Hop like a Bunny, Jump like a Joey

STRATEGY 1Q23

Innovest^{X} Research

innovest^{X} Securities

1Q23 InnovestX Strategy - Hop like a bunny, jump like a joey

Transitional year. The global economy will have three characteristics: 1) global economic growth will decline significantly, 2) global inflation has peaked, 3) central banks will slow the pace of their rate hikes.

Growth divergence. EM economic growth will slow, but with a lower chance of a severe recession. EM stability and growth indicators str better than DM. A peak in US real rate, a peak in the dollar, a bottom in the US cyclical cycle and China's reopening are key to EM performance reversal. EMs offer higher growth and lower valuations than DMs. Thus, we continue to favor EMs that can withstand recession fears and the hawkish US central bank.

Peak inflation and rate convergence. We believe global inflation, especially in the US and EM economies has peaked. Interest rates in EMs and DMs will converge in 2H23. Although we do not foresee an imminent global credit event, we take a cautious view on financial instability in DMs and EMs that could lead to credit rating downgrades.

Hope for positive real yield. Rising real yields also undercut valuations for riskier asset classes, curbing investor appetite for risk in equities and bringing a decline in higher-yield and emerging market bonds. We recommend stay defensive with high quality for both stocks and bonds.

The light at the end of the tunnel for China's reopening. We expect China to start to reopen in 2Q23. We think the market will react positively to China's policy relaxation as it contributed about one third of Thailand's tourism traffic and revenue and drove net foreign inflow. Thus, the reopening theme is a bright spot.

Thai economy is slowing down. We believe Thailand's economy will decelerate in 2023. Tourism, service and domestic consumption are key growth drivers that may offset the slowdown in exports, investment and government spending.

1Q23 market outlook. The pressure for tighter financial conditions is not over, in our view. Recession, earnings slowdown and financial stability risks have risen globally. Economic indicators are showing a further deterioration. A Fed pivot is not around the corner. The EU is facing an adverse growth-inflation trade-off. The combination of US resilience and more risk averse investment could bring more persistent dollar strength before an eventual peak. Cyclical conditions for a trough will be clear by late 1Q23-early 2Q23.

Reopening and positive earnings momentum. Market volatility is high. We see opportunity to add to stocks that have good balance sheets, high exposure to reopening, strong domestic demand and positive earnings growth. Our top picks in 1Q23 are AOT, BBL, BCP, CPALL, MINT.

Economic

2023 Global: A transitional year

- We believe that the year 2023 will be a transitional year, from the "low-rate-low-growth" years of 2010-2019, to the "COVID Years" of 2020-2022, where the pandemic led to a global lockdown, massive fiscal spending, skyrocketing debt and the great reflation.
- In the transitional year of 2023, the global economy will have three characteristics. First, global economic growth will decline significantly . Growth also be divergent between developed market (DM) and emerging market (EM) economies, with the first threatened by severe stagflation, or at least mild recession, while the latter will see slowed economic growth, but a lower chance of a severe recession.
- Second, inflation. We believe the global inflation, especially in the US and several EM economies, has already peaked. Our global inflation heatmap shows that the average inflation rate for the 42 countries studied peaked in June and has come down steadily ever since. In 2023, inflation rate will be lower globally off a high base and lower global demand due to economic slowdown.
- Third, policy rate. We believe interest rate in DM countries (esp. the US) will overshoot to cover the overshooting inflation rate. But central banks in the EM countries will not rush to raise rates. This will lead the interest rate for the two groups to converge in the latter half of the year.

2023 Thailand: decelerate, but still faster than DMs

- In Thailand, we believe the economy in 2023 will decelerate from 2022.
- Thai economic growth will be fastest in the first quarter (with GDP growth of approximately 4%), then decelerate in the latter half of the year (with growth approaching 2% in the fourth quarter). Three factors underlie this.
- First, the global economic slowdown will be greater in the latter part of the year, which will lead to a decline in exports (we believe exports will not grow at all in 2023).
- Second, while private consumption will be the main driver of the economy, other engines such as private investment and government spending (both consumption and investment) will be lackluster due to the global slowdown and slow disbursement for government projects.
- Lastly, we expect the tourism sector to be the main growth engine, with tourist arrivals expected to be in the range of 21-25mn. At the same time, we believe the majority will be short-haul rather than long-haul, implying less revenue spent in the country.

2023 A transitional year

2023 A Transitional Year: From “great moderation” to “high-rate, volatile growth”

2010 -2019	2020-2022	2023	2024-…

The “great moderation”

1. Low rate, low growth

The COVID years

1. Once-in-a-century pandemic
2. Lockdown
3. Skyrocketing debt
4. The great reflation

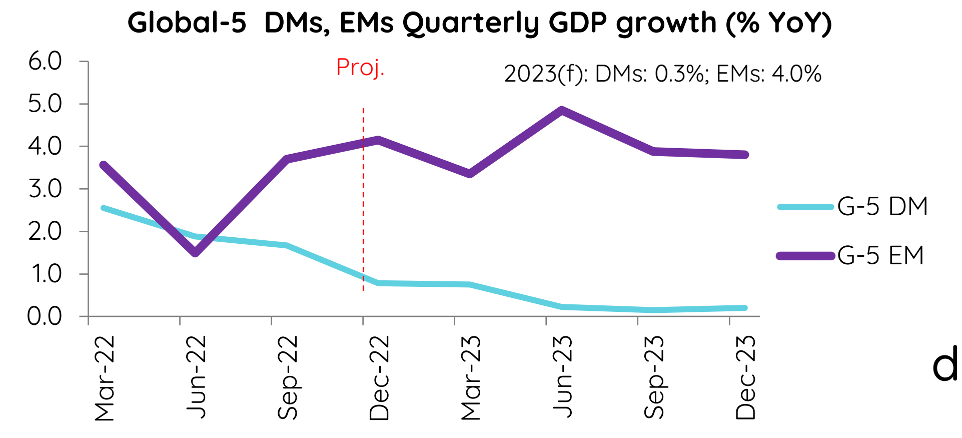
A Transitional year

1. growth: divergence, DM-EM divergence
2. Inflation: Peaked from high base and slimming demand
3. Rate: convergence (DM overshoot/ EM steady rising)

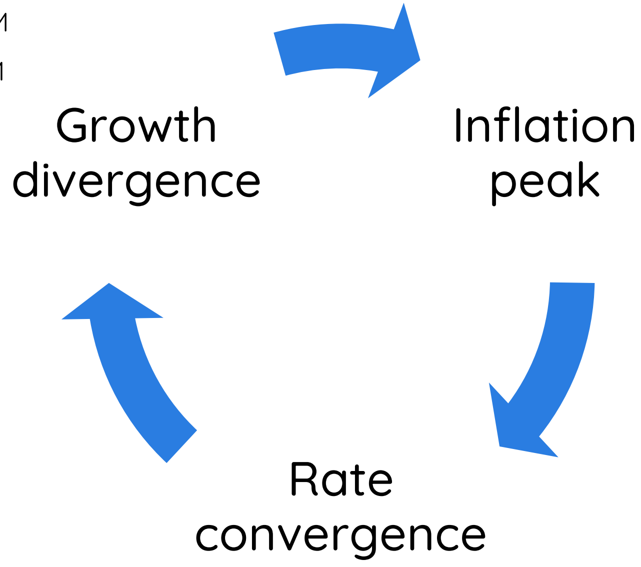
The new economic regime

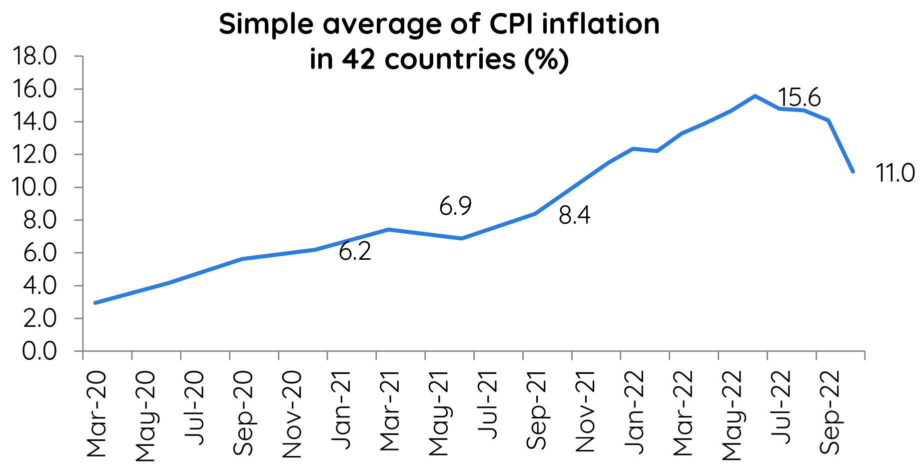
1. Higher inflation
2. Higher rate
3. Loosening fiscal discipline
4. Boom-and-bust growth
5. Geopolitics is the main risk

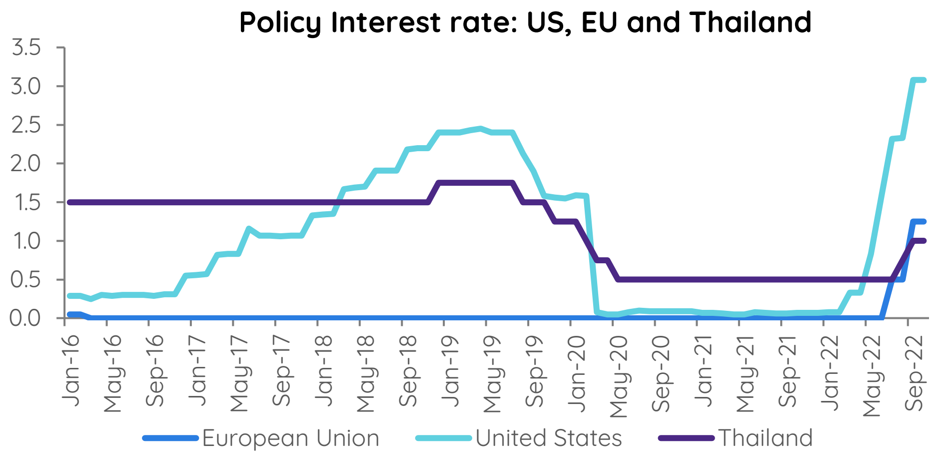
2023 A Transitional Year: Divergence-Peak-Convergence

