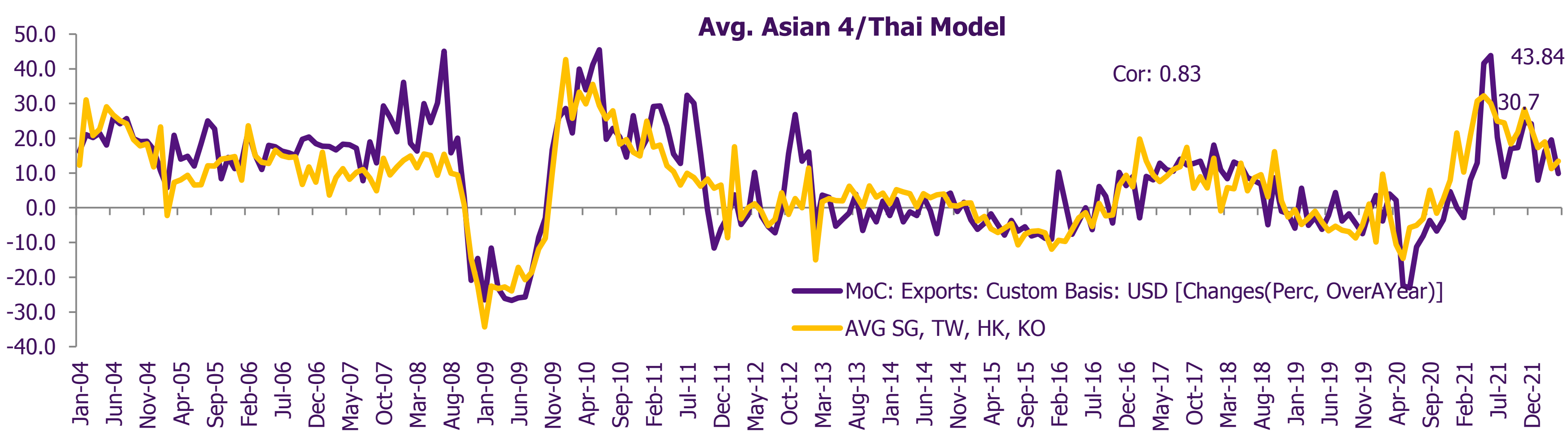
Asian exports slow materially from peak in 2021

- Asian exports have slowed materially from peak in 2021. Export growth in Asia NICS countries slowed to 13.4% YoY from a peak of 30.7% in mid-2021; Thai exports also slowed down. This momentum suggests the possibility that Asian NICS and Thai exports may enter negative territory later this year.





GLOBAL PROJECTION

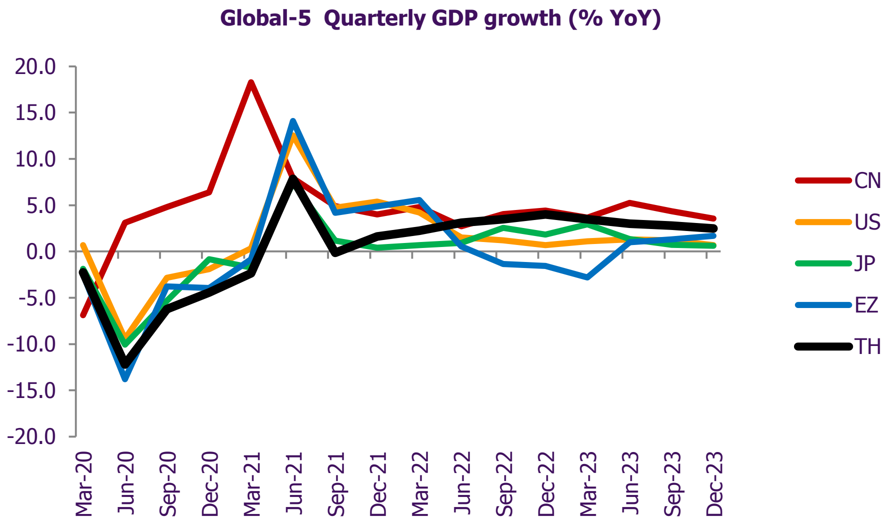
SCBS global and Thailand macro projections

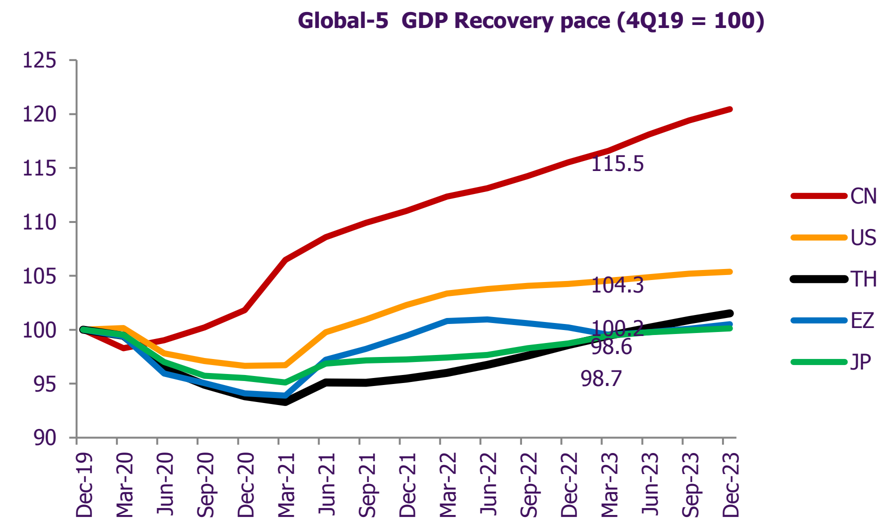
- Our global macro model projection suggests the eurozone is increasingly at risk of a recession this year, with GDP contracting in 2H22 and into 1Q23 due to the weaknesses mentioned above. Economic growth in other countries will deteriorate, but not fall into recession this year or next.
- In terms of inflation, we raise our inflation projection significantly, with the peak of the current cycle pushing into 3Q22, esp. in the US, eurozone and Thailand. Subsequently, the increasingly high base effect of oil price and the impact of front-loaded monetary policy tightness will lead to declining inflation in 4Q22 and 2023. Nevertheless, the risk is that inflation may be higher.
- In terms of monetary policy, we believe the Fed will be the most hawkish central bank in our study. We expect another 175 bps hike from now (2Q22) until the end of the year, while the path is front-loaded. The ECB will also hike 175 bps from now, but off a lower base than in the US, the ECB deposit rate will be ~1.25% at year-end. China's central bank (PBOC) may nudge its rate down 10 bps, while the Bank of Thailand (BOT) will hike approx. 50 bps from now till year-end.

(%)	1Q22	2Q22f	3Q22f	4Q22f	1Q23f	2Q23f	3Q23f	4Q23f	2022f	2023f
GDP (US, YoY)	4.2	1.5	1.2	0.7	1.1	1.3	1.2	0.7	1.8	1.2
GDP (EZ. YoY)	5.6	0.5	-1.4	-1.6	-2.8	1.0	1.3	1.7	0.8	0.3
GDP (CH, YoY)	4.8	2.7	4.0	4.4	3.7	5.3	4.4	3.6	4.0	4.2
GDP (TH, YoY)	2.2	3.1	3.5	4.0	3.5	3.0	2.8	2.5	3.4	3.0
CPI (US)	8.0	8.5	8.6	7.8	6.9	6.4	5.5	4.6	8.2	5.9
HICP (EZ)	6.1	7.6	8.1	7.2	5.4	4.0	3.8	2.8	7.3	3.8
CPI (China)	1.1	1.4	1.8	1.8	2.3	1.7	1.9	1.9	1.5	2.0
CPI (Thailand)	4.7	6.4	7.5	5.7	4.4	3.7	2.9	2.2	6.1	3.3
FFR (US)	0.33	1.63	2.88	3.38	3.88	3.50	2.75	2.50	3.38	2.50
ECB (Deposit)	-0.5	-0.5	0.25	1.25	1.50	1.25	1.25	1.25	1.25	1.25
China (1-yrLPR)	3.7	3.7	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5
RP (Thailand)	0.5	0.5	0.75	1.00	1.25	1.50	1.75	2.00	1.00	2.00

Source : CEIC, and SCBS Investment Research

Global Economic Projection





	03/2022	06/2022	09/2022	12/2022	03/2023	06/2023	09/2023	12/2023	yr 2020	yr 2021	yr 2022	yr 2023
US	4.2	1.5	1.2	0.7	1.1	1.3	1.2	0.7	-3.4	5.8	1.9	1.1
EZ	5.6	0.5	-1.4	-1.6	-2.8	1.0	1.3	1.7	-6.0	5.6	0.8	0.3
CN	4.8	2.7	4.0	4.4	3.7	5.3	4.4	3.6	1.9	8.8	4.0	4.2
JP	0.7	0.9	2.5	1.8	2.9	1.3	0.7	0.6	-4.5	1.8	1.5	1.4
TH	2.2	3.1	3.5	4.0	3.5	3.0	2.8	2.5	-6.3	1.7	3.2	3.0

US	103.4	103.8	104.1	104.3	104.5	104.9	105.2	105.4
EZ	100.8	101.0	100.6	100.2	99.5	99.8	100.1	100.5
CN	112.4	113.1	114.3	115.5	116.6	118.1	119.4	120.5
JP	97.4	97.7	98.3	98.7	99.4	99.8	100.0	100.1
TH	96.0	96.8	97.6	98.6	99.4	100.2	100.9	101.5

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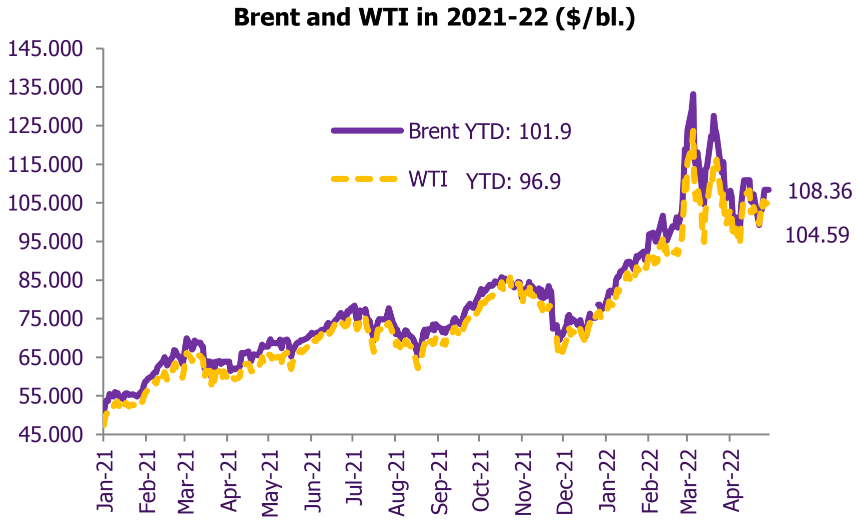
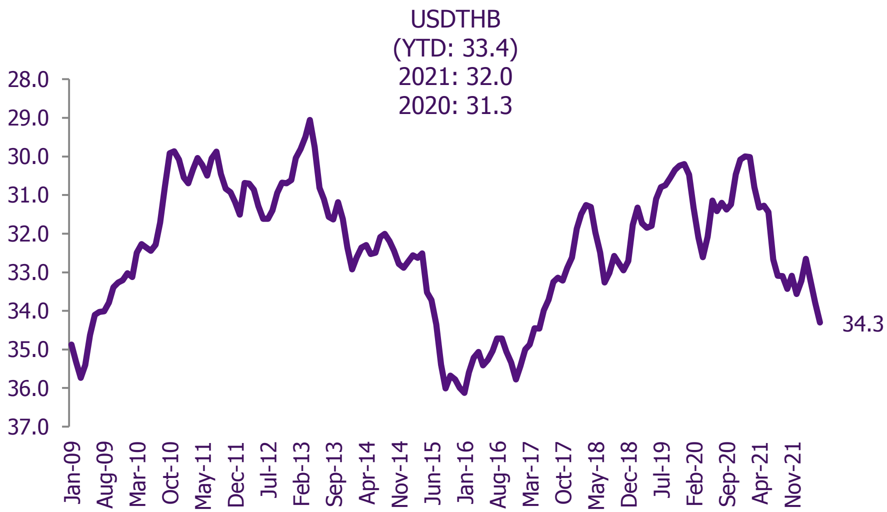
THAI ECONOMY: THEME “6-3-3-8” WITH DOWNSIDE RISK

Important economic assumptions





Major economic assumptions	Old assumptions	Base case	Worst case
Ukraine war	Ends in May	Ends in 1H22	Ends in 2H22
Brent	US$80/bbl	US$100/bbl	US$120/bbl
Domestic diesel price	Bt30/litre	Bt35/litre	Bt38/litre
Min daily wage rate	Maintain at Bt310-336	Raise to Bt360 in 2H22	Raise to Bt400 in 2H22
Exports	2% growth	6% growth	2% growth
Tourist arrivals	8mn	8mn	4mn
USD/THB	Bt32	Bt32-34	Bt33-35

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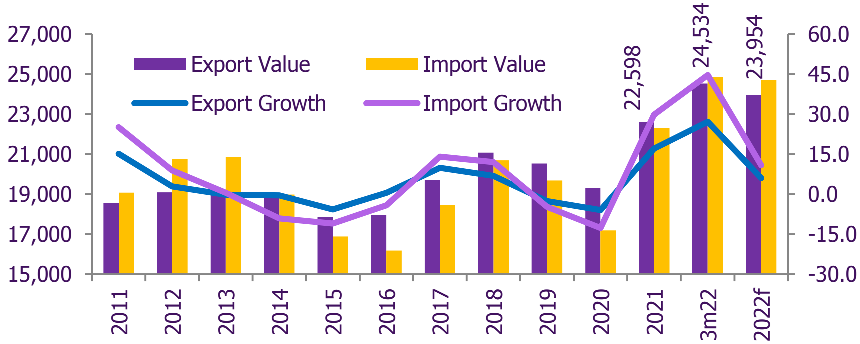
2022: A year of "6-3-3-8"

From the 2-4-4-8 economic theme we projected in 1H22, in the first 4 months, exports seem to be better than we expected (but deterioration risk remains), while domestic consumption may be affected by the rising cost of living from the Russian-Ukraine war and "COVID zero" in China. Thus, the new economic theme we project this quarter has shifted to 6-3-3-8.