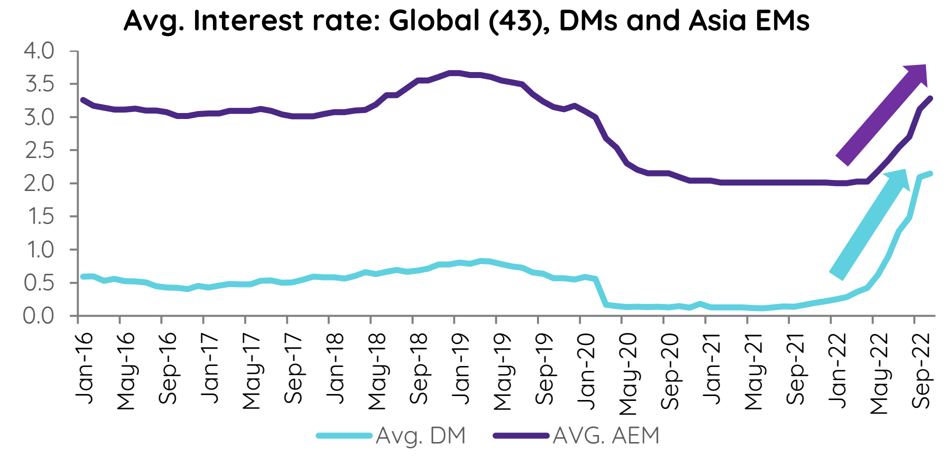


Note: DMs: US, EU, JP; EMs: CN, TH









*AEM: Asian Emerging Markets

2023: A transitional year: growth divergence

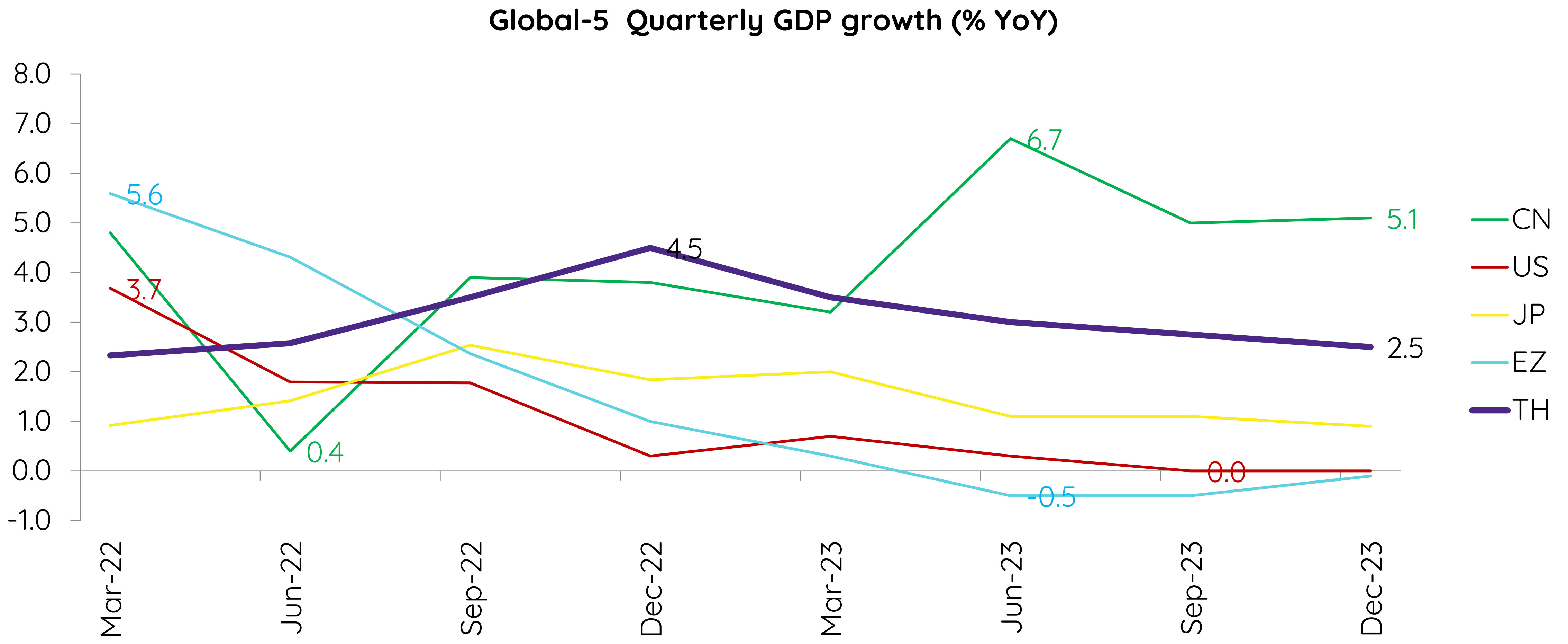
We believe there will be the growth divergence between the developed market (DM) economies and the emerging market (EM) economies.

Developed market (DM) economies will be threatened by severe stagflation, or at least mild recession, due to a rapidly rising interest rate to tame inflation, which will either lead to big credit events in the private sector or to a significant decline in consumption and investment. On the other hand, emerging market (EM) economic growth will slow down, but with a lower chance of a severe recession. This is because the EM economies (not the frontier ones) in general have prepared better than DM counterparts. EM stability indicators, such as reserves, public debt or even inflation is on a more sustainable level compare to those in DM.

Hence we believe that, although the EM growth rate will be partially affected by the global economic slowdown, their growth path is far better than DM's.

GDP growth (proj. by IMF & INVX)	2022F		2023F	
	IMF (Oct)	INVX (Nov)	IMF (Oct)	INVX (Nov)
Global GDP (INVX: Avg. G-5)	3.2	2.7*	2.7	1.9*
US	1.6	1.9	1.0	0.3
Eurozone	3.1	3.3	0.5	-0.2
Japan	1.7	1.7	1.6	1.3
China	3.2	3.2	4.4	5.0
Thailand	2.8	3.3	3.7	2.9

2023 GDP growth momentum



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2023: A transitional year: Peak inflation, rate convergence

We believe global inflation, especially in the US and several EM economies, has already peaked. In 2023, inflation rate will be lower globally off a high base and declining global demand due to economic slowdown.

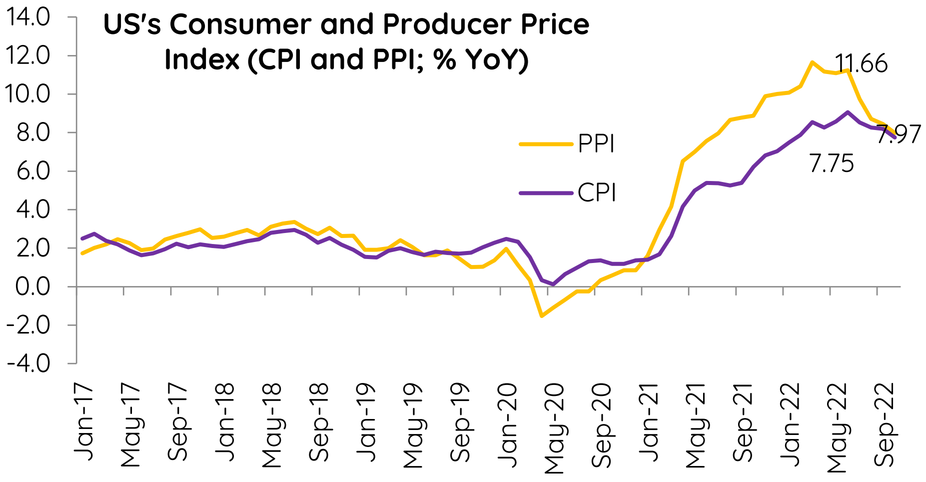
In terms of policy rate, we believe in DM countries (esp. the US), interest rate will overshoot to cover the overshooting inflation rate. But central banks in the EM countries will not rush to raise rates. Hence the interest rate of the two groups will converge in the second half of the year.

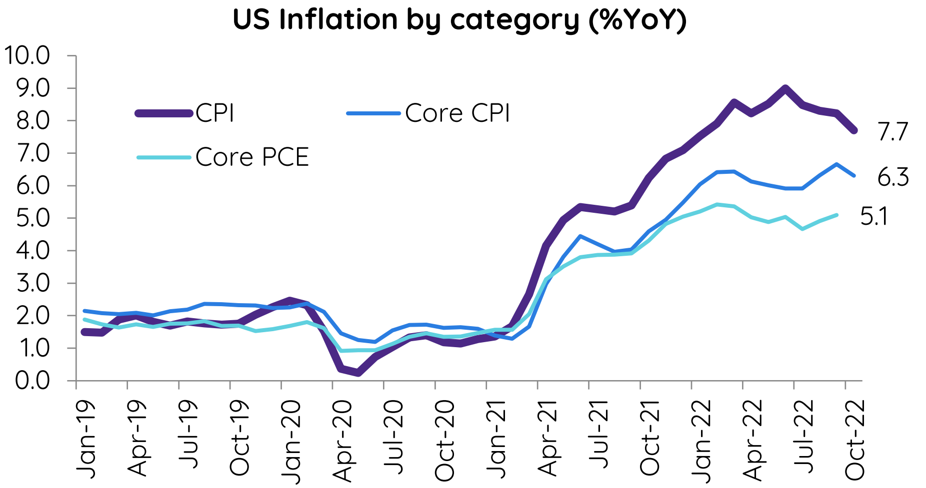
Inflation and policy rate (INVX)	2022F		2023F	
	CPI (Avg.)	Policy rate (eoy.)	CPI (Avg.)	Policy rate (eoy.)
Avg. G-5	5.1	2.16	3.2	2.36
US	8.2	4.38	5.9	3.88
Eurozone	8.0	2.00	7.3	2.50
Japan	2.3	-0.1	1.0	-0.1
China	1.5	3.5	2.0	3.5
Thailand	6.1	1.25	3.3	2.00

US: Crisis averted only by rate cut

US: October inflation already peaked

US theme: Inflation has peaked, but the Fed is likely to hike further to avoid an inflation rebound. This will put monetary policy into the restrictive region and cause the financial collapse





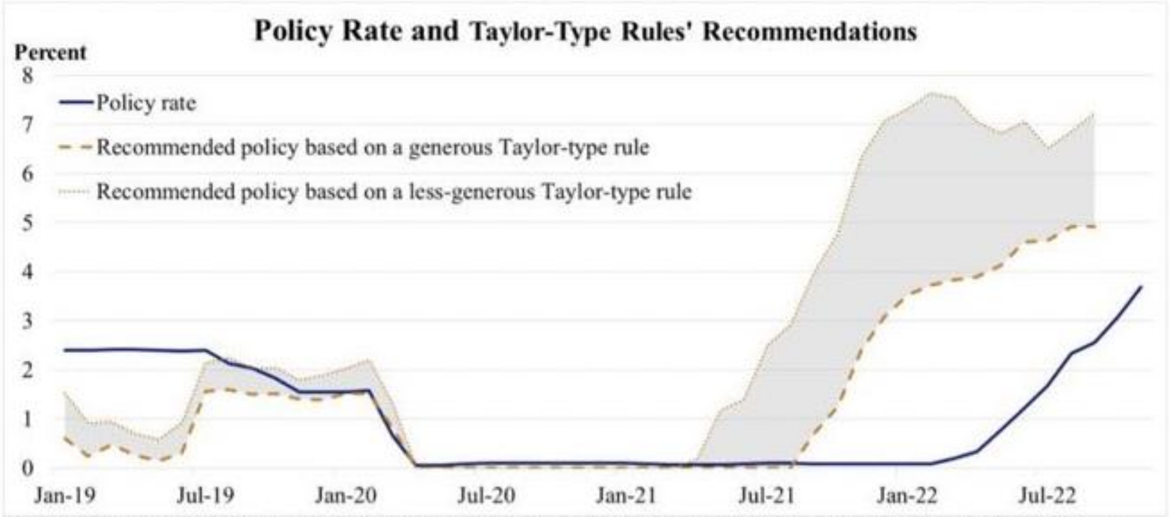
	03/2021	06/2021	09/2021	12/2021	03/2022	06/2022	07/2022	08/2022	09/2022	10/2022	
Urban	2.6	5.3	5.4	7.1	8.6	9.1	8.5	8.3	8.2	7.7	Urban
Food & Beverages	3.4	2.4	4.5	6.0	8.5	10.0	10.5	10.9	10.8	10.6	Food & Beverages
Housing	2.1	3.1	3.9	5.1	6.4	7.3	7.4	7.8	8.0	7.9	Housing
Apparel	-2.5	4.9	3.4	5.7	6.8	5.2	5.1	5.0	5.5	4.1	Apparel
Transport	5.9	21.2	16.5	21.3	22.5	19.6	16.4	13.4	12.6	11.2	Transport
Medical Care	1.8	0.4	0.4	2.2	2.9	4.5	4.8	5.4	6.0	5.0	Medical Care
Recreation	1.1	2.4	3.5	3.3	4.8	4.6	4.4	4.1	4.1	4.1	Recreation
Education & Comm	1.5	2.1	1.7	1.6	1.6	0.8	0.5	0.4	0.1	0.0	Education
Core	1.6	4.5	4.0	5.5	6.4	5.9	5.9	6.3	6.6	6.3	Core

- CPI rose 7.7% YoY in October, down from 8.2% in September and June's 9.1%. Core CPI climbed 6.3% in October from a year earlier, down from 6.6% in September, which was the biggest increase since August 1982.
- On a monthly basis, the CPI rose 0.4% in October from September, the same pace as the previous month. Core CPI rose 0.3% in October, down sharply from 0.6% in both September and August.
- Prices for used cars and trucks—which contributed heavily to inflation last year—dropped 2.4% in October from September, after declining 1.1% the previous month. Airline fares dropped 1.1%, while apparel prices fell 0.7%. Medical -care prices declined sharply last month from the month before, dragged down by a 4% drop in health insurance premiums, the result of a once-a-year update to the underlying data. Rising housing costs remained a strong source of inflationary pressures last month.

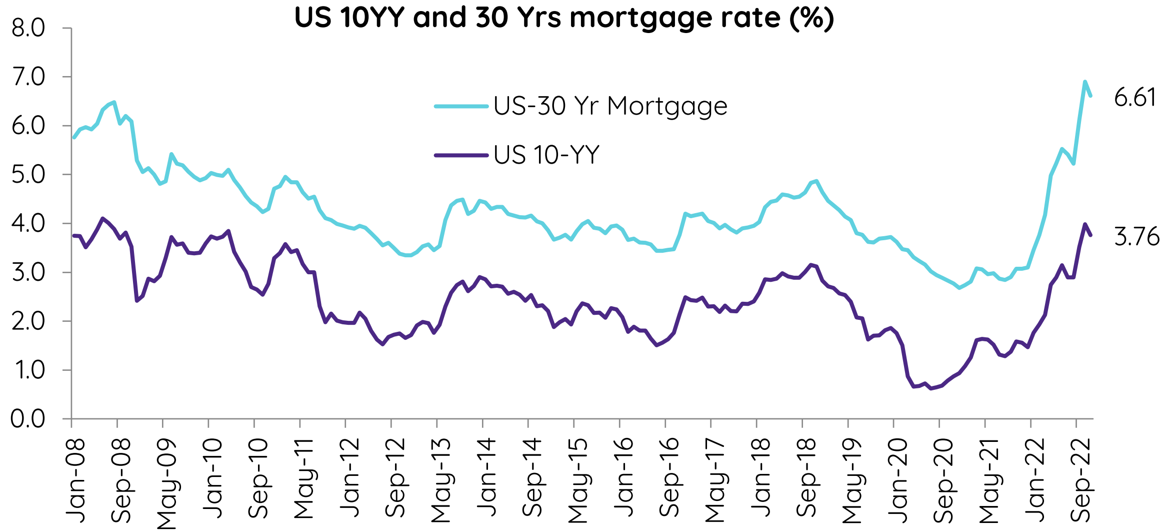
Some Fed officials signal a higher rate hike into the restrictive zone

- After the release of some data, several FOMC members commented that the Fed should moderate its raising of interest rates, esp. Fed Vice Chair Lael Brainard who said that it likely will be appropriate soon to shift to a slower pace of rate increases.
- Notwithstanding that, St. Louis Fed President James Bullard said interest rates have to rise higher to restrict the economy to an extent that brings inflation back to the Fed's target. Mr. Bullard didn't say a specific number, but a chart accompanying his remarks suggested the Fed's policy rate could rise to a range between 5% and 7%.
- We believe that the rate proposed by Bullard is difficult to reach without the economy falling into recession. As of November 2022, the rising FFR rate caused US credit card holders to pay $25.6bn more on interest rate (or $140/ card on average), while mortgages payments will go up to $2,300/mth from $1,300 a year ago.

The sufficiently restrictive zone



Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Bank of Dallas, Federal Reserve Bank of New York and author's calculations. Last observations: September 2022 and November 2022.



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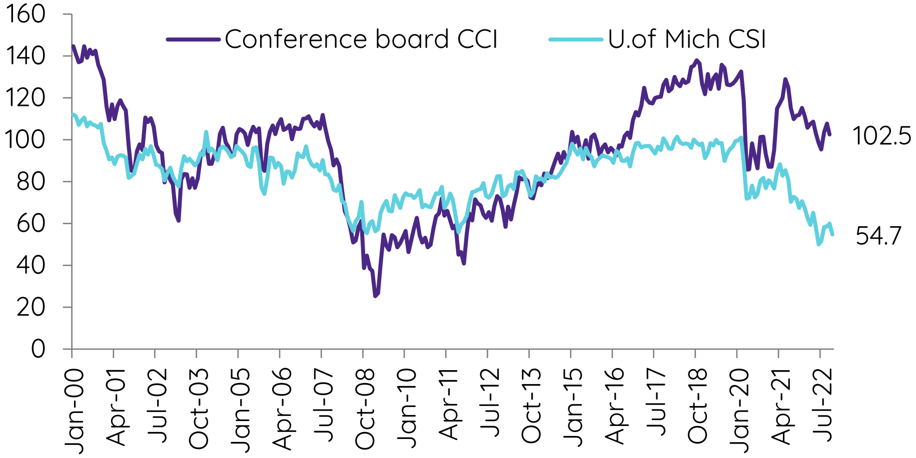
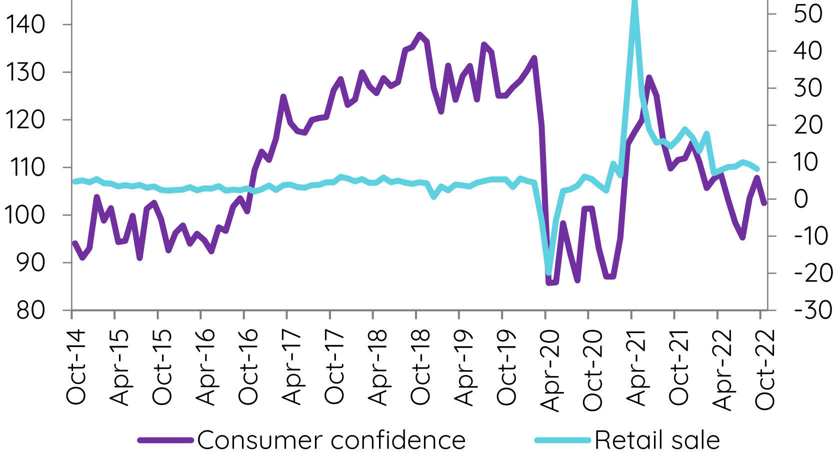
US consumption analysis: Divergence between consumer confidence and retail sales

US Leading indicator: Consumer surveys (pt.)

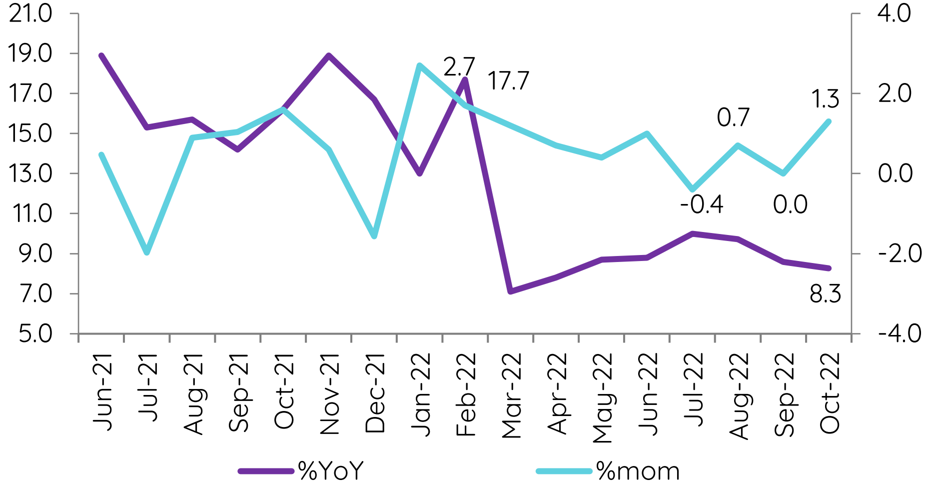


US Leading indicator: Small Business Survey (pt.)

US CB Consumer confidence and Retail Sale (Pt, %YoY)

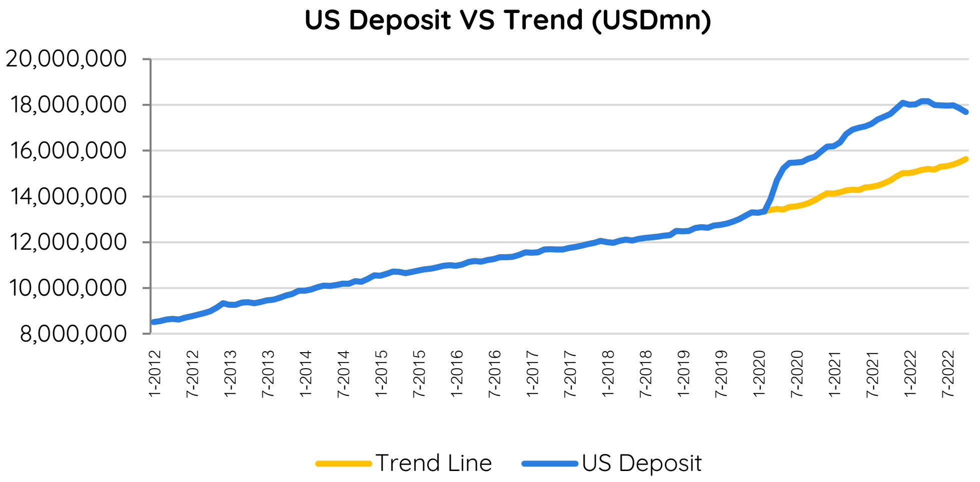


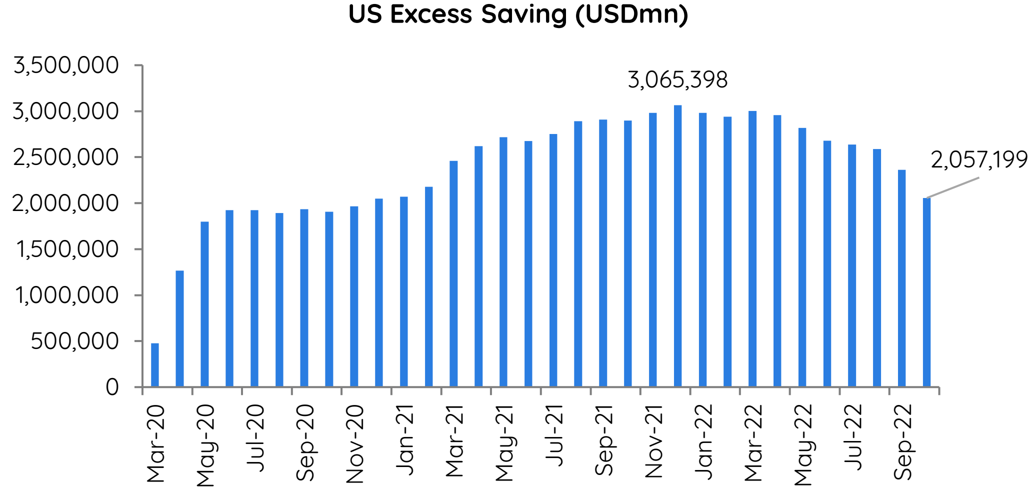
US Retail Sale (%YoY, %MoM)



- Currently we see four conflicting economic signals:
  1. Headline inflation began to slow more clearly, but
  2. Inflation expectations continue to increase, while
  3. Consumer confidence as well as the Small Business Confidence Index dropped sharply, but
  4. Consumption slowed but continued to expand compared to last year.
- We believe that these conflicting signals indicate that, despite a dim view of economic and inflation prospects, people still have excess money to spend.