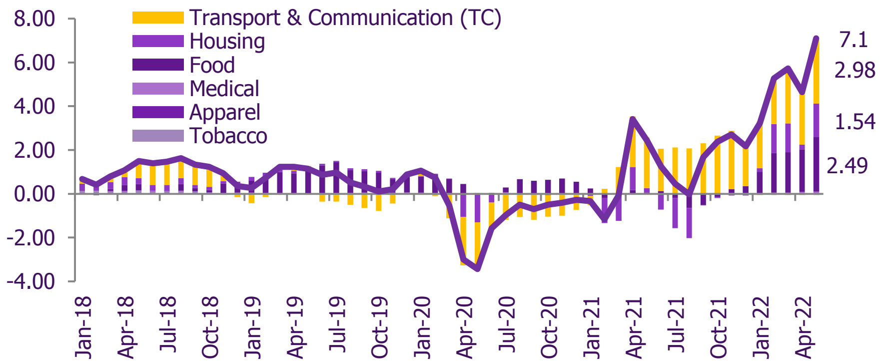
Exports forecasts are revised up due to increasing demand for Thai products, though demand may face risks from the global slowdown

Thai export and import value and growth (Avg. Mthly; USD and %YoY)



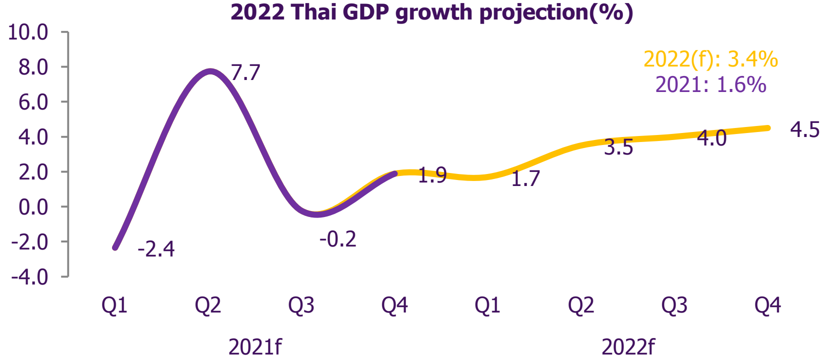
Consumption may not slow down much, but the rising cost of living will affect grassroots consumption, esp. on food and travel

Component of Thailand's inflation in May 2022(%)



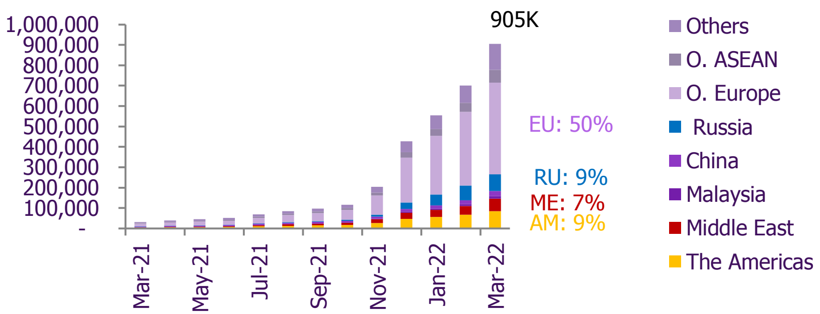
The Thai economy in 2022 will expand by 3.4%, slightly decelerating from the previously expected 3.6% due to slower domestic spending but better-than-expected exports.

2022 Thai GDP growth projection(%)



We maintain our tourist estimate of 8mn in 2022. In 2Q22 we expect 1.5mn, rising to 2mn in 3Q22 and 4mn in 4Q22.

Tourist arrivals (Acc.12 mths)



Source: CEIC, NESDC, SCBS Research

Latest official projection of the Thai economy compared to SCBS

Macro growth projection	Actual 2020	Actual 2021	FPO (Apr 2022) 2022f	BOT (Jun 2022) 2022f	NESDC (May 2022) 2022f	SCBS (Feb 2022) 2022f	SCBS Base (May 2022) 2022f	SCBS Worst (May 2022) 2022f
GDP growth	-6.2	1.6	3.5	3.2	3.0	3.6	3.4	2.9
Private investment	-8.2	3.2	4.5	5.4	3.5	6.3	4.5	4.0
Public investment	5.1	3.8	4.6	3.5	3.4	4.1	4.1	4.1
Private consumption	-1.0	0.8	4.3	4.9	3.9	4.2	3.5	2.9
Public consumption	1.4	3.2	-0.2	-1.9	-0.2	2.5	2.5	2.5
Export value in US$ terms (%)	-6.5	18.8	6.0	7.9	7.3	2.0	6.0	2.0
Import value in US$ terms (%)	-13.8	15.0	11.3	13.8	10.9	2.8	10.8	2.8
Current account to GDP (%)	4.2	-2.2	-0.8	-0.6	-1.5	2.5	-0.5	-2.0
Headline inflation (%)	-0.8	1.2	5.0	6.2	4.7	2.1	5.1	6.1
USD/THB	31.3	32.0	33.1	N/A	33.7	32.0	33.0	34.0
Policy rate (%)	0.50	0.50	0.5	N/A	N/A	0.50	1.00	1.50
No. of inbound tourists (mn)	6.7	0.43	6.1	6.0	7.0	8.0	8.0	4.0

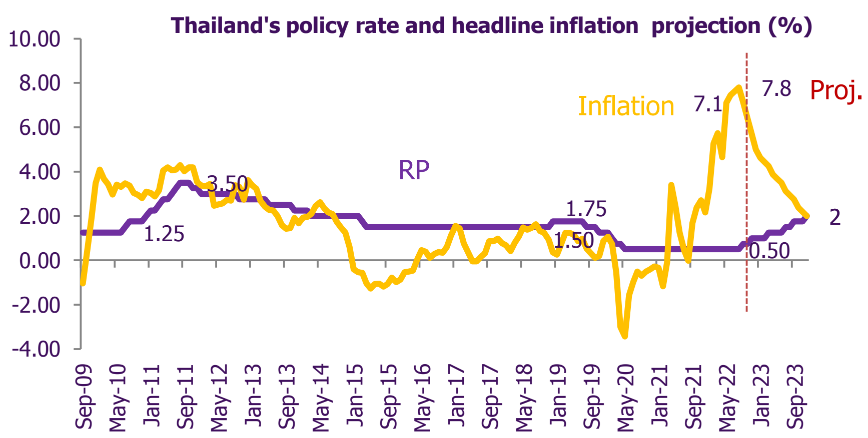
Source: CEIC, NESDC, BOT, FPO, SCBS Research

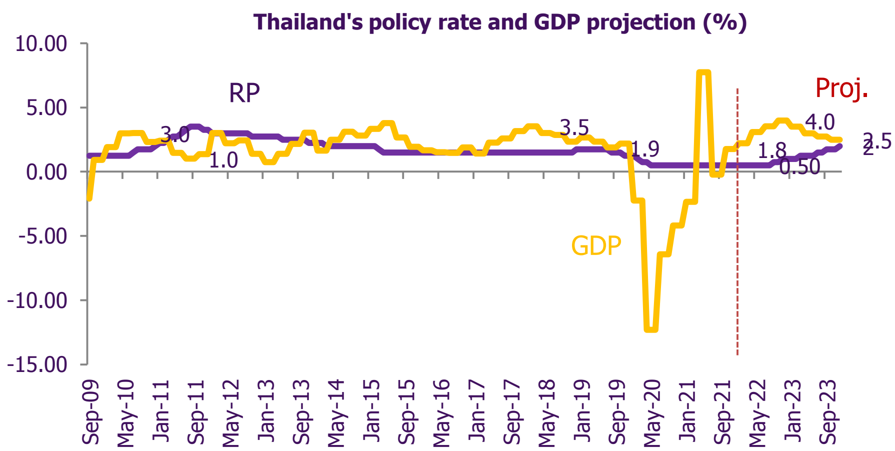
Thailand economic growth, inflation and interest rate outlook

- With the revived global and Thailand economic backdrop, we have adjusted our economic projections and assumptions as follows:
    1. Inflation will peak in the third quarter of this year at ~8% before declining to 2% in late 2023;
    2. The Thai economy will accelerate to peak in the fourth quarter of this year at ~4% before slowing down in 2023 due to base factors and global economic risks causing the economy in to grow 3.4% in 2022 and 3.0% in 2023;
- We expect Thailand's policy interest rate hike pattern will be gradual. This year, the policy interest rate may be raised 1-2 times to 0.75-1%, while in 2023 it may be stepped up 3-5 times, causing interest rate to peak at 1.5-2%.

Projections of Thailand's economic growth, inflation and interest policy 2022-23

(%)	1Q22	2Q22f	3Q22f	4Q22f	1Q23f	2Q23f	3Q23f	4Q23f	2022f	2023f
GDP	2.2	3.1	3.5	4.0	3.5	3.0	2.8	2.5	3.4	3.0
CPI (Avg.)	4.7	6.4	7.5	5.7	4.4	3.7	2.9	2.2	6.1	3.3
RP (end period)	0.5	0.5	0.75	1.00	1.25	1.50	1.75	2.00	1.00	2.00





Source : CEIC, and SCBS Investment Research

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STRATEGY

Key points of our 3Q22 strategy

		Our summary views
Macroeconomic outlook		We believe that the Fed's rapid rate hike in June and further substantial hikes will create a ripple effect across the world and cause a financial crisis and/or recession in the US, Europe and emerging markets.
Economic bright spots		Service-related sectors, transportation, and high pricing-power sectors
Economic cycle		Tightening risks are extended due to the Fed's front-loaded rate hike, while growth risk is rising. Global economies are facing slowdowns plus energy and food crises. In addition, we are in a late expansion cycle with bear flattening that usually offers low returns with high volatility. Recession fears also pressure upside.
Recession fears		A recession would be relatively mild. Corporate balance sheets are mostly strong. Risks in the financial system appear to be manageable with no significant imbalance in markets and the economy. Liquidity is drying but still excessive relative to previous recession episodes and still retain a useful cushion.
Hawkish pivot		We expect the Thai economy to start recovery in 2H22 thanks to tourism recovery and easing supply chain disruption that could reduce the impact of high inflation on purchasing power. If our view is correct, we believe SET Index will have limited impact from the interest rate hike; however, returns may be small relative to previous episodes. The Thai economy is sturdy enough to absorb 1-2 rate hikes, in our view.
Inflation peak		The market usually falls in the run up to the peak in headline inflation. Peaks in inflation were all good times to buy the market at/around economic troughs. Peaked inflation is good for cyclicals, banks and consumer names that were hit the hardest in current episodes.
Supply chain		Peak inflation signs are flashing in shipping, chips, and agricultural sectors. Prices for chips, shipping containers and industrial metals have come off peaks, meaning relief could be on the horizon for corporates. Improving supplier delivery times point to easing bottlenecks that should curb price pressures later this year.
3Q22 strategy		The SET is expected to move in a narrow range with downside risk from earnings downgrades in 3Q22. The market is entering low season. We anticipate a rotation from defensive sectors that have recently driven the market to specific cyclical sectors or high beta stocks with sound fundamentals and improving earnings.
SET Index target		Our calculations put our 2022 SET Index target based on fundamentals at 1,650. Our key entry point is 1,500-1,550, while the take-profit level is above 1,750
Sector weighting 3Q22	**Overweight**	Bank, Food & Beverage, Finance, Commerce, Tourism
	Neutral	Energy, Petrochemical, Property, Healthcare and Telecom
	Underweight	Agribusiness, Building Materials, Entertainment/Media, Airlines
Recommendations		We look at stocks that 1) were unduly punished in the downturn, 2) are gaining momentum from reopening and costs, 3) are showing earnings growth or recovery from easing supply chain disruption, 4) have reasonable valuations. Our top picks in 3Q22 are BBL, BJC, CPF, CBG, MTC

Key risks and our views

	Current situation	Outlook	Implication
Russia-Ukraine conflict	No new positive development. Russian and Ukrainian forces continue to fight in key cities.	We are concerned about escalating geopolitical conflicts as Sweden and Finland are poised to join NATO.	Energy prices are expected to stay high. Food crisis is another concern. Inflation should peak and drop when the war ends.
Inflation	Inflation surged to record highs and has not reached peak. Energy cost and wages are key pressures.	We expect inflation to remain high but see early signs of slowing. Inflation is hitting consumer purchasing power and prompting a pullback in spending	As long as inflation is well above target and the labor market still extremely tight, the logic of tighter financial conditions and slower growth is hard to avoid.
COVID-19	Many countries are preparing for reopening of cross-border activities thanks to high level of protection from rapid vaccinations.	We expect most economies to transition to a more endemic stage of the pandemic in 2H22. We expect more cross-border activities globally.	COVID as an endemic would support service sector recovery. EM countries' growth should outperform DM economies. Earnings of tourism-related stocks should see a big improvement
China's lockdown	Chinese government is implementing its “Zero COVID-19” goal by using tight restrictions to control new daily cases. China is focusing on testing and quarantine.	We expect China to lift its Zero-COVID policy in 4Q22 after 70% of its population is boosted.	China's reopening would support global economic recovery and reduce growth concern. However, if the Zero-COVID policy remains in place in 2023, the impact of the US and EU slowdown could pressure Asia's economies. Earnings of reopening stocks will be put at risk.
Supply Chain	Supply chains are still snarled. Shipping times remain at record highs. Baby food, tampons and semiconductors are all scarce.	We expect supply chain disruption to improve in 2H22 thanks to new supply growth such as rising output for agricultural products in the US and South America, reopening of China's ports and new supply in 2023-24, and new capacity for semiconductor companies.	Supply strains are expected to ease. The worst of the supply chain crisis is probably passed, but full recovery takes time. Recent improvements should help to cool down inflation and tight financial condition as well as margin pressure.
Recession	Various leading economic indicators are below expectation and behind the fears of recession.	A higher probability of recession after tight monetary policies but not inevitable or likely imminent. Our economist expects a US recession in 2H23.	Tightening risk are extended that could lead to growth risk. Yields would fall and commodity longs would be placed at risk.

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Investment roadmap from macro perspective

<table>
<tr><th></th><th>2Q22</th><th>3Q22</th><th>4Q22</th><th>1Q23</th></tr>
<tr><td>US</td><td colspan="2">3 Stagflation
Bonds over stocks
Style - Secular growth, quality, low beta
Sectors - Utilities, Tech, Energy
Fixed Income - Long duration, TIPS</td><td colspan="2">4 Recession
Bonds over stocks
Style - Low beta, quality, defensive, dividend yield
Sector - Consumer Staples, Utilities, REIT, Healthcare, Telecom
Fixed Income - Long duration, IG</td></tr>
<tr><td>EU</td><td rowspan="2">3 Stagflation
Bonds over stocks
Style - Secular growth, quality, low beta
Sector - Utilities, Tech, Energy
Fixed Income - Long duration, TIPS</td><td colspan="3">4 Recession
Bonds over stocks
Style - Low beta, quality, defensive, dividend yield
Sector - Consumer Staples, Utilities, REIT, Healthcare, Telecom
Fixed Income - Long duration, IG</td></tr>
<tr><td>China</td><td colspan="3">2 Reflation
Stocks over bonds
Style - Secular growth, high beta, small cap, cyclical growth
Sector - Tech, Discretionary, Industrials, Financials
Fixed Income - HY</td></tr>
<tr><td>EM</td><td colspan="2">3 Stagflation
Bonds over stocks
Style - Secular growth, quality, low beta
Sector - Utilities, Tech, Energy
Fixed Income - Long duration, TIPS</td><td>2 Reflation
Stocks over bonds
Style - Secular growth, high beta, small cap, cyclical growth
Sector - Tech, Discretionary, Industrials, Financials
Fixed Income - HY</td><td>1 Goldilocks
Stocks over bonds
Style - Secular growth, High beta, mid-caps
Sector - Tech, Discretionary, Industrials, Telecom, Materials
Fixed Income - HY, EM debt</td></tr>
<tr><td>Thailand</td><td>3 Stagflation
Bonds over stocks
Style - Secular growth, quality, low beta
Sector - Utilities, Tech, Energy
Fixed Income - Long duration, TIPS</td><td>2 Reflation
Stocks over bonds
Style - Secular growth, high beta, small cap, cyclical growth
Sector - Tech, Discretionary, Industrials, Financials
Fixed Income - HY</td><td colspan="2">1 Goldilocks
Stocks over bonds
Style - Secular growth, high beta, mid-caps
Sector - Tech, Discretionary, Industrials, Telecom, Materials
Fixed Income - HY, EM debt</td></tr>
</table>

Source: SCBS Investment Research

Our 2Q22 recommendations outperformed the SET by 6%

2Q22 has nearly come to an end, with the Thai stock market falling 8% but outperforming regional peers and the overall market by 2% and 10% respectively. Inflation has become a rising concern that has led to faster-than-expected interest rate hike globally in order to tame inflation. That dynamic is being exacerbated by the ongoing invasion of Ukraine by Russia and more restrictive COVID-19 lockdowns in China. The current backdrop raises the risk of near-term recession.