“Excess savings” is the answer



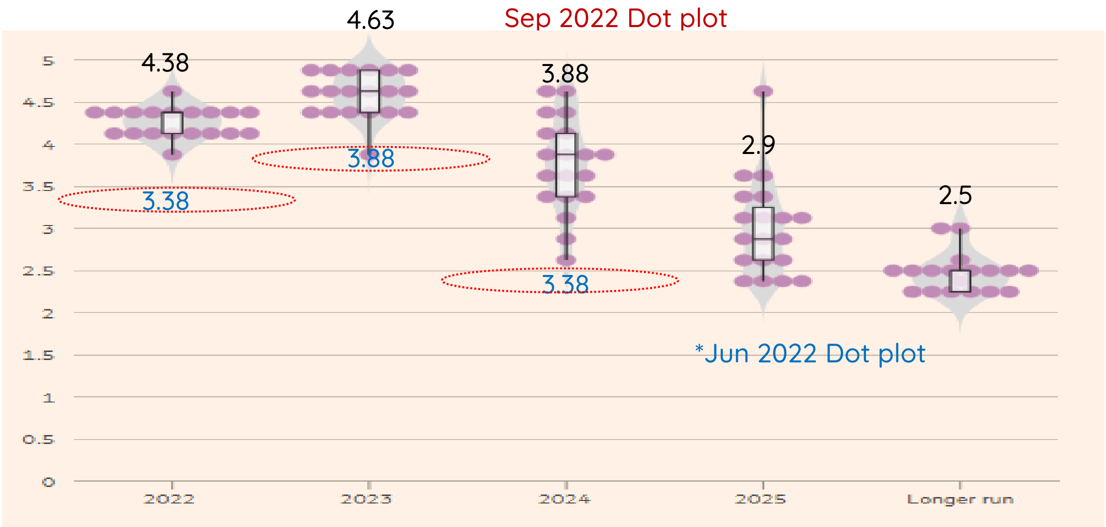


- We hypothesize that the reason household spending remains positive despite dim economic prospects is due to excess savings brought by COVID-led stimulus measures during the Trump and Biden administrations. We thus calculate the difference between current savings with where savings would have trended without government assistance measures.
- By our calculations, if we assume that savings typically grow about 6% per year, US savings as of October 2022 would be ~$15.6trn,. while actual US national deposits are $17.6trn. This shows an estimated $2.1trn in excess savings, which is, however down from peak in Jan. 2022 at ~$3.06trn.
- We expect the excess savings to be completely dispersed by mid- to late 2023, which will help keep the level of consumption stable, but the composition of consumption will change from luxury goods and services to necessities. In short, we believe that the excess savings will help soften the severity of the US economic slowdown in 2023.
- In terms of inflation, we believe that continued declines in consumer confidence will reduce consumption, especially of luxury goods and/or various services, which will reduce inflationary pressure to some extent going forward.

INVX CPI and Fed funds rate projection

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov (f)	Dec (f)
CPI (INVX proj.)	7.5	7.9	8.5	8.3	8.6	9.1	8.5	8.3	8.2	7.7	7.5	7.5
FFR	0.13	0.13	0.38	0.38	0.88	1.63	2.38	2.38	3.13	3.13	3.88	4.38
Chg	-	-	0.25	-	0.50	0.75	0.75	-	0.75	-	0.75	0.50

2023	Jan (f)	Feb (f)	Mar (f)	Apr (f)	May (f)	Jun (f)	Jul (f)	Aug (f)	Sep (f)	Oct (f)	Nov (f)	Dec (f)
CPI (INVX proj.)	7.4	7.2	7.0	6.7	6.4	6.1	5.8	5.5	5.2	4.8	4.5	4.2
FFR	4.38	4.63	4.88	4.88	4.88	4.88	4.63	4.63	4.38	4.38	4.13	3.88
Chg	-	0.25	0.25	-	0.0	0.0	-0.25	-	-0.25	-	-0.25	-0.25



- With inflation passing peak and the coincidence and leading economic indicators such as consumer confidence and PMI starting to decline, we believe the Fed will start to slow its rate hike from the December meeting going forward. With three more rate hikes (Dec 22, Feb 23, Mar 23 hiked 50 bps, 25 bps and 25 bps respectively), we believe the terminal FFR will be 4.88%.
- With FFR at 4.88% (100bps increase from Nov 2022), the 30 year mortgage rate (Nov 2022: 6.61%), credit card rate (Nov 2022: 18.0%) will be at least 1 pp higher than the current rate. This will cause financial difficulties for those with mortgages and/or credit card loans. Furthermore, the financial cost for the US private sector will be higher.
- Currently, total US corporate debt accounts for 80% of GDP compared to 65% in 2007 and one-third of corporate debt in America is rated BBB, the lowest investment grade. We believe that the rising rate will lead to the downgrade of credit rating for many companies, resulting in a lack of liquidity and financial turmoil. Hence, we believe the Fed will subsequently lower its FFR faster than the market expects, possibly in 3Q23.

INVX GDP, Fed funds rate and bond yield projection

- We believe the Fed will continue to raise interest rates until inflation has clearly decreased, with a new message that terminal rates will be higher than previously expected. This increases the likelihood of a recession and/or big credit event next year that will lead the Fed to cut interest rates.

Timing	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1H24	2H24
CPI	8.0%	8.6%	8.6%	7.8%	6.9%	6.4%	5.5%	4.6%	3%	3%
FFR	0.33%	1.63%	3.13%	4.38%	4.88%	4.63%	4.38%	3.88%	3.00%	3.00%
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)	2.28	2.92	4.20	4.80	5.20	4.40	4.40	3.90	3.25	3.25
10YY (+30bps/$300bn)	2.32	2.98	3.80	4.40	4.80	4.10	4.45	4.15	3.75	4.00
02-Oct	0.04	0.04	-0.40	-0.40	-0.40	-0.30	0.05	0.25	0.75	1.00
GDP (YoY%)	3.7	1.8	1.8	0.3	0.7	0.3	0.0	0.0	0.0%	
U-rate (%)	3.6	3.6	3.6	3.9	4.2	4.7	5.5	6.0	8.0%	

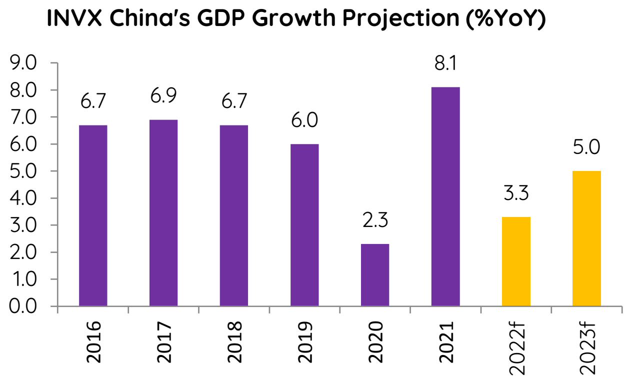
- With hawkish signals like this, the Inverted Yield Curve (IYC) will continue to be intense going forward (at Nov 2022, the 2-year bond yield is at 4.48% and the 10-year is at 3.79%, giving a 2-10 spread at 69 bps). This is because 2-year bonds will rise in accordance with FFR. This will eventually pull the 10-year Treasury bond yield upward, causing a rise in private sector financing cost. We believe this will lead to a sizable credit event as a result of high financial costs and will create market turbulence. Hence the Fed will have to cut interest rate to lessen the severity.

China rebound

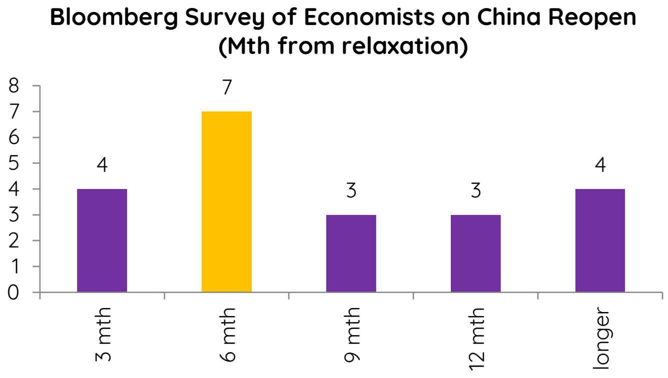
China: With policy relaxation and off a low base, 2023 will be a good year

- We expect a modest rebound in full-year growth to 5.0% in 2023, thanks to the exit of its zero-COVID policy in 2Q23 and stabilization in the property market, with a stronger private consumption recovery relative to investment. The augmented fiscal deficit will narrow but remain sizeable at 10.2% of GDP, with the bulk of debt financing likely front-loaded in 1H to sustain infrastructure capex. With a gradual reopening in place, China will unleash pent-up demand. From our calculation, currently China has excess savings equal to CNY5.86trl or 3.4% of GDP. This excess savings will revive consumption and the domestic economy in 2023.

We believe 2023 will be China's good year

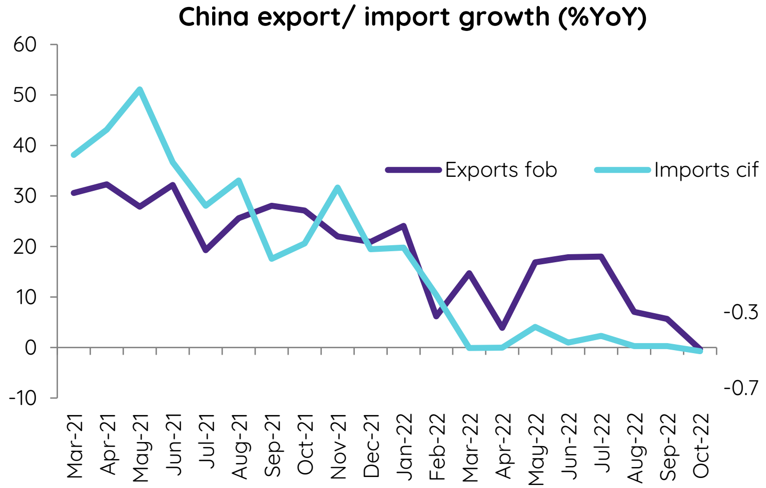


We believe China will fully reopen in 2Q

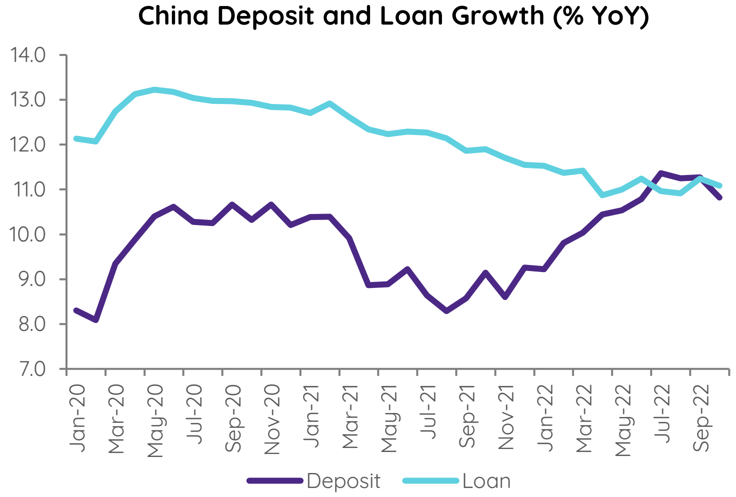


The reopening will revive China's consumption; while fiscal spending will revive investment

Global economic slowdown will be the main drag



With sluggish loan growth and excess deposits, the reopening will unleash China's consumption



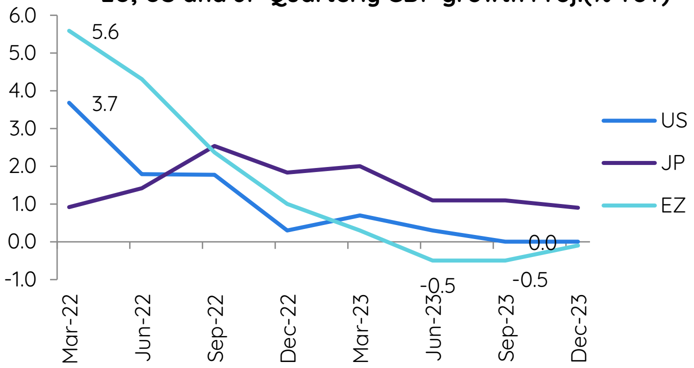
Europe stagflation

Eurozone will fall into stagflation in 2023

- We see activity contracting in 2023 on the back of the ongoing energy crisis and tightening monetary policy, with inflation remaining well above target in both 2022 and 2023. Eurozone inflationary pressures are likely to increase more than previously expected due to 1) rising energy prices in line with futures contracts while government subsidy measures begin to be limited; 2) inflation becomes more diffuse and 3) labor unions begin to gain more bargaining power in a relatively tight labor market. Hence, it is highly possible that Europe will experience stagflation in 2023, especially in Eastern European countries with lower gas reserves than Western Europe.
- Driven by inflation concerns, we think the ECB will hike further to reach a terminal rate of 2.5% in 1Q23 before cutting toward neutral in early 2024. Despite the recession, we expect the ECB to keep rates unchanged over the balance of the year, waiting for inflation to fall. Only after inflation has moved substantially toward its target do we think the ECB will begin to slowly return the policy rate to 2%.

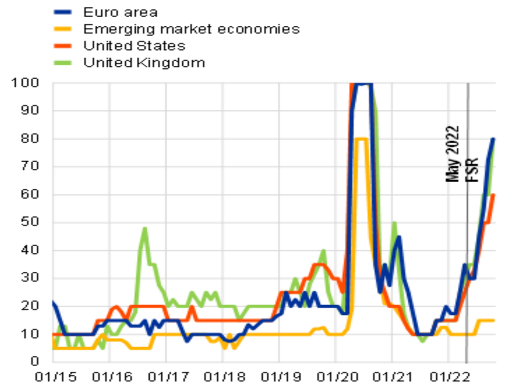
We believe EZ economy will contract in 2H23

EU, US and JP Quarterly GDP growth Proj.(% YoY)

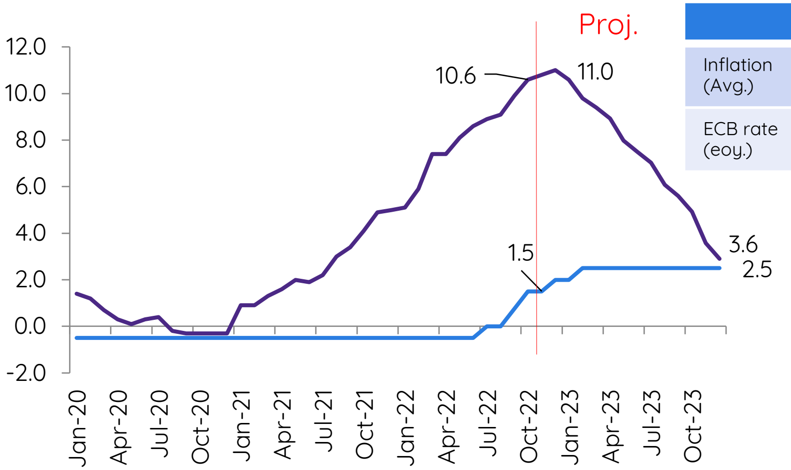


ECB saw 80% chance of recession, with the risk of financial crisis

(Jan. 2015-Oct. 2022, percentages)

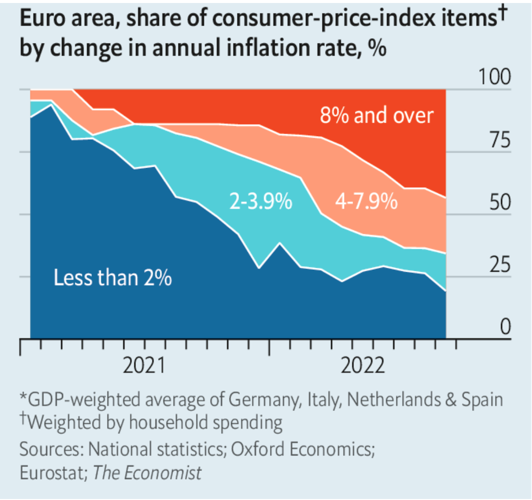


Euro inflation and ECB deposit rate proj. (%)

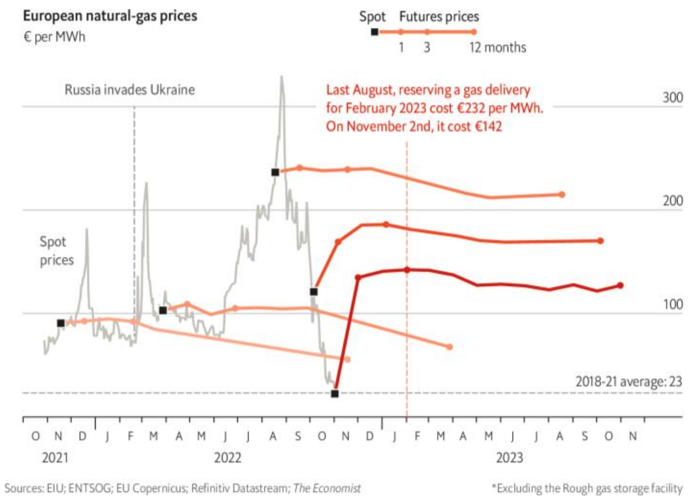


	2022e	2023f
Inflation (Avg.)	8.6%	7.3%
ECB rate (eoy.)	2.0%	2.5%

We believe inflation will become more entrench



Actual energy price will rise despite recent drop



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Inflation peak, rate convergence, financial risk

Global inflation heatmap

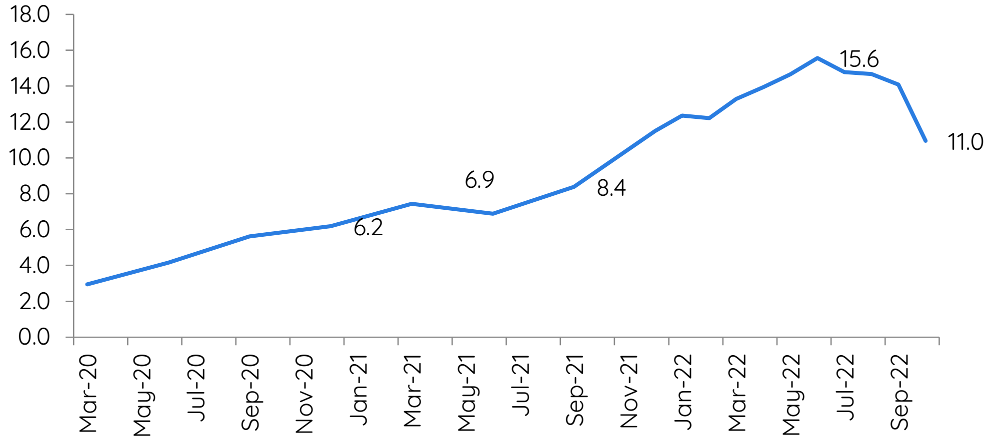
Region	03/2020	06/2020	09/2020	12/2020	03/2021	06/2021	09/2021	12/2021	01/2022	02/2022	03/2022	04/2022	05/2022	06/2022	07/2022	08/2022	09/2022	10/2022	
China	4.3	2.5	1.7	0.2	0.4	1.1	0.7	1.5	0.9	0.9	1.5	2.1	2.1	2.5	2.7	2.5	2.8	2.1	China
India	5.8	6.2	7.3	4.6	5.5	6.3	4.3	5.7	6.0	6.1	7.0	7.8	7.0	7.0	6.7	7.0	7.4	6.8	India
Indonesia	3.0	2.0	1.4	1.7	1.4	1.3	1.6	1.9	2.2	2.1	2.6	3.5	3.6	4.3	4.9	4.7	6.0	5.7	Indonesia
Japan	0.6	0.1	-0.2	-1.2	-0.4	-0.4	0.2	0.8	0.5	0.9	1.2	2.4	2.4	2.3	2.6	3.0	3.0	3.8	Japan
Malaysia	-0.2	-1.9	-1.4	-1.4	1.7	3.4	2.2	3.2	2.3	2.2	2.2	2.3	2.8	3.4	4.4	4.7	4.5		Malaysia
Philippines	2.5	2.5	2.3	3.5	4.5	4.1	4.8	3.1	3.0	3.0	4.0	4.9	5.4	6.1	6.4	6.3	6.9	7.7	Philippines
Singapore	0.0	-0.5	0.0	0.0	1.3	2.4	2.5	4.0	4.0	4.3	5.4	5.4	5.6	6.7	7.0	7.5	7.5		Singapore
South Korea	1.0	0.0	1.0	0.5	1.5	2.4	2.5	3.7	3.6	3.7	4.1	4.8	5.4	6.0	6.3	5.7	5.6	5.7	South Korea
Taiwan	0.0	-0.7	-0.6	0.0	1.2	1.8	2.6	2.6	2.8	2.3	3.3	3.4	3.4	3.6	3.4	2.7	2.8	2.7	Taiwan
Thailand	-0.5	-1.6	-0.7	-0.3	-0.1	1.2	1.7	2.2	3.2	5.3	5.7	4.6	7.1	7.7	7.6	7.9	6.4	6.0	Thailand
Vietnam	4.9	3.2	3.0	0.2	1.2	2.4	2.1	1.8	1.9	1.4	2.4	2.6	2.9	3.4	3.1	2.9	3.9	4.3	Vietnam
European Ur	1.1	0.7	0.2	0.2	1.7	2.2	3.6	5.3	5.6	6.2	7.8	8.1	8.8	9.6	9.8	10.1	10.9	11.5	EU
France	0.7	0.2	0.0	0.0	1.1	1.5	2.2	2.8	2.9	3.6	4.5	4.8	5.2	5.8	6.1	5.9	5.6	6.2	France
Germany	1.4	0.9	-0.2	-0.3	1.7	2.3	4.1	5.3	4.9	5.1	7.3	7.4	7.9	7.6	7.5	7.9	10.0	10.4	Germany
Greece	0.0	-1.6	-2.0	-2.3	-1.6	1.0	2.2	5.1	6.2	7.2	8.9	10.2	11.3	12.1	11.6	11.4	12.0	9.1	Greece
Iceland	2.1	2.7	3.5	3.6	4.3	4.2	4.4	5.1	5.7	6.2	6.7	7.2	7.6	8.8	9.9	9.7	9.3	9.4	Iceland
Ireland	0.7	-0.4	-1.2	-1.0	0.0	1.6	3.7	5.5	5.0	5.6	6.7	7.0	7.8	9.1	9.1	8.7	8.2	9.2	Ireland
Italy	0.1	-0.2	-0.6	-0.2	0.8	1.3	2.5	3.9	4.8	5.7	6.5	6.0	6.8	8.0	7.9	8.4	8.9	11.8	Italy
Netherlands	1.4	1.6	1.1	1.0	1.9	2.0	2.7	5.7	6.4	6.2	9.7	9.6	8.8	8.6	10.3	12.0	14.5	14.3	Netherlands
Norway	0.7	1.4	1.6	1.4	3.1	2.9	4.1	5.3	3.2	3.7	4.5	5.4	5.7	6.3	6.8	6.5	6.9	7.5	Norway
Portugal	0.0	0.1	-0.1	-0.2	0.5	0.5	1.5	2.7	3.3	4.2	5.3	7.2	8.0	8.7	9.1	8.9	9.3	10.1	Portugal
Russian Fed	3.1	2.6	2.5	2.1	3.1	3.9	6.3	8.4	8.7	9.2	16.7	17.8	17.1	15.9	15.1	14.3	13.7	12.6	Russian Fed
Spain	2.5	3.2	3.7	4.9	5.8	6.5	7.4	6.5	6.1	7.6	9.8	8.3	8.7	10.2	10.8	10.5	8.9	7.3	Spain
Sweden	0.6	0.7	0.4	0.5	1.7	1.3	2.5	3.9	3.7	4.3	6.0	6.4	7.3	8.7	8.5	9.8	10.8	10.9	Sweden
Switzerland	-0.5	-1.3	-0.8	-0.8	-0.2	0.6	0.9	1.5	1.6	2.2	2.4	2.5	2.9	3.4	3.4	3.5	3.3	3.0	Switzerland
Turkey	11.9	12.6	11.8	14.6	16.2	17.5	19.6	36.1	48.7	54.4	61.1	70.0	73.5	78.6	79.6	80.2	83.5	85.5	Turkey
United Kingd	1.5	0.6	0.5	0.6	0.7	2.5	3.1	5.4	5.5	6.2	7.0	9.0	9.1	9.4	10.1	9.9	10.1	11.1	United Kingd
Canada	0.9	0.7	0.5	0.7	2.2	3.1	4.4	4.8	5.1	5.7	6.7	6.8	7.7	8.1	7.6	7.0	6.9	6.9	Canada
Mexico	3.2	3.3	4.0	3.2	4.7	5.9	6.0	7.4	7.1	7.3	7.5	7.7	7.7	8.0	8.2	8.7	8.7	8.4	Mexico
US	1.5	0.6	1.4	1.4	2.6	5.4	5.4	7.0	7.5	7.9	8.5	8.3	8.6	9.1	8.5	8.3	8.2	7.7	US