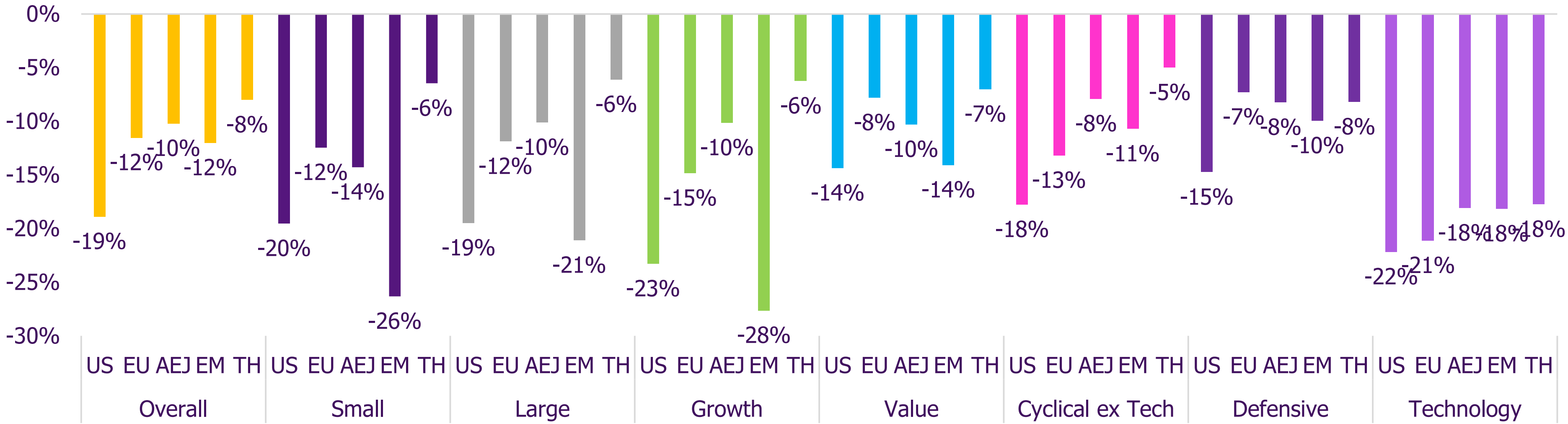
In 2Q22, all sectors except commodities-related stocks fell sharply. We saw the Energy Sector and defensive sectors such as Healthcare, Consumer Staples and Utilities outperform growth and global cyclical stocks as growth-oriented stocks were at the epicenter of the pain amid fears of rising rates and a slowing economy. Defensive, rate-sensitive and commodities baskets outperformed asset-sensitive and global cyclical baskets on the back of valuation pressure. However, share prices have mostly priced in the rate hike environment and partially priced in the growth slowdown.

The Thai stock market offered negative returns in 2Q22. Index contribution has been concentrated in four sectors: Energy and Petrochemical, Tourism and Transportation, while Electronic Components, Financials and Commerce disappointed. Foreign investors have bought a net US$338mn in Thai equities QTD, continuing from the strong inflow in 1Q22 of US$3.4bn. Foreign flows are the same in ASEAN peers such as Indonesia (US$2.6bn), Vietnam (US$244mn) and Malaysia (US$29mn).

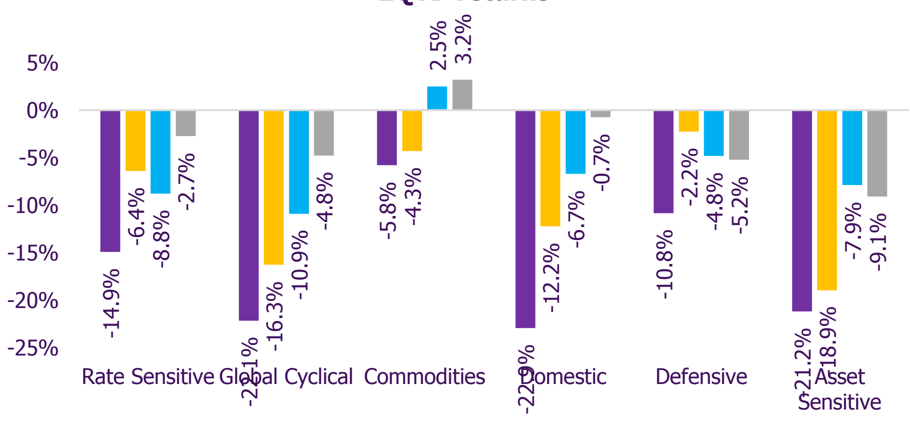
Our top picks that focused on quality growth, high pricing power and reopening benefit offered average returns of -1.3%, representing excess returns of 6% as all of our stock picks except CRC outperformed. Our beta plays such as AOT (+4.2%), BDMS (-5.5%) and GULF (-6%) offered 2.5% higher returns than large-caps. Our alpha plays such as PTTEP (+12%) far outperformed.

Commodities and defensive outperformed in 2Q22

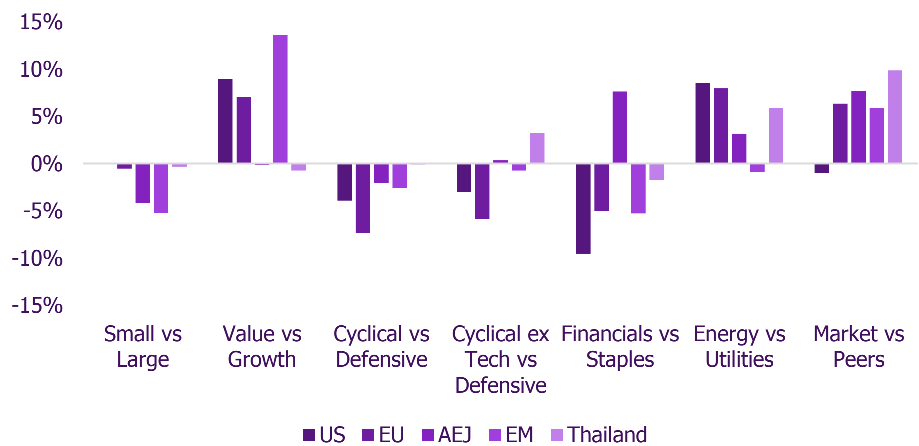
Performance comparison in 2Q22 (as of 17 Jun 22)



2QTD returns

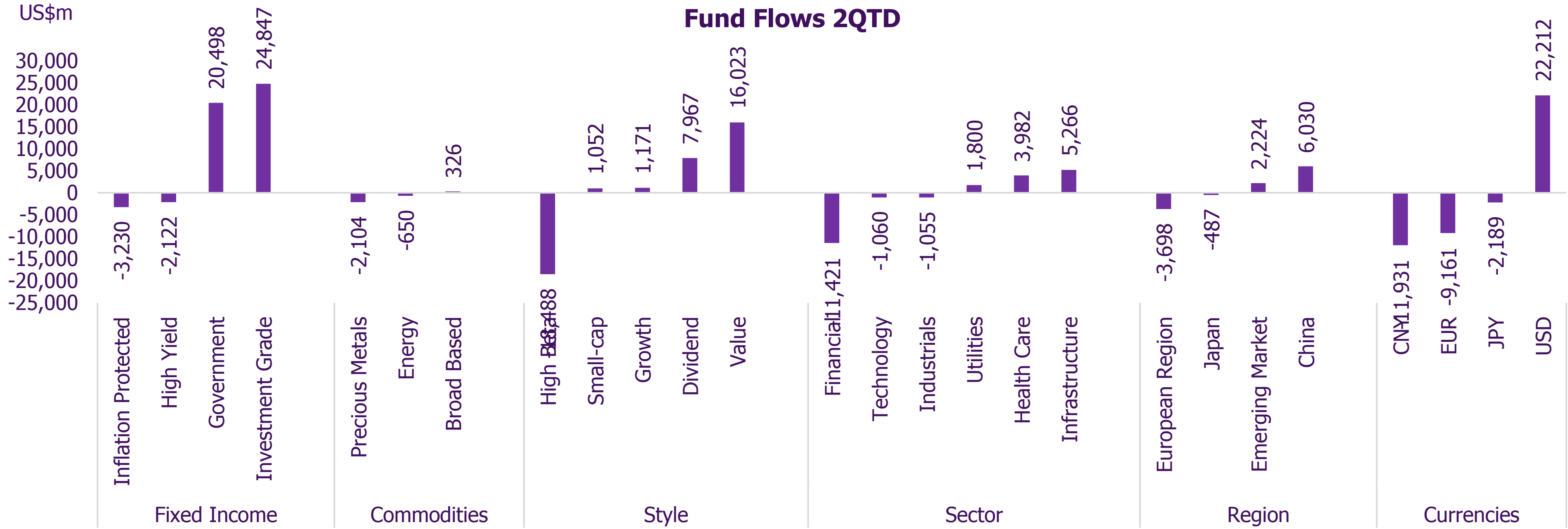


Relative performance



Source: Bloomberg, SET, SCBS Investment Research

Safe-haven inflow; cash is king



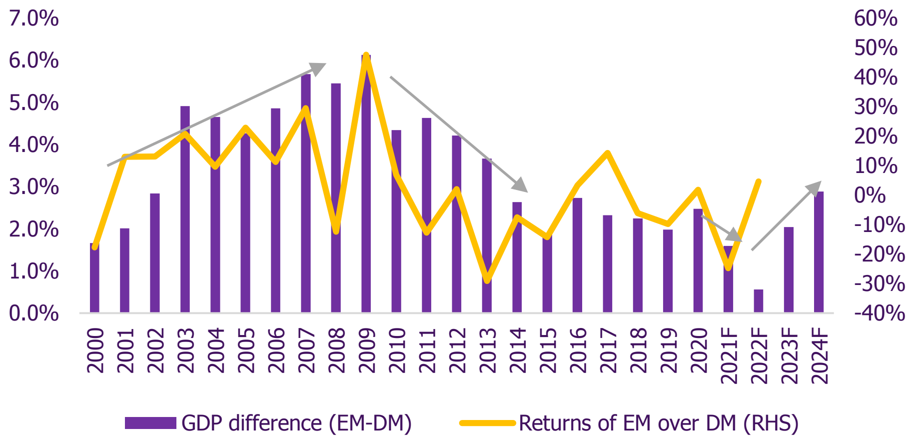
Source: EPFR, ETF

Flows into mutual funds and related investment products show an acceleration of net selling across equity, while flows into fixed income funds are increasing, especially government bond and investment-grade. Cost pressure and rising finance cost led to sell-offs of high-yield credits. Flows into USD turned modestly more positive. Investor de-risking intensified because of the skyrocketing inflation, tightening of global monetary policy and recession fears with large net outflows in high beta and financials that reversed from 1Q22. Meanwhile, demand for defensive such as utilities, healthcare and infrastructure showed modest net inflows.

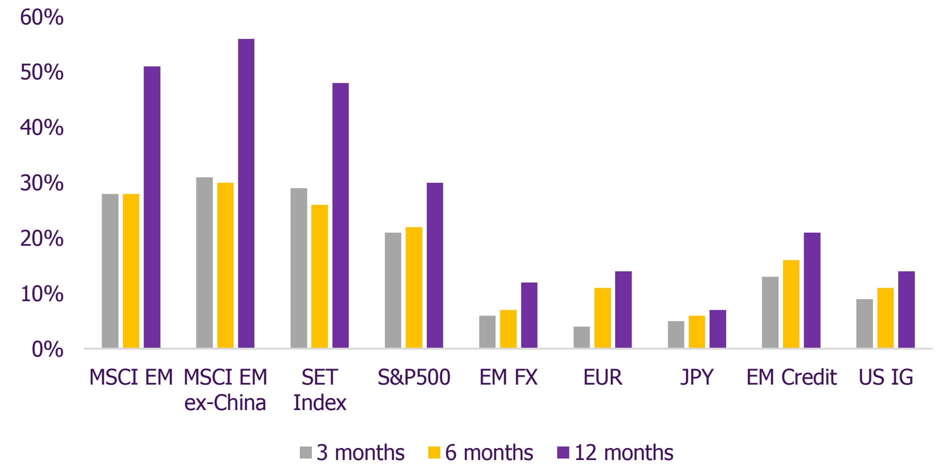
This indicates that investors reduced portfolio risk via both asset allocation and sector rotation toward safe asset and low volatilities. We think most investors increased their cash holdings, a reflection of their worries about the deteriorating outlook for risky assets. Thus, we expect strong buying when major risks subside.

What does a dollar peak and growth mean for EM?

Difference between EM and DM GDP growth could translate into excess returns for EM over DM



EM assets outperform DM peers following dollar peaks



EM outperforms (underperforms) DM if the difference of GDP of EM over DM accelerates (decelerates). We expect money to flow into EM as investors, flush from gravity-defying stock markets, look farther afield for opportunities. Emerging market stocks are showing strength in 2022-2024. We expect economic activity in EM countries to strongly outperform DM countries in 2022 thanks to hopes of reopening. EM company earnings are expected to grow over 8% next year vs DM growth at 6%. EM valuations are also cheaper than DM. Based on growth and valuation, chance of huge EM outflows is small.

The potential peak in the USD typically has significant (positive) implications for EM assets. Average returns following a USD peak are quite large for risky assets, with EM outperforming DM peers on a 3-12-month basis. EM equities significantly outperform non-US DM peers throughout the initial recovery post a USD peak. Periods of USD strength are not necessarily about US economic outperformance, but also risk aversion in general. In our view, EM growth data typically bottoms around a USD peak and EM equity valuations tend to trade at greater discounts around a USD peak than current levels. Strong returns expectations should support money inflow to EM.

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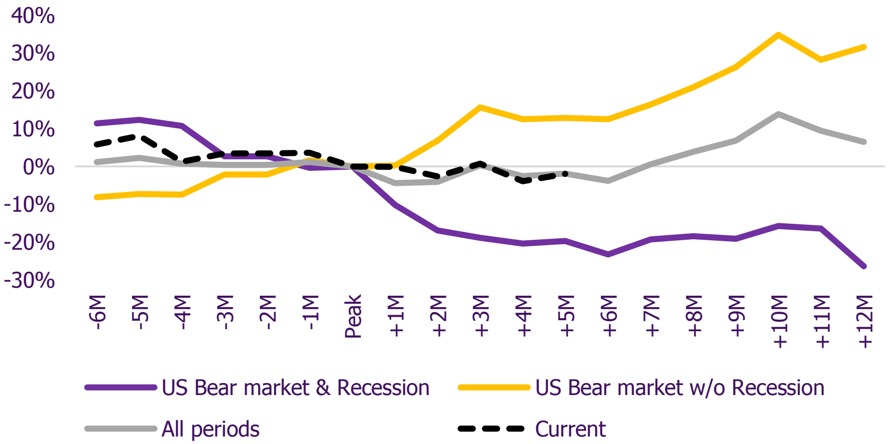
What will the next US recession look like?

			Drawdown	Recession
16/7/1990	Oct-90	87	-20%	Yes
17/7/1998	Aug-98	45	-19%	No
24/3/2000	Oct-02	929	-49%	Yes
9/10/2007	Mar-09	517	-57%	Yes
23/4/2010	Jul-10	70	-16%	No
29/4/2011	Oct-11	157	-19%	No
20/9/2018	Dec-18	95	-20%	No
19/2/2020	Mar-20	33	-34%	Yes
4/1/2022	**May-22**	**141**	**-19%**	**30% Chances**
	Average	**242**	**-29%**	
	Median	**91**	**-20%**	
	Days between Bear & Recession			70-95 days
	Recession duration			14-15 months

SET Index reaction during US bear market with and without recession



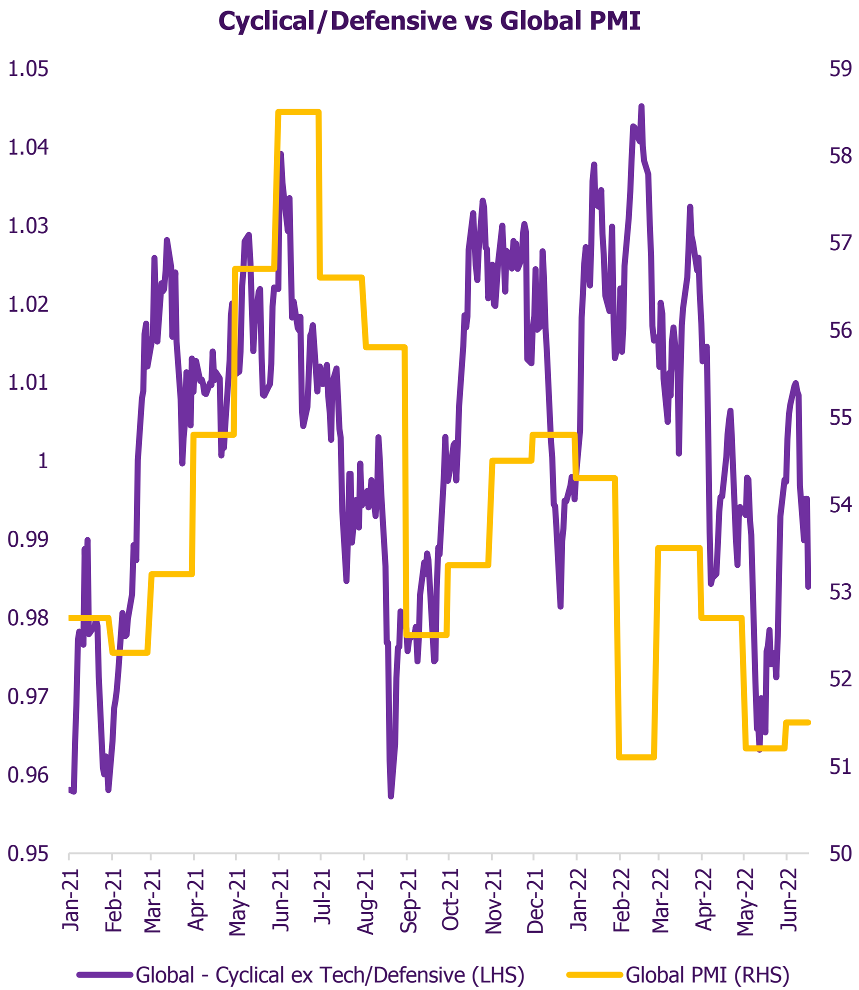
A few conclusions stand out

1) Bear markets were never seen before a recession started. The 20% threshold was generally hit roughly 2-3 months after the economic contraction started.
2) It took a (median) four months for markets to trough. The median peak-to-trough drawdown was 34%
3) There were four false alarms, in 1998, 2010, 2011 and 2018, when global equities fell around 20% without an imminent recession.

A recession would be relatively mild. Corporate balance sheets are mostly strong. Risks in the financial system appear to be manageable with no significant imbalance in both market and economy. Liquidity is drying but still excessive relative to previous recession episodes and still retain a useful cushion.

Looking at SET movement during US bear markets, we find that returns depend on the market's recession condition. Currently, the SET is ignoring recession probability. Cyclical always outperformed defensive during bear market recovery without recession.

Forward pricing now already reflects a slowdown



While the combination of slowing growth and tighter monetary policy points to continued equity pressure, sentiment in markets has already turned quite negative as global equities entered bear markets and defensive rotation.

Global cyclical equities underperformance already looks consistent with a meaningful slowing in the manufacturing economy. Unless inflation, PMI and consumer confidence start to change more clearly, markets will struggle to hang on to such a strong reflection of the forward growth risk.

While the case for sustained relief in equities is fairly weak, given the policy and growth risks, we also think the case for active shorts has also gotten harder as we approach the 2022 lows.

Thus, forward pricing and sector returns performance reflect a slowdown. We believe growth concerns, especially for recession, put equities downside in the lead. Defensive stocks should be the portfolio core in highly uncertain environments.

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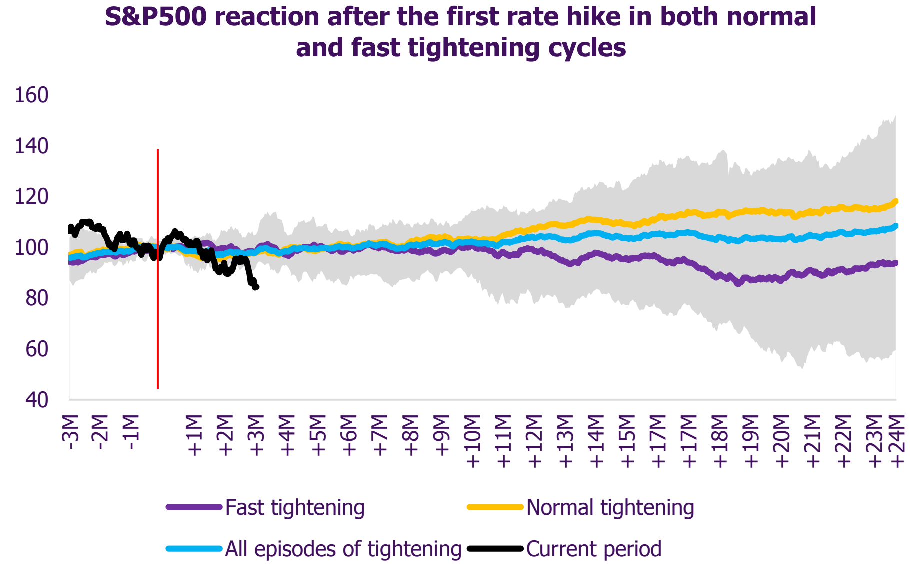
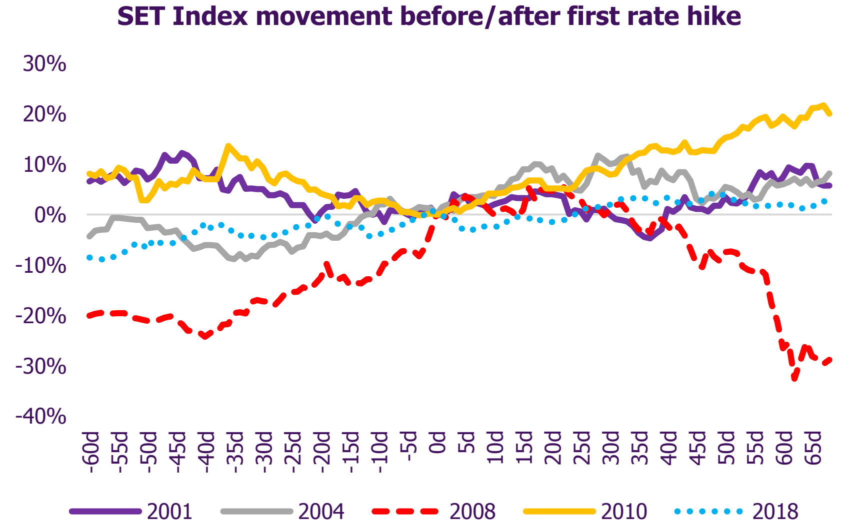
Rising interest rate priced in; economic cycle is key





Our analysis of the SET Index price pattern during the first interest rate hike (2001, 2004, 2008, 2010, 2018) showed that:

1) The SET likes an increasing interest rate environment that has limited impact on interest rate hike.
2) The SET will react positively 1-3 months after an interest rate hike, small caps outperform large caps and the financial sector underperforms before an interest rate hike.
3) During an economic slowdown, the SET returns are small relative to other periods. Returns will depend on the economic cycle rather than interest rate path.
4) The stock market usually remains in negative territory during a rapid tightening cycle. In addition, the market reacted faster than in previous episodes. Thus, we believe rising interest rates are mostly priced in.

We expect the Thai economy to start recovery in 2H22, backed by tourism recovery and easing supply chain disruption that will reduce the impact of high inflation on purchasing power. If our views are correct, we think the SET will face limited impact from interest rate hikes, though returns may small relative to previous episodes. The Thai economy is sturdy enough to absorb 1-2 rate hikes, in our view.

What if the interest rate are expect to be the last hike?

Market and sector reaction on last US interest rate since 1988

	-6M	-3M	-1M	+1M	+3M	+6M	+12M
S&P500	2%	-1%	-2%	0%	4%	11%	14%
SET	-2%	-5%	-4%	-3%	-1%	6%	14%
Energy	-10%	-8%	-7%	4%	5%	5%	5%
Utility	-13%	-6%	-7%	7%	6%	18%	12%
Energy & Utilities	-10%	-7%	-8%	3%	5%	5%	11%
Commerce	-5%	-2%	-2%	-2%	0%	6%	3%
Bank	3%	-7%	-6%	-5%	-5%	-6%	-3%
ICT	-6%	-18%	-9%	-1%	2%	-6%	-1%
Transportation	-14%	-5%	-6%	1%	4%	1%	4%
F&B	-5%	-7%	-6%	-1%	0%	4%	8%
Property	-14%	-12%	-6%	-7%	-7%	-7%	-9%
Healthcare	10%	0%	1%	-5%	-1%	6%	10%
Financials	-9%	-14%	-11%	-9%	-12%	-7%	-2%
Con Mat	-3%	-7%	-3%	-1%	1%	-2%	-6%
Electronics	3%	-16%	-12%	2%	4%	-7%	-8%
Petrochem	-15%	-15%	-6%	-7%	-10%	-15%	-14%
PF&REIT	2%	-4%	-4%	2%	4%	15%	12%
Packaging	-14%	-12%	-6%	0%	-2%	-1%	7%
Media	-9%	-16%	-9%	-1%	1%	1%	1%
Insurance	-7%	-8%	-5%	-2%	-1%	1%	1%
Hotel	-1%	-7%	-4%	-3%	-1%	-6%	-12%
Automotive	-12%	-13%	-6%	-2%	-2%	-8%	-12%

The Federal Reserve forecasts at 7-8 rate hikes by the end of 2022. Historically, markets worry about a rate hike before one takes place, while generating robust returns during the tightening cycle with average returns of 11%. Defensive sectors perform well throughout a tightening cycle and three months after the last hike. gradual tightening cycles have historically been friendly to market multiples.

However, the market have been pricing in 8 rate hike for the rest of 2022. We are looking for interest rate cut in 2Q23 as the inflation is under control. Based on historical data since 1988, we found out that market normally react negatively on last interest rate hike. After last rate hike, utilities, commerce, transportation and REIT outperformed due to less concern about financial cost and relative valuations. On the hand, cyclical sectors such as bank, financials, property, petrochemical, hotel and automotive underperformed on the back of macro backdrop.

Impact of interest rate hikes

	Exclude Interest Income		Include Interest Income	
	+25bps	+100bps	+25bps	+100bps
Leisure Facilities & Services	-3.2%	-13.0%	-2.6%	-10.4%
Food	-3.2%	-12.9%	-2.9%	-11.8%
Renewable Energy	-2.4%	-9.6%	-1.6%	-6.4%
Retail - Consumer Staples	-2.4%	-9.5%	-1.8%	-7.3%
Electric Utilities	-2.4%	-9.5%	-2.0%	-8.0%
Telecommunications	-1.8%	-7.1%	-1.6%	-6.4%
Chemicals	-1.8%	-7.1%	-1.5%	-5.8%
Real Estate Owners & Developers	-1.7%	-6.9%	-1.6%	-6.2%
Transportation & Logistics	-1.7%	-6.8%	-1.4%	-5.8%
Construction Materials	-1.5%	-6.0%	-1.2%	-4.7%
Oil & Gas Producers	-1.5%	-5.8%	-0.9%	-3.8%
Home Construction	-1.3%	-5.1%	-1.1%	-4.6%
Engineering & Construction	-1.3%	-5.1%	-1.0%	-3.9%
Advertising & Marketing	-1.1%	-4.5%	-0.7%	-2.9%
Gas & Water Utilities	-1.0%	-4.1%	-1.0%	-3.9%
Industrial Intermediate Prod	-0.9%	-3.7%	-0.3%	-1.1%
Containers & Packaging	-0.8%	-3.1%	-0.5%	-2.1%
Machinery	-0.6%	-2.6%	-0.5%	-2.0%
Commercial Support Services	-0.5%	-2.0%	0.0%	0.0%
Health Care Facilities & Svcs	-0.4%	-1.5%	-0.2%	-0.6%
Publishing & Broadcasting	-0.3%	-1.1%	0.2%	0.9%
Electrical Equipment	-0.2%	-1.0%	-0.1%	-0.5%
Technology Hardware	-0.2%	-0.6%	0.0%	-0.2%
Beverages	-0.1%	-0.6%	0.0%	-0.1%
Automotive	0.0%	0.0%	0.5%	1.8%
Total	**-1.6%**	**-6.6%**	**-1.3%**	**-5.1%**

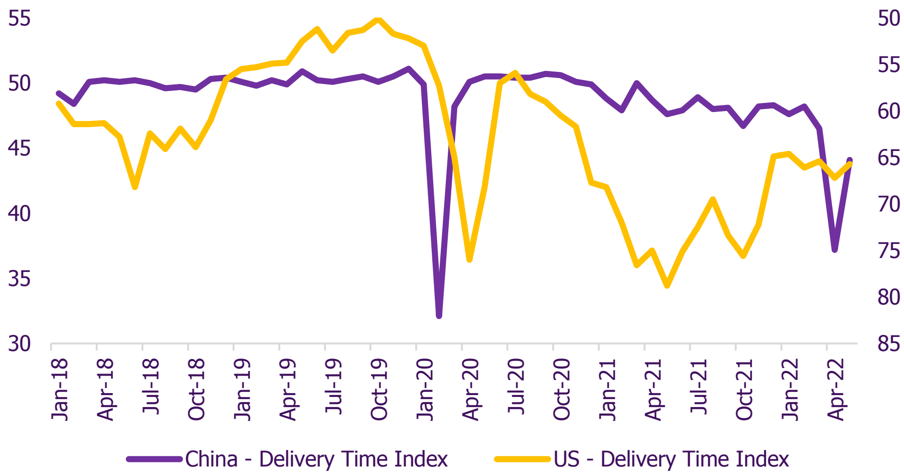
According to our estimate of the impact of interest rate hikes on Thai corporate earnings, most sectors will see negative impact from an interest rate hike. In the worst-case scenario that assumes all interest-bearing debt is floating without a grace period, net profit for all companies will drop Bt16.9bn per year or 1.3% from the base case that assumes constant financial cost for every 25bps interest rate hike or 20-25 points on the SET Index. The impact will be lower if we include the increase in bank net interest margin.