Global policy interest rate heatmap

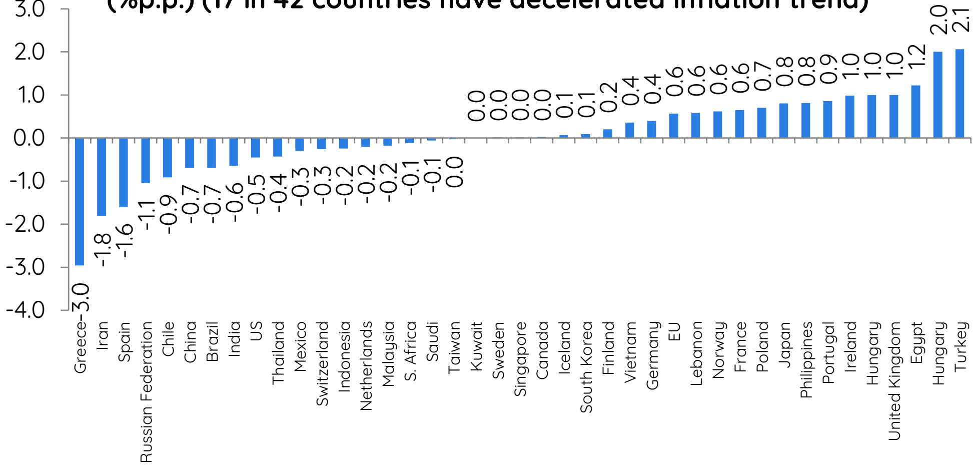
Region	03/2021	06/2021	09/2021	12/2021	01/2022	02/2022	03/2022	04/2022	05/2022	06/2022	07/2022	08/2022	09/2022	10/2022	
Australia	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.9	1.4	1.9	2.4	2.6	Australia
China	3.0	3.0	3.0	3.0	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.8	2.8	2.8	China
Hong Kong SAR (C	0.5	0.5	0.5	0.5	0.5	0.5	0.8	0.8	1.3	2.0	2.8	2.8	3.5	3.5	Hong Kong SAR (Ch
India	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.4	4.9	4.9	5.4	5.9	5.9	India
Indonesia	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.8	4.3	4.8	Indonesia
Japan	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	Japan
Malaysia	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	2.0	2.0	2.3	2.3	2.5	2.5	Malaysia
New Zealand	0.3	0.3	0.3	0.8	0.8	1.0	1.0	1.5	2.0	2.0	2.5	3.0	3.0	3.5	New Zealand
Philippines	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.8	3.0	3.8	4.3	4.8	4.8	Philippines
Singapore	0.2	0.1	0.1	0.3	0.4	0.3	0.6	0.7	0.7	1.7	2.1	2.3	4.4	2.9	Singapore
South Korea	0.5	0.5	0.8	1.0	1.3	1.3	1.3	1.5	1.8	1.8	2.3	2.5	2.5	3.0	South Korea
Taiwan	1.1	1.1	1.1	1.1	1.1	1.1	1.4	1.4	1.4	1.5	1.5	1.5	1.6	1.6	Taiwan
Thailand	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.8	1.0	1.0	Thailand
Vietnam	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3.5	4.5	Vietnam
European Union	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	1.3	1.3	European Union
Norway	0.0	0.0	0.3	0.5	0.5	0.5	0.8	0.8	0.8	1.3	1.3	1.8	2.3	2.3	Norway
Poland	0.1	0.1	0.1	0.5	2.3	2.8	3.5	4.5	5.3	6.0	6.5	6.5	6.8	6.8	Poland
Portugal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	1.3	1.3	Portugal
Russian Federatior	4.5	5.5	6.8	8.5	8.5	20.0	20.0	17.0	11.0	9.5	8.0	8.0	7.5	7.5	Russian Federation
Sweden	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.8	0.8	1.8	1.8	Sweden
Switzerland	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.2	-0.2	-0.2	0.4	0.5	Switzerland
Turkey	19.0	19.0	18.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	13.0	12.0	10.5	Turkey
United Kingdom	0.1	0.1	0.1	0.3	0.3	0.5	0.8	0.8	1.0	1.3	1.3	1.8	2.3	2.3	United Kingdom
Egypt	8.8	8.8	8.8	8.8	8.8	8.8	9.8	9.8	11.8	11.8	11.8	11.8	11.8	13.8	Egypt
Kuwait	1.5	1.5	1.5	1.5	1.5	1.5	1.8	1.8	2.0	2.3	2.5	2.8	3.0	3.0	Kuwait
Saudi Arabia	1.0	1.0	1.0	1.0	1.0	1.0	1.3	1.3	1.8	2.3	3.0	3.0	3.8	3.8	Saudi Arabia
South Africa	3.5	3.5	3.5	3.5	4.0	4.0	4.3	4.3	4.8	4.8	5.5	5.5	6.3	6.3	South Africa
United Arab Emira	1.3	1.3	1.3	1.3	1.5	1.5	1.8	1.8	2.3	3.0	3.8	3.8	3.2	3.2	United Arab Emirates
Brazil	2.8	4.3	6.3	9.3	9.3	10.8	11.8	11.8	12.8	13.3	13.3	13.8	13.8	13.8	Brazil
Canada	0.3	0.3	0.3	0.3	0.3	0.3	0.5	1.0	1.0	1.5	2.5	2.5	3.3	3.8	Canada
Chile	0.5	0.5	1.5	4.0	5.5	5.5	7.0	7.0	8.3	9.0	9.8	9.8	10.8	11.3	Chile
Mexico	4.0	4.3	4.5	5.5	5.5	6.0	6.5	6.5	7.0	7.8	7.8	8.5	9.3	9.3	Mexico
United States	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.8	1.6	2.3	2.3	3.1	3.1	United States
Avg. Global	1.6	1.7	1.8	1.9	2.0	2.4	2.6	2.6	2.7	2.9	3.2	3.4	3.8	3.9	Avg. Global
Avg. DM	0.1	0.1	0.1	0.2	0.3	0.3	0.4	0.4	0.6	0.9	1.3	1.5	2.1	2.1	Avg. DM
AVG. AEM	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.2	2.4	2.5	2.7	3.1	3.3	AVG. AEM

Global inflation already peaked, while DM rate likely to overshoot

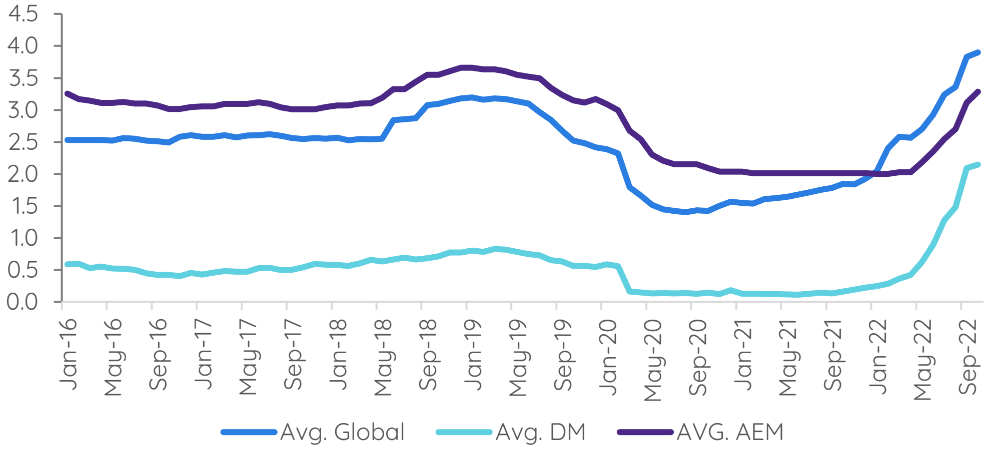
Simple average of CPI inflation in 42 countries (%)