Companies with high leverage and high investment such as tourism, food, commerce, communications and utilities face sharp impact from interest rate hikes. Small properties are of concern.

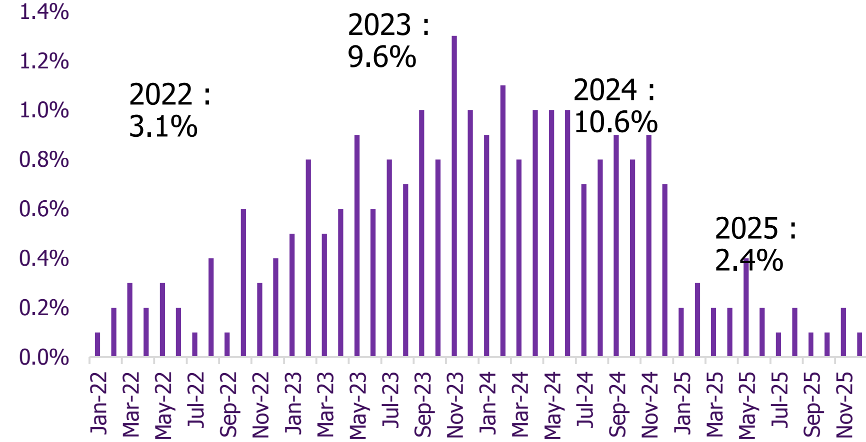
On the other hand, electronics, automotive, beverage, and healthcare have low debt and high cash on hand. If the economy is in good shape in 2H22, profit recovery would offset the rise in financial expenses.

Inflation will plateau and fall in 2H22

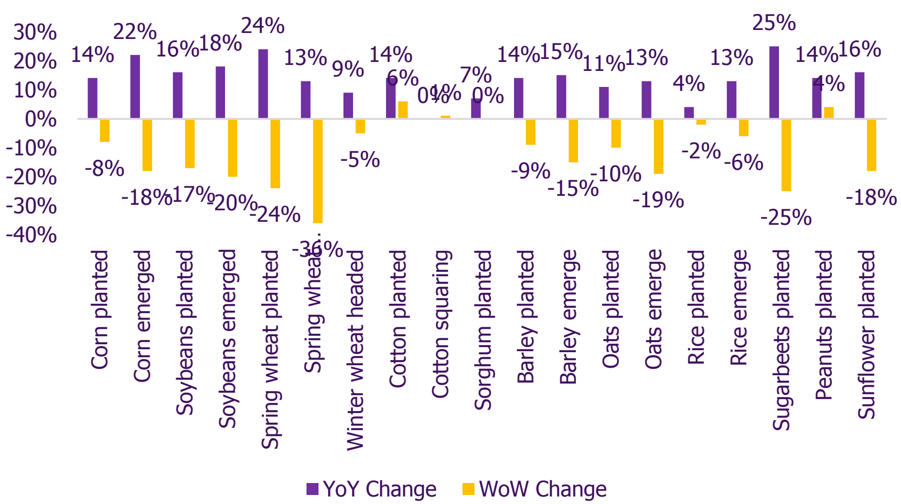
Delivery times are improving



Orderbook delivery schedule (by TEU and % of end 2021 capacity)



US crop progress and conditions

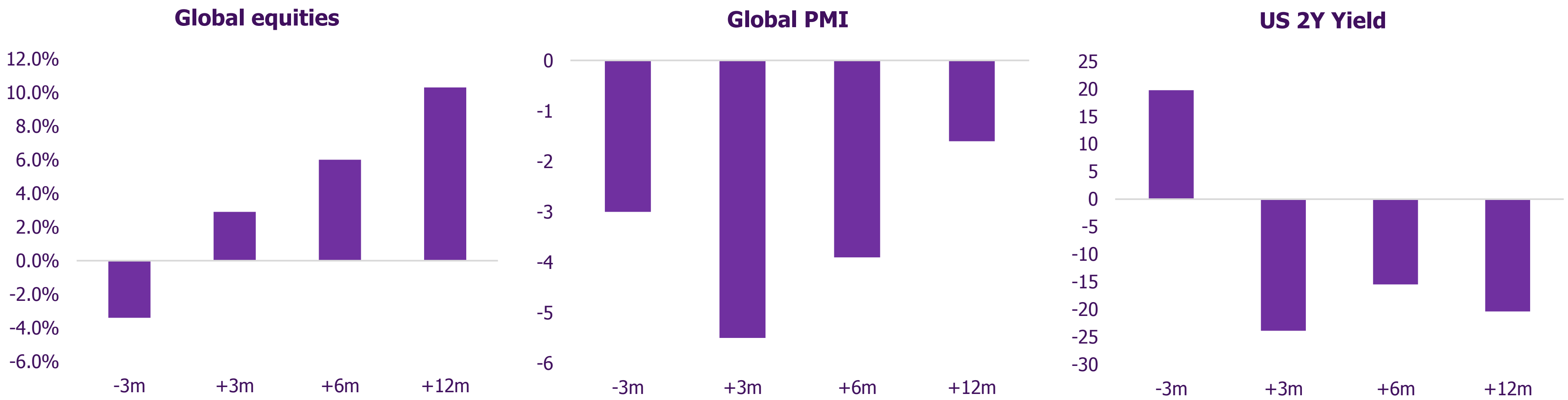


Peak inflation signs are flashing in shipping, chips, and agricultural sectors. Prices for chips, shipping containers and industrial metals have come off peaks, meaning relief could be on the horizon for corporates.

While inflation in some parts of the world has yet to peak, there are some signs emerging that we may not be too far off of a turning point at which annual inflation rate may start to head down. Improving supplier delivery times point to easing bottlenecks that should curb price pressures later this year.

Inflation may have peaked, but then what?

Reaction of global equities, PMI, 2-year yield around peaks in headline inflation



On average, the market usually falls in the run up to the peak in headline inflation, just as we have seen in recent months. But after the peaks, there is a little more variance and on average the market does recover. Based on historical data, peaks in inflation were all good times to buy the market at around economic troughs

Relationships with inflation are not stable over time. Cyclicals have been negatively correlated with inflation as higher prices were seen as damaging for growth so signs that inflation has peaked should be good for cyclicals, banks and consumer names that were hit the most in recent months. The downside scenarios for inflation often involve lower growth. On the upside scenario, we think a sharp inflection in growth around the peak in inflation, falling rates and low equity valuation should bring a strong post-inflation peak rally.

We think headline inflation is likely to be peaking. However, the uncertainty about the path of growth is high given the cloudy outlook of Russian's war and China's lockdown. Thus, we think the market reaction should not lay in the upside scenario, but will not be as bad as the downside scenario.

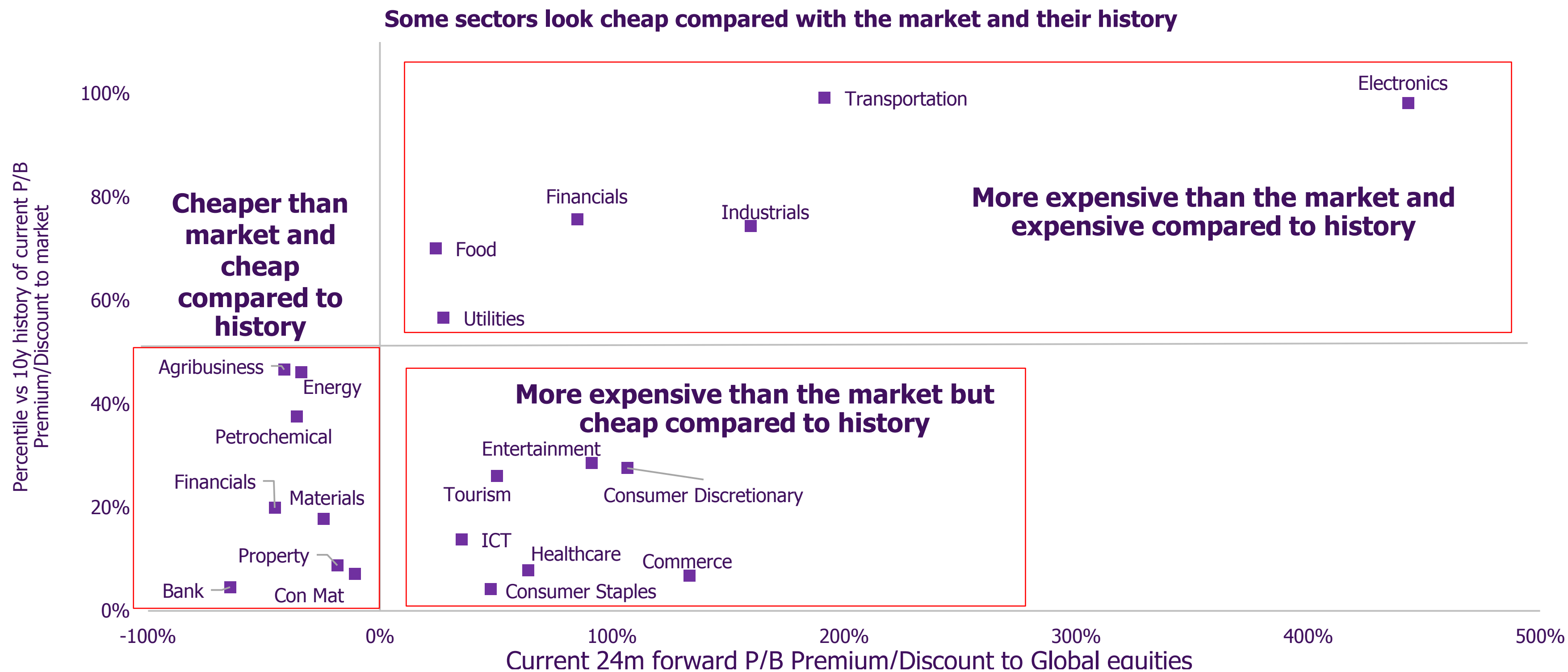
Determining the downside risk of earnings estimates

Assumption			
Oil price		100	120
Energy cost		+20%	+40%
GDP		3.4%	2.9%
TH Consumption		3.5%	2.9%
TH CPI		5.1%	6.0%
Policy rate		1.0%	1.3%
Baht		34	35
	FY22	**Scenario A**	**Scenario B**
ICT	30,255	-1%	-1%
Land trans & Logistic	6,547	-9%	-16%
Beverage	6,842	0%	-4%
Property	28,578	0%	-2%
Energy	210,061	18%	14%
Petrochemical	64,335	0%	-3%
Utilities	31,204	-8%	-23%
Tourism	-5,534	-6%	-10%
Hospital	19,446	0%	-1%
Automotive	3,784	-8%	-15%
Restaurant	70	-1%	-1%
Airline	-6,787	-9%	-18%
Airport	-10,012	1%	-2%
Bank	209,180	0%	1%
Finance	27,251	0%	-3%
Insurance	3,826	0%	3%
Commerce	46,229	-2%	-3%
Construction Materials	41,434	-8%	-18%
Food	16,114	-3%	-5%
Packaging	7,679	-6%	-11%
Total		**4%**	**1%**
Total (Ex Energy and Bank)		**-4%**	**-9%**
Negative to oil sensitive sectors		**-4%**	**-12%**

The outlook for most macroeconomic factors such as GDP growth, oil price, inflation and interest rate, has been changing in the past few months alongside hawkish monetary policy globally and supply chain disruption. We run a scenario analysis using four key indicators and this leads us to expect earnings downside of ~9% for non-oil companies if the war is prolonged and thus lead to stagflation. As noted, the Energy (benefit from high oil price) and Banking (benefit from interest rate hike) sectors contribute ~21% of market cap and 58% of SCBS forecast earnings, thus the overall earnings may not reflect the imminent impact on Thai corporates. Based on our estimates, scenario B (worst-case scenario) would reduce the SET Index target to 1,560 from 1,650

Currently, a minimum wage hike is in the spotlight. The Thai government is considering a new minimum wage based on various factors including inflation. Labour advocacy groups have suggested the wage should be increased 48% to Bt492 countrywide, but we think their proposal is too extreme. Based on our estimates, if we assume a minimum wage hike of 10% in 2023, we expect net profit to fall about 4-5%. The Food sector is a labour-intensive industry that expects to see ~10% downside from a higher minimum wage.

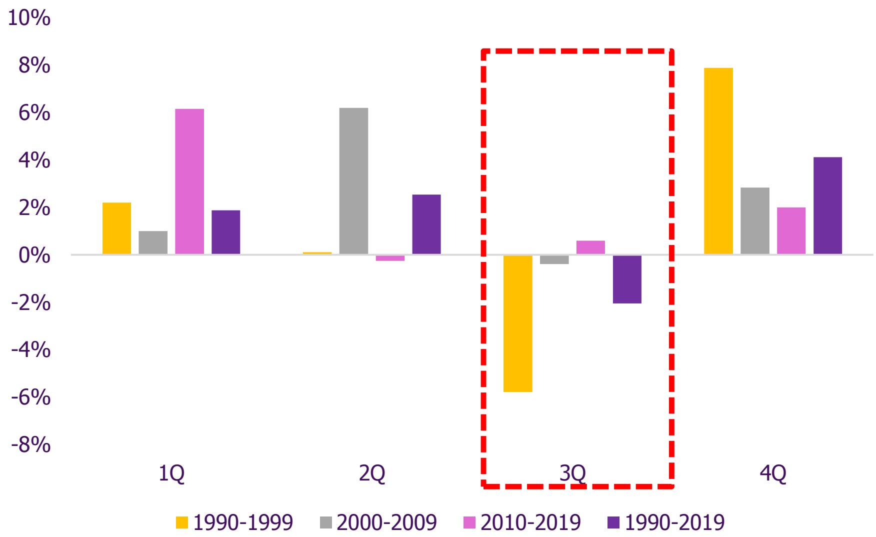
The premium on defensives has increased materially



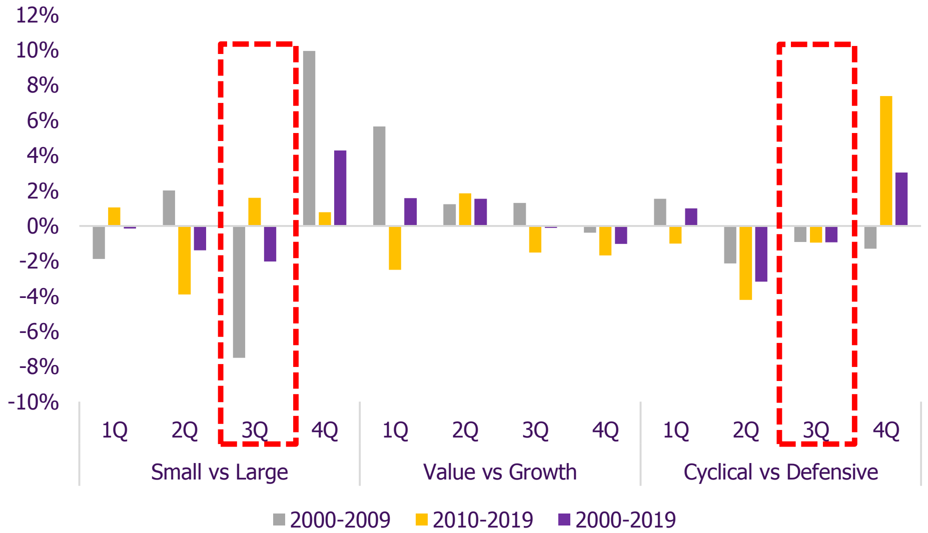
On a sector valuation basis by comparing current relative valuation based on 24 months forward consensus expectations and the percentile of relative valuation in the past 10 years, cyclical stocks look cheap relative to the market and history with volatile earnings visibility. On the other hand, some quality stocks in defensive sectors such as Consumer Staples, Commerce and Healthcare are trading at premium on the back of high pricing power characteristics, diversification with limited impact from the macro backdrop and volatility protection. As a result, we think defensive stocks are a consensus call during quasi-stagflation and recession fears. We believe defensive stocks have low risk/reward and limited margin of safety. We are looking for cyclical stocks with an undemanding valuation and improving fundamentals in 2H22.

Entering low season

3Q has tended to be weak while 4Q performance has improved

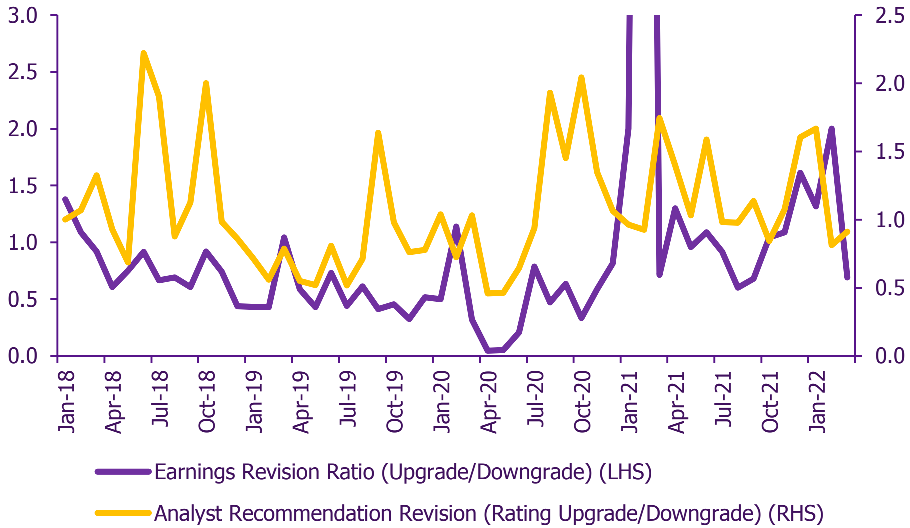


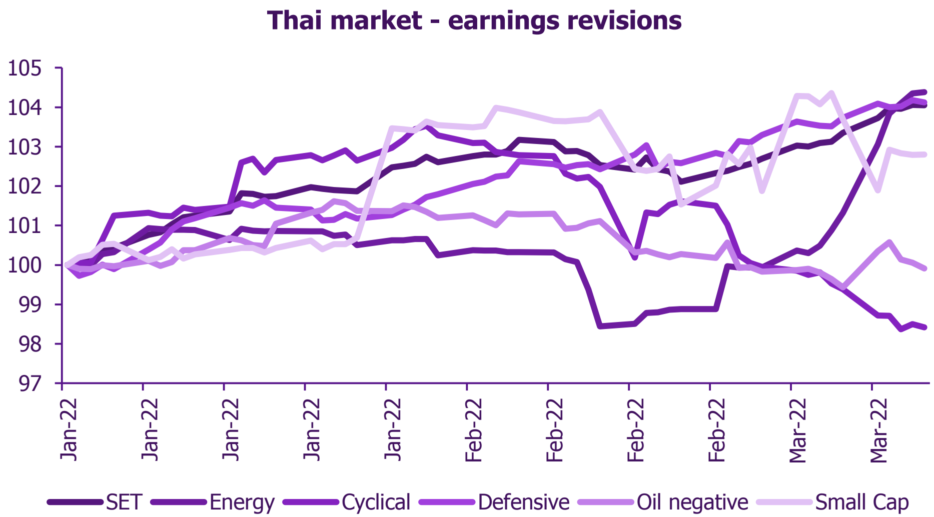
Large cap, growth style and defensives tend to outperform in 3Q, but reverse in 4Q



1) The market is worried about a global economic slowdown and faster inflation growth than expected continuing into 3Q22. Moreover, rising yield could pressure long-duration asset valuations. Given this, we think it makes sense that the pressure on equity markets has increased.
2) Over the past decade, 3Q has been the weakest with the average returns of 0.7%. Based on historical data, 3Q has tended to be weak, while performance improves in 4Q. Market volatility always rises in 3Q with the highest changes in the past decade. Large cap, growth style and defensives have tended to be strong in 3Q but reverse in 4Q. We think a market pullback or consolidation in 3Q22 provides a good opportunity to build position as the Thai economy looks like a strong recovery in 4Q22, driven by tourism and service sectors.
3) Overall the global economy is in late expansion with multiple headwinds. Future curve is bear flattening which offers limited upside in these cycles. Despite Thai economic recovery, upside is still limited.

Starting to see earnings downgrades, but analysts still optimistic…





Consensus 2022 EPS estimates have been upgraded 4% after a strong recovery in 4Q21 and high contribution from earnings upward revisions in the Energy sector on the back of rapidly rising oil price (+39% YTD). As more than of 45% of earnings by weight are hurt by higher oil price, there could be a period of earnings downgrades to factor in both cost pressure and growth picture, if oil price and energy cost are not tamed. Analysts are starting to downgrade earnings outlooks to reflect higher energy cost, but have not yet seen a revenue growth slowdown. Thus, we expect to see an earnings downgrade in the oil negative impact basket given a small downgrade at 1%.

Most analysts are optimistic about outlook during a share price correction given the divergence of earnings revision ratio and recommendation revision. This indicates that consensus thinks rising oil price is a short-term factor that will be offset by reopening hopes. The defensive sector (31% of earnings weight) with a high and stable margin shows a resilient growth outlook.

Bottom-up P/B approach - SET Index target is 1,650

		Target PB		Market Cap	
	Book value (2022)	SD band	Justified PB	SD band	Justified PB
Energy	2,718,842	1.2	1.0	3,322,271	2,718,842
Utilities	199,881	2.3	2.0	410,298	399,763
Bank	2,673,877	0.8	0.7	2,001,607	1,871,714
Trans	336,242	3.6	3.2	1,256,089	1,075,975
ICT	654,344	4.0	3.5	2,535,984	2,316,377
Food	589,616	2.4	2.2	1,389,842	1,297,155
Commerce	724,291	4.5	5.2	3,187,332	3,766,312
Petro	571,200	1.3	1.1	709,529	628,320
Healthcare	200,193	5.5	5.5	1,089,625	1,101,064
Electronics	100,871	5.6	2.6	562,496	262,266
Property	745,619	1.5	1.3	1,081,868	969,304
Tourism	56,799	3.2	2.2	172,753	124,737
Media	88,954	3.4	2.6	271,131	231,282
Con Mat	558,066	1.7	1.5	931,763	837,100
Finance	291,992	3.1	2.9	892,305	846,775
Cons	99,929	1.3	0.8	138,189	78,994
Others	1,061,544	1	1.0	1,031,494	1,061,544
Implied target				1,790	1,650

Source: Bloomberg, SCBS Investment Research

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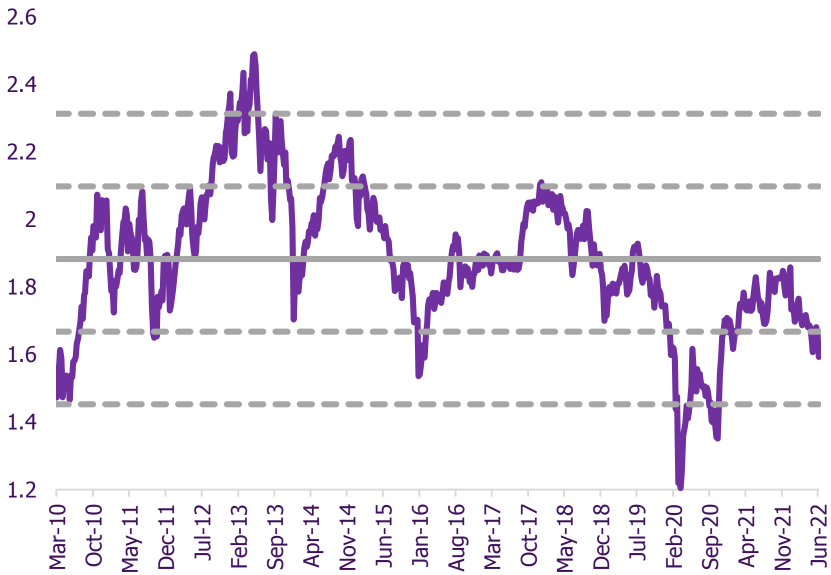
Key levels for entry and taking profit

Approach	Current level	Target valuation (Based case)	Implied SET Index	Potential Upside / Downside	Bull case	Implied SET Index	Potential Upside / Downside	Bear case	Implied SET Index	Potential Upside / Downside
P/E	16.1	17.4	1,683	8%	18.8	1,819	17%	16.0	1,548	-1%
P/B and ROE	1.7	1.7	1,702	9%	1.9	1,860	19%	1.5	1,508	-3%
Equity Risk Premium	ERP 7% / Rf 0.5%	ERP 7% / Rf 0.5%	1,668	7%	ERP 6% / Rf 1%	1,759	13%	ERP 7.5% / Rf 0.25%	1,488	-5%
Earnings Yield Gap	296	320	1,632	5%	341	1,815	16%	379	1,503	-8%
Hopes and Dreams	25%	24%	1,610	3%	32% (Percentile 90%)	1,725	11%	20% (Percentile 20%)	1,510	-3%
		Average	**1,659**	**6%**		**1,796**	**15%**		**1,499**	**-4%**
		Median	**1,668**	**7%**		**1,815**	**16%**		**1,508**	**-3%**

Source: SCBS Investment Research

P/BB - Undemanding valuation



Source: SCBS Investment Research

Combining various approaches points to limited valuation upside even in the bull case scenario. We quantify potential base and bear case scenarios which point to median 6% valuation upside and 4% valuation downside from current levels. Compared against our SET fundamental target of 1,650 and the current economic environment, we use bear case valuations as a key entry point with a 3-4% margin of safety from current level or below 1,550. We recommend taking profit at an index level of above 1,750. The Thai market is expected to be a trading market in 2022 in the range of 1,550 to 1,750.

Earnings are on the rise despite external headwinds

	Net Profit (Btm)			Growth (%)		
	21A	22F	23F	21A	22F	23F
Agribusiness	209	1,582	1,739	-84.5	655.9	9.9
Automotive	4,001	4,497	5,100	118.2	12.4	13.4
Banking	184,404	209,113	232,735	30.2	13.4	11.3
Commerce	39,101	46,177	59,768	15.6	18.1	29.4
Construction Materials	54,719	42,552	50,313	34.7	-22.2	18.2
Energy & Utilities	209,893	244,033	261,814	360.6	16.3	7.3
Finance & Securities	28,316	31,601	36,956	9.9	11.6	16.9
Food & Beverage	14,139	20,928	33,099	-21.2	48.0	58.2
Health Care Services	21,214	20,247	18,781	94.0	-4.6	-7.2
Information & Communication Technology	28,850	30,255	36,444	-14.1	4.9	20.5
Insurance	3,828	5,113	7,782	44.3	33.6	52.2
Media & Publishing	179	213	227	-42.6	18.9	6.4
Packaging	8,294	7,615	8,717	28.4	-8.2	14.5
Paper & Printing Materials	917	973	1,021	-9.3	6.0	5.0
Personal Products & Pharmaceuticals	119	138	174	-29.0	16.2	25.9
Petrochemicals & Chemicals	71,601	63,595	72,089	2,155.8	-11.2	13.4
Property Development	25,753	27,511	30,268	17.2	6.8	10.0
Tourism & Leisure	(3,784)	(1,686)	872	-15.7	-55.4	nm
Transportation & Logistics	(19,071)	(11,141)	20,160	-351.3	-41.6	nm
Total	**672,684**	**743,318**	**878,060**	**71.6**	**10.5**	**18.1**

Source: SCBS Investment Research

Strong earnings growth for Thai corporates of 4.6% QoQ and 11.3% YoY in 1Q22 was impressive but see more challenges in 2Q22 after dramatic changes in macro factors. We believe top-line growth remains strong in 2Q22, while we are concerned about margin pressure, which is a key focus given rising costs and slow purchasing power. The higher inflation puts greater value on margins and higher margin volatility. In 2022, growth in service sectors will be offset by lower growth in manufacturing sectors as immunization leads to protection and the ending of lockdowns, ushering in a sequential service sector recovery from 2021. On this basis, we expect earnings for companies under SCBS coverage to grow 10.5% YoY in 2022 (vs cons est +2%). EPS growth in 2022 will be driven by Energy, Banking, Commerce, F&B, Insurance and Agribusiness. Tourism and Transportation are expected to report lower losses in 2022. Healthcare is facing a high base effect, while Construction Materials and Petrochemicals are under pressure from rising oil price along with an economic slowdown.