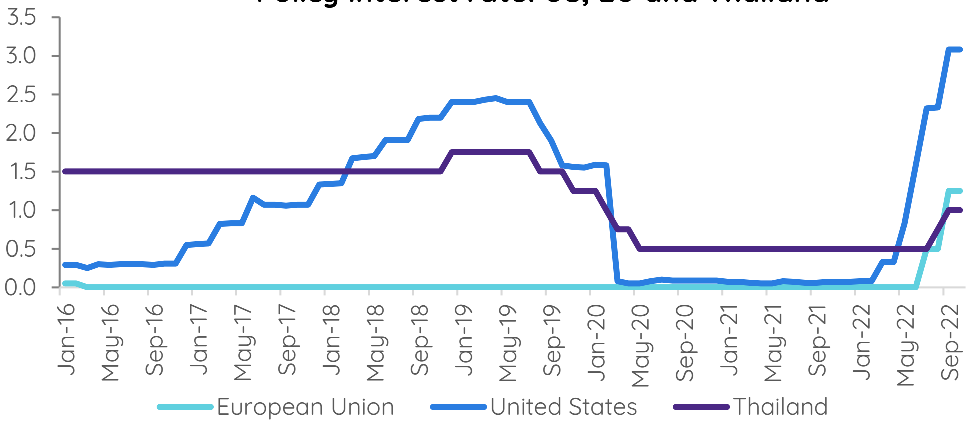
Dif between latest inflation rate and the month before (%p.p.) (17 in 42 countries have decelerated inflation trend)



Policy Interest rate: US, EU and Thailand



Policy Interest rate: US, EU and Thailand

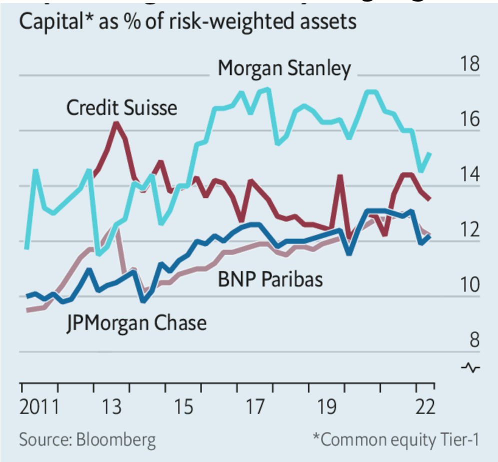


- Our monitoring of inflation and interest rate in 42 countries shows that global inflation peaked in June 2022, with at least 17 countries showing sign of inflation reduction.
- On the policy interest rate, we find that, although almost every country's policy rate is rising (except for some such as Turkey), the pace of rises in DM (esp. the US, UK and EU) is faster than in EM Asia.
- We believe the policy rate overshoot in DM will likely reverse next year since the too-fast pace of rate rise will lead to recession and/or a financial crisis.

Analyzing the vulnerability of the global financial sector

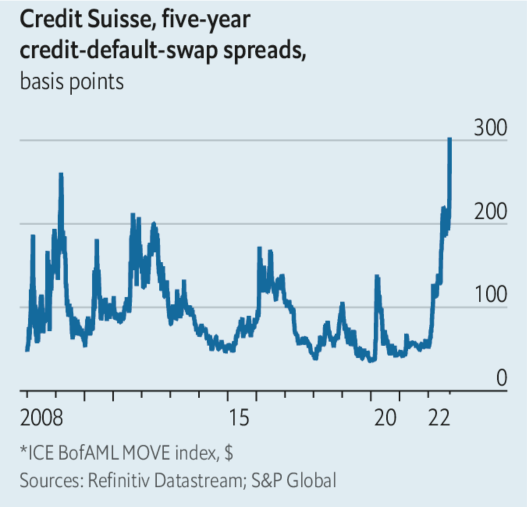
Bond market volatility is the same level as during COVID-19

The capital adequacy ratio of large banks remains relatively high



UK 10-year bond yields rise to the same level as during the GFC

Credit-default-swap of Credit Suisse soars higher than Lehman Brothers bankruptcy



- Currently, financial markets are facing two problems: 1) lack of liquidity. (Illiquidity) or 2) bankruptcy (insolvency). Tighter monetary policy is likely to bring on both of these situations, with liquidity problems coming first. Funds related to fixed income such as pension funds and open-ended fixed income funds are the most vulnerable to the rate rise, while banks are exposed to higher risks of questionable business models. At the same time, the high level of capital raised to meet financial regulator requirements will provide a buffer to some extent.
- Other businesses that will continue to face risks include real estate, unsecured consumer finance, software businesses with income in the form of subscriptions and other alternative assets such as private equity, REITs and hedge funds, as well as insurance businesses that are exposed to rising bond yields.

Other key risks to monitor

Monetary tightening

Zero-COVID policy

Russia-Ukraine conflict

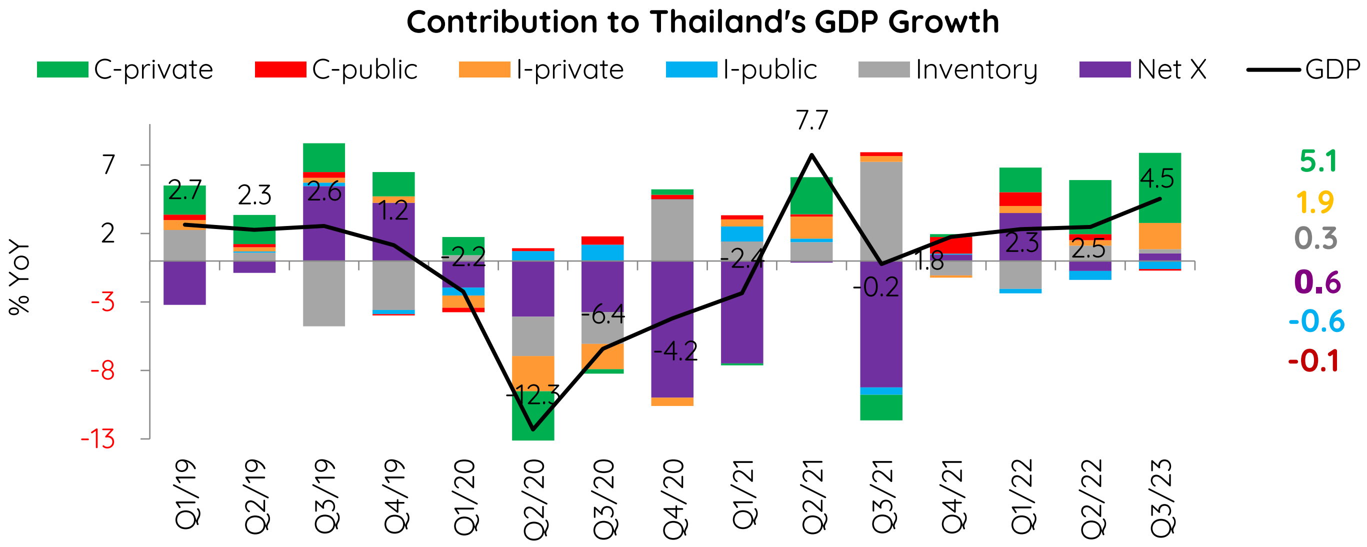
1. Aggressive monetary tightening leads to global recession. We believe there will be a moderate recession in the EU and a mild recession in the US as the result of rapidly rising rate. But if inflation persists, and/or the DM central banks take a more hawkish stance than currently projected, the pace of the hikes will be faster, which may lead to a severe global recession.

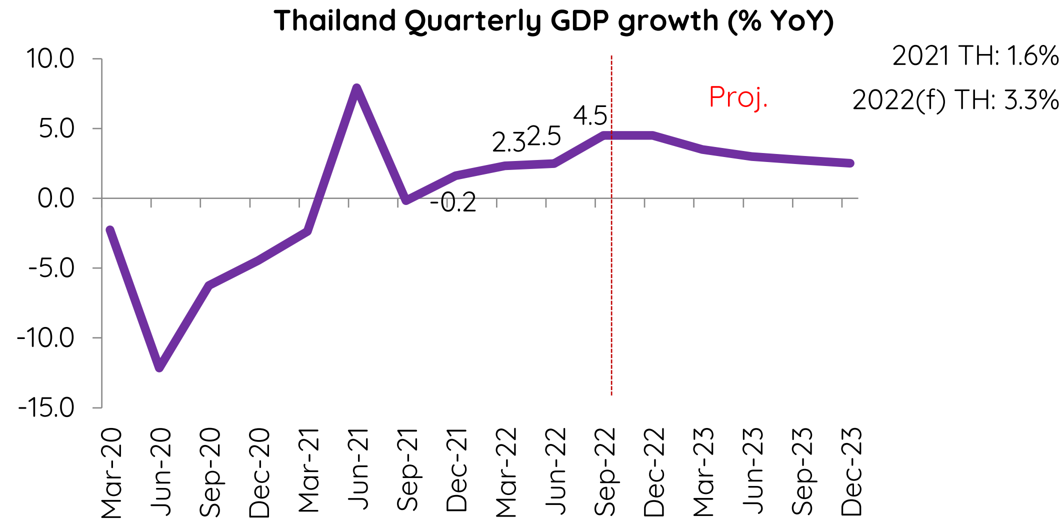
2. China's zero-COVID policy leads to severe recession. We believe the Chinese government will abolish the policy in 2Q23. However, if another coronavirus variant emerges in the winter, strict lockdown measures in China remain probable. These, combined with the persistent weakness in China's property sector could cause China's economy to contract severely, which will have impactful repercussion on global economic activity.

3. Russia-Ukraine conflict turns into global war. We believe there is a chance of de-escalation in the Ukraine war next year. But if the war spills over to neighboring countries (like the missiles falling into Poland), and draw them into the conflict inadvertently, this could generate a wider regional war with the risk of escalation to a world war.

Thailand

The Thai economy in 3Q22 grew strongly at 4.5% YoY thanks to the reopening





- The Thai economy in 3Q22 grew 4.5% YoY or 1.2% QoQSA (improved from 1.2% and 0.7% QoQSA in 1Q22 and 2Q22) by 4.5% YoY, higher than our expectation of 4.0% YoY.
- Private consumption grew rapidly at 9% YoY, thanks to the easing in the COVID-19 epidemic and improvement in personal income. As a result, spending accelerated in all categories. Private investment expanded at a high rate of 11.0%, accelerating from 2.3% in the previous quarter in line with an accelerated investment in machinery and equipment, while investment in the construction sector started to revive.
- The export of services accelerated in line with tourism. However, merchandise exports slowed down in line with the economic slowdown in trading partner countries. Government spending declined in the third quarter of 2022: the annual budget disbursement was Bt663,391mn, a decrease of 15.4% compared to the same quarter of the previous year. In contrast, the disbursement of the Royal Decree on loans of Bt1.5trn was accelerated. Public investment also declined due to delays in budget disbursement for the construction of roads, bridges and office buildings.
- In conclusion, if considered from the expenditure side, the better-than-expected economic growth was due to 1) improved consumption following the opening of the country and 2) tourism that came on the heels of the country's reopening. This makes the volume of service exports as high as 87%.

The production side recovered from the reopening of the country and good exports.