Sector outlook for 2H22

Air Trans	Auto	Bank	Commerce	Construction Materials
Operations are expected to be better in 2H22 (4Q22 to be better than 3Q22) from Thai tourism recovery and consequently rising international tourist arrivals. AOT (airport) is in a better position than AAV (airline) as we are concerned over AAV's pressure on margin from surging jet fuel cost and weakening baht.	Auto production in 3Q22 will improve QoQ on seasonality and earnings of auto part suppliers are also supported by new orders. 4Q22 will be a slower season for auto production. Chip shortage problems are still there but expected to ease in 2H22.	We expect an earnings recovery to continue over the rest of the year, mainly from easing credit cost, picking up loan growth and sustainable NIM with upside from the policy rate hike for large banks.	Sector earnings to turn to grow YoY in 2H22F, backed by revived SSS growth off last year's low base from lockdowns and revived economic activities as COVID-19 fades, product price adjustment, and more tourists, together with accelerated store expansion and margin improvement. 4Q22 is set to be this year's best from seasonality and revived economic activities.	Expect sector earnings to be under pressure in 2H22F from a fast rise in energy costs. More price adjustment to cover costs, amid slightly better demand, will be a factor to monitor.
Electronics	**Energy**	**Finance**	**Food**	**Healthcare**
Growth remains strong from technology transformation, while we are concerned about supply growth from disruption and new supply in 2H22. In addition, fading work-from-home and online learning could pressure short-term growth alongside rising raw material costs. Economic slowdown is the key challenge for sector growth.	Higher oil price should continue to benefit E&P and integrated oil and gas companies while oil refiners will be adversely affected by the government's measures to contain high oil price for domestic consumption. In the power business, IPPs remain protected from higher energy cost while SPPs will continue to shoulder higher gas and coal costs for electricity sold to industrial users, though this will be offset by upward revision of Ft rate. We expect 4Q22 to be better than 3Q22 due to high season and the impact of the government's measures to subsidize domestic oil price is settled.	Expect a moderate earnings recovery from accelerating loan growth and a slight ease in credit cost (excepting SAWAD) to a robust level but dragged down by a slip in NIM from rising cost of funds.	Expect sector earnings growth YoY in 2H22F, boosted by wider margin YoY from livestock players (a faster rise in local livestock prices than in feed costs) and positive development of swine prices overseas (China and Vietnam) on revived demand and supply adjustment. 3Q22 is set to be this year's best from seasonality.	Mixed earnings in 2H22. We expect strong earnings for BDMS and BH driven by growing non-COVID-19 and international patient services. The high base of revenue from COVID-19 services in 2H21-1Q22 will lead to an earnings downtrend for BCH and CHG.
Hotel	**ICT**	**Land Transportation**	**Petrochemicals**	**Property**
We continue positive on the Thai tourism as the coordinated lifting of travel restrictions will help restore consumer confidence and mitigate downside risk to recovery. We expect 8mn international tourist arrivals in 2022 suggesting accelerating growth in 3Q-4Q22 from 1.3mn arrivals in 5M22. The positive backdrop will boost earnings for hoteliers in 2H22.	We should see a mild recovery in mobile revenue following economic recovery. Revenue from the enterprise segment and fixed broadband should continue to grow. In addition, the amalgamation of DTAC and TRUE will cool the competition in the sector; we expect to see more clarity on this in 4Q22.	Strong earnings recovery driven by improving traffic and ridership will continue in 2022 off the low base in 2021 and we believe all variables will approach normal gradually. However, rising oil prices may lower expressway traffic growth if prices stay high very long, but overall traffic should continue to see strong improvement YoY in 2022.	Naphtha-based producers will be hit by higher feedstock cost while passing this on through product prices is more difficult amidst market and oil price uncertainties. Gas-based producers will be hurt by higher gas feedstock cost and gas supply shortfall during the transition to a new operator for the new PSC in the Gulf of Thailand. We expect market concern on the sector will continue in 3Q22 and 4Q22.	The increase in major construction material costs will, we believe, have a higher negative impact on 2022 gross margin since most of the projects in 2022 were partially locked in in the initial contract; additionally, a rise in minimum wage will be negative for the sector since ~20% of COGS is labor.

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Summary of 3Q22 sector outlook

	Analyst score 1Q22	2Q22	3Q22	Catalyst risks
Energy	7	8	7	Upside for oil price from supply crunch due to sanctions on Russian oil which will be offset by higher production of OPEC+. Despite higher GRM given wider economic reopening and an increase in jet fuel demand as vaccination rate increases, oil refining companies could be pressured by the government's efforts to contain high oil price. Key risks are wider crude premium, weaker than expected demand growth due to high oil price and regulatory risks.
Commerce	8	8	7	SSS growth and margin will revive YoY in 3Q22 off last year's low base from lockdowns and revived economic activities with fading impact from COVID-19, product price adjustment and more tourists. Key risks are changes in purchasing power and higher costs from inflationary pressure and higher interest rate.
Healthcare	7	7	7	Demand for non-COVID-19 services will continue to grow in 2H22 in tandem with a more active economy and return of hospital capacity earlier reserved for COVID-19 patients. Another driver is stronger international patient services, particularly for BDMS and BH. High base of revenue from COVID-19 could pressure earnings for BCH and CHG in 2H22.
Tourism	6	7	8	The coordinated lifting of travel restrictions will help restore consumer confidence. Thailand's tourism appears well on the way to a more solid recovery. We maintain our forecast of 8mn international tourist arrivals in 2022, suggesting stronger arrivals in 2H22 (vs. 1.3mn in 5M22). Risks are a global economic slowdown and slow recovery of China outbound tourists.
Bank	6	6	6	Undemanding valuation with a decent earnings recovery, mainly due to easing credit cost with stable loan growth, upside on NIM from policy rate hike for large banks, stagnant non-NII and stable cost to income ratio.
Insurance	6	6	6	Expect a gradual recovery in premium growth (driven by more favorable bond yield and rising demand from health insurance), an improvement in combined ratio in 2022-2023 (from a shift to high-margin product mix and easing COVID claim reserve) and a benefit from rising bond yield on ROI.
Property	7	6	7	Expect 3Q22 earnings to grow both YoY and QoQ backed by backlog recognition especially from major condominium projects from many developers such as AP and SPALI and the low base from 3Q21 earnings affected by construction camp closures. 4Q22 earnings could be highest of the year from final period of LTV easing.
ICT	7	6	6	We expect to see some small earnings improvement in 3Q22 as we expect higher contribution from tourism related revenue. However, the key catalyst should be seen in 4Q22 from the deal between TRUE-DTAC
Food	6	6	7	Local livestock prices have risen to outstrip higher feed costs YTD, implying healthy local livestock spreads YoY so far. Swine prices in China and Vietnam have edged up to hit this year's high on revived demand and supply adjustment, albeit still down YoY from more supply post ASF. Weak THB against foreign currencies will support exports from Thailand. Key risks are changes in purchasing power and higher costs from inflationary pressure and higher interest rate.
Beverage	6	5	7	Less pressure from increasing of major raw materials such as aluminum with the new product launching will support volume and revenue.
Land Transport	6	5	7	Expect to see traffic to improve QoQ and YoY in 3Q22 supported by improving economic activities. In addition, we expect to see the announcement of the bid winner of the West Orange line project at end-3Q22
Chemical	6	5	5	Naphtha cost could remain high given higher demand for gasoline blend stock. Capacity additions, mainly from China, will increase pressure on supply while volatile oil price and uncertain global economic outlook will adversely affect trade flow and demand. It is more difficult to pass on higher feedstock cost to buyers, hence margin will be squeezed.
Automotive	5	5	5	Domestic demand to be boosted by an improving economy and better market sentiment on EV adoption. Risks are supply chain disruption from chip shortage, but the trend is easing.
Finance	5	5	5	Expect accelerating loan growth, manageable asset quality but weaker NIM from rising price competition.
Con Mat	5	4	4	Higher fuel costs (coal and natural gas), amid moderate rise in product prices and demand. Key risks are prolonged high fuel costs amid fragile purchasing power from inflationary pressure.

Source: SCBS Investment Research

Looking for stocks with positive earnings momentum

SECTOR	2Q22		3Q22		4Q22		Reason
	YoY	QoQ	YoY	QoQ	YoY	QoQ	
Energy	+	+	+	=	+	+	Energy - High oil price from rising demand and tight supply; Utilities - Higher Ft and contribution from hydropower
Tourism	+	+	+	+	+	+	Relaxing lockdown restrictions. Traffic recovery, especially from short haul markets
Insurance	+	+	+	+	+	+	Lower COVID-19 insurance claims. Benefits from rising bond yield
Petrochemicals	+	+	+	=	+	=	High oil price volatility could pressure inventory restocking. Raw material costs are expected to increase.
Commerce	+	-	+	=	+	+	Low base effect, improving rental income, stimulus are growth drivers. Inflation is our key earnings risk.
Automotive	=	-	+	+	+	-	Rising production and selling price and new orders that could reduce the impact from steel price surges.
Healthcare	+	-	=	=	=	-	International patient volume is expect to recover, while domestic patient volume will slowdown off the high base
ICT	-	=	+	+	+	+	Revenue from international tourism is expect to grow thanks to higher reopening activities
Land Transport	+	+	+	+	+	+	Benefits from domestic activities reopening.
Food	-	+	+	+	+	-	Low base effect from lockdown in Thailand/Vietnam; rising costs are the key risks in 2H22
Property	=	=	+	+	=	+	Low base effect from lockdown and accelerating revenue recognition and backlog; higher LTV in 4Q22 is a key risk.
Bank	+	+	+	+	+	+	Asset quality hurt by inflation, but it will be offset by net interest margin expansion from rate hike
Media	+	=	+	=	+	+	Low base effect. We are concerned about lower ad spending in 3Q22 but expect this to recover in 4Q22
Conmat	-	-	-	=	=/-	=	Outlook is stable. Companies are rapidly working to pass through the higher costs, but demand growth remains fragile
Finance	+	+/=	+	+	+	+	More pressure from interest rate hike. Higher provisions.

Source: SCBS Investment Research

Summary of sector weightings and valuation in 3Q22

Sector	Recommended sector weighting	Current SET weight	2021 returns	YTD returns	Growth 22F	Growth 23F	Net profit CAGR 21-23	P/E 22F	P/E 23F	P/B 22F	P/B 23F
Bank	Overweight	10%	23%	-10%	13%	11%	12%	8.2	7.4	0.7	0.6
Food & beverage	Overweight	6%	12%	-1%	48%	58%	53%	33.4	21.1	1.5	1.4
Hotel	Overweight	1%	23%	22%	-55%	-152%	n.m.	(44.1)	85.3	3.3	3.2
Automotive	Neutral	0%	24%	-8%	12%	13%	13%	8.3	7.3	0.9	0.8
Commerce	Neutral	10%	10%	-6%	18%	29%	24%	32.7	25.3	1.8	1.7
Electronics	Neutral	3%	7%	-30%	48%	20%	26%	30.4	25.3	4.7	4.2
Energy	Neutral	22%	8%	-3%	16%	7%	12%	11.2	10.5	1.0	1.0
Healthcare	Neutral	5%	22%	8%	-5%	-7%	-6%	30.5	32.9	4.6	4.4
Land Transportation	Neutral	0%	-26%	2%	47%	23%	34%	43.6	35.4	2.2	2.1
Petrochemical	Neutral	3%	10%	-7%	-11%	13%	0%	7.5	6.6	0.9	0.8
REITs / PF / IF	Neutral	2%	-2%	-10%	23%	9%	4%	12.1	11.1	0.8	0.8
Residential/IE	Neutral	6%	16%	-3%	7%	10%	8%	14.5	13.2	1.2	1.1
Telecoms	Neutral	9%	42%	-7%	5%	20%	12%	28.5	23.6	4.8	4.6
Utilities	Neutral	0%	24%	-1%	31%	32%	31%	34.3	26.0	3.2	3.0
Agribusiness	Underweight	1%	23%	-9%	656%	10%	188%	14.3	13.1	1.4	1.3
Air Transportation	Underweight	0%	-15%	2%	27%	177%	n.m.	n.m.	77.4	8.9	8.0
Building Materials	Underweight	4%	7%	-9%	-22%	18%	-4%	12.3	10.4	1.0	1.0
Entertainment / Media	Underweight	1%	30%	-9%	19%	6%	12%	13.4	12.6	1.0	0.9

Source: Bloomberg, SCBS Investment Research

Our picks in 3Q22 are BBL, BJC, CPF, CBG, MTC with a focus on reopening, unduly punished in the downturn, easing supply chain disruption and improving earnings momentum.

1) We expect the market environment to favor quality growth.
2) We continue to recommend value stocks with favorable fundamentals and inexpensive growth.
3) We anticipate a rotation from defensive sectors that have recently driven the market to certain cyclical sectors or high beta stocks with sound fundamentals and improving earnings momentum.
4) There is an opportunity to add stocks unduly punished in the downturn with longer-term potential in value-oriented strategies.

We look at stocks that: 1) benefit from easing supply chain disruption, 2) gain momentum from the domestic reopening theme and international market recovery, 3) are looking at continuous earnings growth or recovery, 4) have limited financial risk from capital increase and 5) have reasonable valuations. Our top picks in 3Q22 are BBL (interest rate hike), BJC (improving earnings momentum), CPF (reopening, food crisis), CBG (recovery, easing supply chain), MTC (reasonable valuation).

Top picks valuation table

	Rating	Price	Target	ETR	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
		(Bt/Sh)	(Bt/Sh)	(%)	21A	22F	23F	21A	22F	23F	21A	22F	23F	21A	22F	23F	21A	22F	23F	21A	22F	23F
BBL	Outperform	136.00	163.0	22.8	9.8	8.1	7.1	54.3	20.4	14.1	0.5	0.5	0.5	6	6	7	2.6	2.9	4.0	-	-	-
BJC	Outperform	33.00	44.0	35.6	37.9	26.0	20.9	(21.8)	46.2	24.4	1.1	1.1	1.0	3	4	5	2.0	2.3	2.6	15.4	14.0	12.7
CBG	Outperform	103.00	118.0	16.6	35.8	33.2	29.4	(18.3)	7.8	12.7	10.1	9.0	8.0	28	29	29	1.8	2.0	2.2	26.34	24.20	21.43
CPF	Outperform	26.50	30.0	15.7	2,922.1	30.3	18.3	(99.7)	9,539.9	65.4	0.7	0.7	0.7	0	3	4	2.5	2.5	2.5	13.1	11.5	11.1
MTC	Outperform	43.25	67.0	55.8	18.5	16.1	13.0	(5.2)	15.3	23.7	3.7	3.1	2.5	22	21	21	0.9	0.9	1.2	-	-	-
Average					**604.8**	**22.7**	**17.8**	**(18.1)**	**1,925.9**	**28.1**	**3.2**	**2.9**	**2.6**	**12**	**13**	**13**	**1.9**	**2.1**	**2.5**	**11.0**	**9.9**	**9.1**

Source: SCBS Investment Research

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CG Rating 2021 Companies with CG Rating

Companies with Excellent CG Scoring

AAV, ADVANC, AF, AH, AIRA, AKP, AKR, ALT, AMA, AMATA, AMATAV, ANAN, AOT, AP, ARIP, ARROW, ASP, AUCT, AWC, AYUD, BAFS, BANPU, BAY, BBL, BCP, BCPG, BDMS, BEM, BGC, BGRIM, BIZ, BKI, BOL, BPP, BRR, BTS, BTW, BWG, CENTEL, CFRESH, CHEWA, CHO, CIMBT, CK, CKP, CM, CNT, COM7, COMAN, COTTO, CPALL, CPF, CPI, CPN, CRC, CSS, DDD, DELTA, DEMCO, DRT, DTAC, DUSIT, EA, EASTW, ECF, ECL, EE, EGCO, EPG, ETC, FPI, FPT, FSMART, GBX, GC, GCAP, GFPT, GGC*, GLAND, GLOBAL, GPI, GPSC, GRAMMY, GULF, GUNKUL, HANA, HARN, HMPRO, ICC, ICHI, III, ILINK, ILM, INTUCH, IP, IRPC, ITEL, IVL, JSP, JWD, K, KBANK, KCE, KKP, KSL, KTB, KTC, LALIN, LANNA, LH, LHFG, LIT, LPN, MACO, MAJOR, MAKRO, MALEE, MBK, MBKET, MC, MCOT, METCO, MFEC, MINT, MONO, MOONG, MSC, MTC, MVP, NCL, NEP, NER, NKI, NOBLE, NSI, NVD, NWR, NYT, OISHI, OR, ORI, OSP, OTO, PAP, PCSGH, PDG, PDJ, PG, PHOL*, PLANB, PLANET, PLAT, PORT, PPS, PR9, PREB, PRG, PRM, PROUD, PSH, PSL, PTG, PTT, PTTEP, PTTGC, PYLON, Q-CON, QH, QTC, RATCH, RS, S, S & J, SAAM, SABINA, SAMART, SAMTEL, SAT, SC, SCB, SCC, SCCC, SCG, SCGP, SCM, SDC, SEAFCO, SEAOIL, SE-ED, SELIC, SENA, SHR, SIRI, SIS, SITHAI, SMK, SMPC, SNC, SONIC, SPALI, SPI, SPRC, SPVI, SSSC, SST, STA, STEC*, STI, SUN, SUSCO, SUTHA, SVI*, SYMC, SYNTEC, TACC, TASCO, TCAP, TEAMG, TFMAMA, TGH, THANA, THANI, THCOM, THG, THIP, THRE, THREL, TIP[1], TIPCO, TISCO, TK, TKT, TMT, TNDT, TNITY, TOA, TOP, TPBI, TQM, TRC, TRU, TRUE, TSC, TSR, TSTE, TSTH, TTA, TTB, TTCL, TTW, TU, TVD, TVI, TVO, TWPC, U, UAC, UBIS, UV, VGI, VIH, WACOAL, WAVE, WHA, WHAUP, WICE, WINNER, ZEN

Companies with Very Good CG Scoring

2S, 7UP, ABICO, ABM, ACE, ACG, ADB, AEONTS, AGE, AHC, AIT, ALL, ALLA, ALUCON, AMANAH, AMARIN, APCO, APCS, APURE, AQUA, ASEFA, ASIAN, ASK, ATP30, BA, BC, BEC, BFIT, BJCHI, BR, CBG, CGH, CHAYO, CHOTI, CI, CMC, CPL, CRD, CSP, DCC, ASAP, ASIA, ASIMAR, ASN, B, BAM, BCH, BEYOND, BJC, BLA, BROOK, CEN, CHARAN, CHG, CHOW, CIG, COLOR, CPW, CSC, CWT, DCON, DHOUSE, DOD, DOHOME, DV8, EASON, EFORL, ERW, ESSO, ESTAR, ETE, FE, FLOYD, FN, FNS, FORTH, FSS, FTE, FVC, GEL, GENCO, GJS, GYT, HEMP, HPT, HTC, HYDRO, ICN, IFS, IMH, IND, INET, INSET, INSURE, IRC, IRCP, IT, ITD*, J, JAS, JCK, JCKH, JMART, JMT, KBS, KCAR, KEX, KGI, KIAT*, KISS, KOOL, KTIS, KUMWEL, KUN, KWC, KWM, L&E, LDC, LEO, LHK, LOXLEY, LRH, LST, M, MATCH, MBAX, MEGA, META, MFC*, MGT, MICRO, MILL, MITSIB, MK, MODERN, MTI, NBC, NCAP, NCH, NETBAY, NEX, NINE, NRF, NTV, OCC, OGC, PATO, PB, PICO, PIMO, PJW, PL, PM, PMTA, PPP, PPPM, PRIME, PRIN, PRINC, PSTC, PT, QLT, RBF, RCL, RICHY, RML, ROJNA, RPC, RT, RWI, S11, SA, SAK, SALEE, SAMCO, SANKO, SAPPE, SAWAD, SCI, SCN, SCP, SE, SFLEX, SFP, SFT, SGF, SIAM, SINGER, SKE, SKN, SKR, SKY, SLP, SMIT, SMT, SNP, SO, SORKON, SPA, SPC, SPCG, SR, SRICHA, SSC, SSF, STANLY, STGT, STOWER*, STPI, SUC, SWC, SYNEX, T, TAE, TAKUNI, TBSP, TCC, TCMC, TEAM, TFG, TFI, TIGER, TITLE, TKN, TKS, TM, TMC, TMD, TMI, TMILL, TNL, TNP, TOG, TPA, TPAC, TPCS, TPS, TRITN, TRT, TSE, TVT, TWP, UEC, UMI, UOBKH, UP, UPF, UPOIC, UTP, VCOM, VL, VNT, VPO, VRANDA, WGE, WIIK, WP, XO, XPG, YUASA

Companies with Good CG Scoring

A, AI, AIE, AJ, AMC, APP, AQ, ARIN, AS, AU, B52, BEAUTY, BGT, BH, BIG, BLAND, BM, BROCK, BSBM, BSM, BYD*, CCP, CITY, CMO, CPT, CSR, EKH, EP, FMT, GLOCON*, GSC, HTECH, IHL, INGRS, JAK, JTS, KASET, KK, KWG, LEE, BTNC, CAZ, CGD, CMAN, CMR, CRANE, D, EMC, F&D, GIFT, GREEN, GTB, HUMAN, IIG, INOX, JR, JUBILE, KCM, KKC, KYE, LPH, MATI, M-CHAI, MCS, MDX, MJD, MORE, MUD, NC, NDR, NFC, NNCL, NOVA, NPK, NUSA, OCEAN, PAF, PF, PK, PLE, PPM, PRAKIT, PRAPAT, PRECHA, PTL, RCI[2], RJH, RP, RPH, RSP, SABUY, SF, SGP, SICT, SIMAT, SISB, SK, SMART, SOLAR, SPACK, SPG, SQ, SSP, STARK, STC, SUPER, SVOA, TC, TCCC, THMUI, TNH, TNR, TOPP, TPCH, TPIPL, TPIPP, TPLAS, TPOLY, TQR, TTI, TYCN, UKEM, UMS, UNIQ, UPA, UREKA, VIBHA, W, WIN, WORK, WPH, YGG, ZIGA

Corporate Governance Report

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. SCB Securities Company Limited does not conform nor certify the accuracy of such survey result.

To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition
(Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2020 to 26 October 2021) is publicized.

[1] TIP was voluntarily delisted from the Stock Exchange of Thailand effectively on July 24, 2021
[2] RCI was voluntarily delisted from the Stock Exchange of Thailand, effectively on July 16, 2021
* บริษัทหรือกรรมการหรือผู้บริหารของบริษัทที่มีข่าวด้านการกำกับดูแลกิจการ เช่น การกระทำผิดเกี่ยวกับหลักทรัพย์ การทุจริต คอร์รัปชัน เป็นต้น ซึ่งการใช้ข้อมูล CGR ควรตระหนักถึงข่าวดังกล่าวประกอบด้วย

Anti-corruption Progress Indicator

Certified (ได้รับการรับรอง)

2S, 7UP, ADVANC, AF, AI, AIE, AIRA, AKP, AMA, AMANAH, AMATA, AMATAV, AP, APCS, AQUA, ARROW, AS, ASIAN, ASK, ASP, AWC, AYUD, B, BAFS, BAM, BANPU, BAY, BBL, BCH, BCP, BCPG, BE8, BEYOND, BGC, BGRIM, BKI, BLA, BPP, BROOK, BRR, BSBM, BTS, BWG, CEN, CENTEL, CFRESH, CGH, CHEWA, CHOTI, CHOW, CIG, CIMBT, CM, CMC, COM7, COTTO, CPALL, CPF, CPI, CPN, CSC, DCC, DELTA, DEMCO, DIMET, DRT, DTAC, DUSIT, EA, EASTW, ECL, EGCO, EP, EPG, ERW, ESTAR, ETE, FE, FNS, FPI, FPT, FSMART, FSS, FTE, GBX, GC, GCAP, GEL, GFPT, GGC, GJS, GPI, GPSC, GSTEEL, GULF, GUNKUL, HANA, HARN, HEMP, HENG, HMPRO, HTC, ICC, ICHI, IFS, ILINK, INET, INSURE, INTUCH, IRC, IRPC, ITEL, IVL, JKN, JR, K, KASET, KBANK, KBS, KCAR, KCE, KGI, KKP, KSL, KTB, KTC, KWI, L&E, LANNA, LH, LHFG, LHK, LPN, LRH, M, MAKRO, MALEE, MATCH, MBAX, MBK, MC, MCOT, META, MFC, MFEC, MILL, MINT, MONO, MOONG, MSC, MST, MTC, MTI, NATION, NBC, NEP, NINE, NKI, NOBLE, NOK, NSI, NWR, OCC, OGC, ORI, PAP, PATO, PB, PCSGH, PDG, PDJ, PG, PHOL, PK, PL, PLANB, PLANET, PLAT, PM, PPP, PPPM, PPS, PR9, PREB, PRG, PRINC, PRM, PROS, PSH, PSL, PSTC, PT, PTG, PTT, PTTEP, PTTGC, PYLON, Q-CON, QH, QLT, QTC, RATCH, RML, RWI, S & J, SAAM, SABINA, SAPPE, SAT, SC, SCB, SCC, SCCC, SCG, SCGP, SCM, SCN, SEAOIL, SE-ED, SELIC, SENA, SGP, SINGER, SIRI, SITHAI, SKR, SMIT, SMK, SMPC, SNC, SNP, SORKON, SPACK, SPALI, SPC, SPI, SPRC, SRICHA, SSF, SSP, SSSC, SST, STA, STOWER, SUSCO, SVI, SYMC, SYNTEC, TAE, TAKUNI, TASCO, TCAP, TCMC, TFG, TFI, TFMAMA, TGH, THANI, THCOM, THIP, THRE, THREL, TIDLOR, TIPCO, TISCO, TKS, TKT, TMILL, TMT, TNITY, TNL, TNP, TNR, TOG, TOP, TOPP, TPA, TPCS, TPP, TRU, TRUE, TSC, TSTE, TSTH, TTA, TTB, TTCL, TU, TVD, TVI, TVO, TWPC, U, UBE, UBIS, UEC, UKEM, UOBKH, UPF, UV, VGI, VIH, WACOAL, WHA, WHAUP, WICE, WIIK, XO, YUASA, ZEN, ZIGA

Declared (ประกาศเจตนารมณ์)

AH, AJ, ALT, APCO, B52, BEC, CHG, CI, CPL, CPR, CPW, CRC, DDD, DHOUSE, DOHOME, ECF, EKH, ETC, EVER, FLOYD, GLOBAL, III, ILM, INOX, JTS, KEX, KUMWEL, LDC, MAJOR, MEGA, NCAP, NOVA, NRF, NUSA, NYT, OR, PIMO, PLE, RS, SAK, SIS, STECH, STGT, SUPER, SVT, TKN, TMI, TQM, TSI, VARO, VCOM, VIBHA, WIN

N/A

3K-BAT, A, A5, AAV, ABICO, ABM, ACAP, ACC, ACE, ACG, ADB, ADD, AEONTS, AFC, AGE, AHC, AIT, AJA, AKR, ALL, ALLA, ALPHAX, ALUCON, AMARIN, AMC, AMR, ANAN, AOT, APEX, APP, APURE, AQ, ARIN, ARIP, ASAP, ASEFA, ASIA, ASIMAR, ASN, ASW, ATP30, AU, AUCT, BA, BBGI, BBIK, BC, BCT, BDMS, BEAUTY, BEM, BFIT, BGT, BH, BIG, BIOTEC, BIS, BIZ, BJC, BJCHI, BKD, BLAND, BLISS, BM, BOL, BR, BRI, BROCK, BSM, BTNC, BTW, BUI, BYD, CAZ, CBG, CCET, CCP, CEYE, CGD, CHARAN, CHAYO, CHO, CITY, CIVIL, CK, CKP, CMAN, CMO, CMR, CNT, COLOR, COMAN, CPANEL, CPH, CPT, CRANE, CRD, CSP, CSR, CSS, CTW, CV, CWT, D, DCON, DITTO, DMT, DOD, DPAINT, DTCI, DV8, EASON, EE, EFORL, EMC, ESSO, F&D, FANCY, FMT, FN, FORTH, FTI, FVC, GENCO, GIFT, GL, GLAND, GLOCON, GLORY, GRAMMY, GRAND, GREEN, GSC, GTB, GYT, HFT, HL, HPT, HTECH, HUMAN, HYDRO, ICN, IFEC, IHL, IIG, IMH, IND, INGRS, INSET, IP, IRCP, IT, ITD, J, JAK, JAS, JCK, JCKH, JCT, JDF, JMART, JMT, JP, JUBILE, JWD, KAMART, KC, KCC, KCM, KDH, KIAT, KISS, KK, KKC, KOOL, KTIS, KUN, KWC, KWM, KYE, LALIN, LEE, LEO, LIT, LOXLEY, LPH, LST, MACO, MANRIN, MATI, MAX, M-CHAI, MCS, MDX, MENA, METCO, MGT, MICRO, MIDA, MITSIB, MJD, MK, ML, MODERN, MORE, MPIC, MUD, MVP, NC, NCH, NCL, NDR, NER, NETBAY, NEW, NEWS, NEX, NFC, NNCL, NPK, NSL, NTV, NV, NVD, OHTL, OISHI, ONEE, OSP, OTO, PACE, PACO, PAE, PAF, PEACE, PERM, PF, PICO, PIN, PJW, PLUS, PMTA, POLAR, POMPUI, PORT, POST, PPM, PRAKIT, PRAPAT, PRECHA, PRIME, PRIN, PRO, PROEN, PROUD, PSG, PTC, PTECH, PTL, RAM, RBF, RCL, RICHY, RJH, ROCK, ROH, ROJNA, RP, RPC, RPH, RSP, RT, S, S11, SA, SABUY, SAFARI, SALEE, SAM, SAMART, SAMCO, SAMTEL, SANKO, SAUCE, SAWAD, SAWANG, SCI, SCP, SDC, SE, SEAFCO, SECURE, SENAJ, SFLEX, SFP, SFT, SGF, SHANG, SHR, SIAM, SICT, SIMAT, SISB, SK, SKE, SKN, SKY, SLM, SLP, SMART, SMD, SMT, SNNP, SO, SOLAR, SONIC, SPA, SPCG, SPG, SPVI, SQ, SR, SSC, SSS, STANLY, STARK, STC, STEC, STHAI, STI, STP, STPI, SUC, SUN, SUTHA, SVH, SVOA, SWC, SYNEX, TACC, TAPAC, TC, TCC, TCCC, TCJ, TCOAT, TEAM, TEAMG, TEKA, TFM, TGPRO, TH, THAI, THANA, THE, THG, THL, THMUI, TIGER, TIPH, TITLE, TK, TKC, TM, TMC, TMD, TMW, TNDT, TNH, TNPC, TOA, TPAC, TPBI, TPCH, TPIPL, TPIPP, TPLAS, TPOLY, TPS, TQR, TR, TRC, TRITN, TRT, TRUBB, TRV, TSE, TSF, TSR, TTI, TTT, TTW, TVT, TWP, TWZ, TYCN, UAC, UMI, UMS, UNIQ, UP, UPA, UPOIC, UREKA, UTP, UVAN, VL, VNG, VPO, VRANDA, W, WAVE, WFX, WGE, WINMED, WINNER, WORK, WORLD, WP, WPH, XPG, YGG

Explanations

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of May 9, 2022) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.