Growth	Share	Yr2018	Yr2019	Yr2020	Yr2021	22Q1	22Q2	22Q3
		GDP Growth Production side						
GDP	100.0%	4.2	2.2	-6.2	1.5	2.3	2.5	4.5
Agri	9.0%	6.1	-0.9	-3.5	1.0	4.7	4.4	-2.3
Industrial	31.7%	4.1	2.4	-6.4	1.6	0.6	-1.8	4.7
Manufacturing	26.3%	3.5	-0.8	-5.6	4.9	2.0	-0.5	6.3
Electric	2.3%	2.2	4.5	-8.0	-2.5	2.1	1.4	5.8
Construction	2.9%	2.3	1.6	1.3	2.7	-5.5	-4.5	-2.8
Wholesale, Retail	17.2%	6.4	4.5	-3.2	1.7	2.8	3.1	3.5
Transport	4.9%	3.9	2.8	-22.9	-2.9	4.2	5.2	9.9
Hotel & Rest.	3.2%	8.0	7.7	-37.5	-14.4	33.5	44.9	53.6
ICT	2.6%	8.8	11.4	1.1	5.6	5.7	6.3	4.9
Financial	8.0%	3.7	1.9	5.1	5.7	1.3	1.6	0.5
Real Estate	2.7%	5.4	3.8	1.5	1.8	1.0	2.4	3.0

- On the production side, the recovery is mainly a result of opening up the country. The sectors that recovered the most were the accommodation and food service sectors. These expanded for the third consecutive quarter at 53.6% and accelerated from a 44.9% growth in the previous quarter. This was in line with the high growth and acceleration of both foreign and domestic tourists. In the quarter, 3.61mn foreign tourists entered Thailand (equal to 1/3 of the number before the outbreak of COVID-19) as a result of the relaxation of the quarantine, while international travel returned to normal. In the quarter, leading arrivals were tourists from East Asia at 2.135mn (59.17%), followed by Europe at 0.587mn (16.28%) and South Asia at 0.403mn (11.16%).
- Industrial production also recovered, both for export and domestic use. Manufacturing grew by 6.3% from a 0.5% drop in the previous quarter following the resumption of growth in all manufacturing sectors. Other manufacturing sectors also recovered.
- The major manufacturing sectors seeing contractions were agriculture, forestry and fisheries, which declined 2.3% in line with a decline in the production of major crops due to flooding and adverse weather conditions in many areas. The agricultural products affected were fruit trees, rubber, swine and cassava.
- However, agricultural prices improved. The agricultural price index rose by 20.1% following an increase in the price index of major agricultural products such as swine, fruit, paddy rice and broilers, raising the overall farm income index the third consecutive quarter at 17.7%.

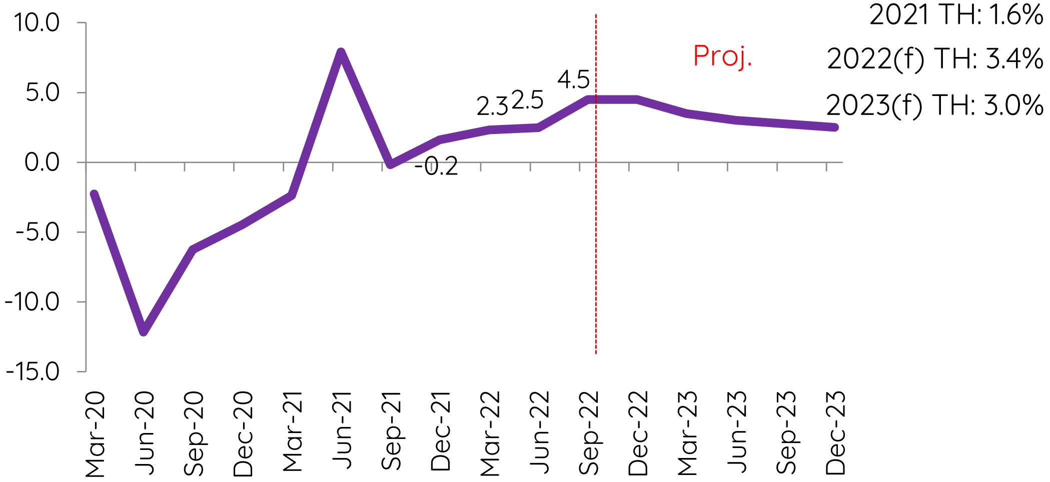
Our view on the 2022 economy after the 3Q22 GDP release

2022-23 Thai GDP growth projection (Nov 2022)(%)

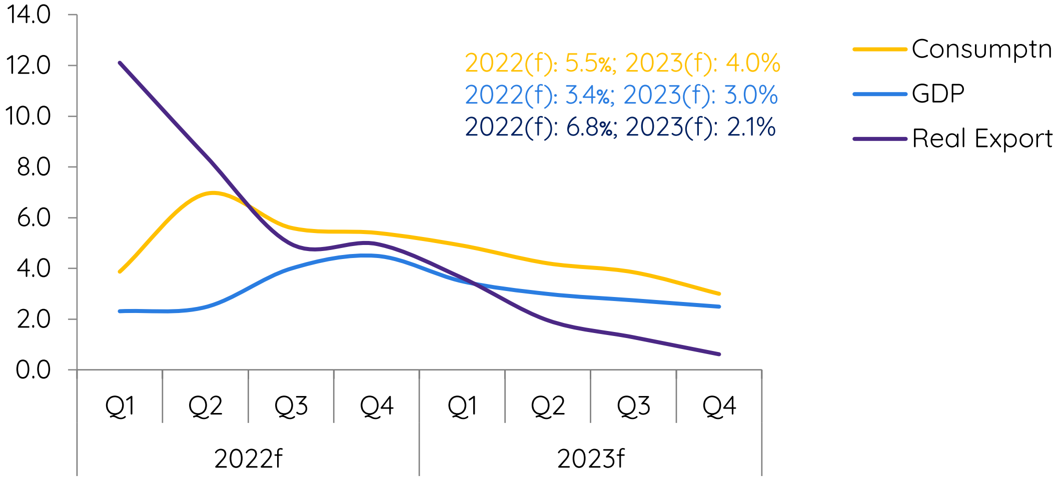
	2022f				2023f			
	Q1	Q2	Q3	Q4f	Q1	Q2	Q3	Q4
Priv. Cons.	3.5	7.1	9.0	-	-	-	-	-
Public. Cons.	7.2	2.8	-0.6	-	-	-	-	-
Priv. Inv.	2.9	2.3	11.0	-	-	-	-	-
Public. Inv.	-4.7	-9.0	-7.3	-	-	-	-	-
X of G&S	12.1	8.5	9.5	-	-	-	-	-
M of G&S	6.2	9.5	8.2	-	-	-	-	-
GDP Growth	2.3	2.5	4.5	4.5	3.5	3.0	2.8	2.5

- In Thailand, we expect the economy to decelerate in 2023 from 2022. Thai economic growth will be fastest in 1Q (with GDP growth of approximately 3.5-4.0%), then decelerate in the latter half of the year (with growth in the range of 2.0-2.5% in 4Q). Behind this is three factors.
- First, the global economic slowdown will be greater in the latter part of the year, which will lead to a decline in exports (we believe export value will not grow at all in 2023).
- Second, while private consumption will be the main driver of the economy, other engines such as private investment and government spending (both consumption and investment) will be lackluster due to a global slowdown and slow disbursement of government projects.
- Lastly, we believe the tourism sector will be the main engine for growth, with tourist arrivals expected to be in the range of 21-25mn; we expect the majority of these will be short-haul rather than long-haul, which implies less revenue coming into the country.

Thailand quarterly GDP growth (% YoY)



2022-23 Thai GDP growth and component projection (Nov 2022)(%)



Latest government agency Thai economic projections compared to InnovestX

Macro growth projection	Actual 2021	FPO (Oct'22) 2022f	BOT (Sep'22) 2022f	NESDC (Nov'22) 2022f	InnovestX (Aug'22) 2022f	FPO (Oct'22) 2023f	BOT (Sep'22) 2023f	NESDC (Nov'22) 2023f	InnovestX (Oct'22) 2023f
GDP growth	1.6	3.4	3.3	3.2	3.4	3.8	3.8	3.5	3.0
Private investment	3.2	5.1	5.4	3.9	3.8	3.7	3.9	2.6	2.8
Public investment	3.8	1.8	3.5	-0.7	3.5	2.5	2.3	2.4	3.8
Private consumption	0.8	4.8	4.9	5.4	5.0	3.2	3.3	3.0	4.0
Public consumption	3.2	-2.0	-1.9	-0.2	2.0	-0.6	-1.1	-0.1	0.9
Export value in US$ terms (%)	18.8	8.1	7.9	7.5	6.0	2.5	1.1	1.0	0.0
Import value in US$ terms (%)	15.0	16.6	13.8	17.8	12.4	3.0	1.8	1.6	2.1
Current account to GDP (%)	-2.2	-1.6	-1.5	-3.6	-1.5	1.1	0.7	1.1	0.0
Headline inflation (%)	1.2	6.2	6.2	6.3	6.1	2.6	2.6	3.0	3.3
USD/THB	32.0	35.6	N/A	35.2	35.4	36.7	N/A	36.0	36.0
Policy rate (%)	0.50	N/A	N/A	N/A	1.25	N/A	N/A	N/A	2.00
No. of inbound tourists (mn)	0.43	10.2	6.0	7.0	10.0	21.5	21.0	23.5	25.0

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

Strategy

Our 4Q22 recommendations
Outperformed the SET by 1.5%

We are nearing the end of 4Q22 and the Thai stock market is down 1%, underperforming regional peers by 6% and the global market by 12% due to its strong performance in 9M22 and weaker-than-expected net profit growth in 3Q22. For much of 4Q22, the key dynamic in equity markets has been improved by: 1) cooler-than-expected inflation data, 2) hopes for a slowing US rate hike, 3) hopes for China's reopening, 4) geopolitical risks from US-China relations ease.

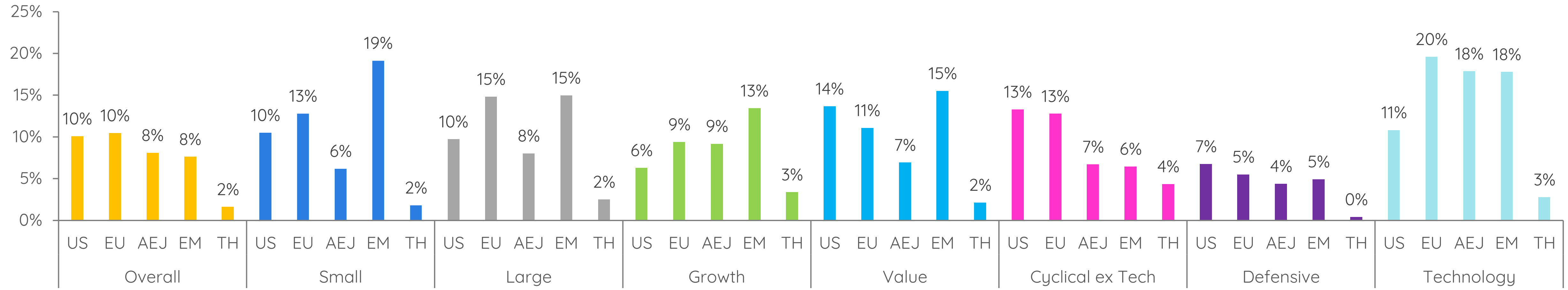
The Thai stock market has offered negative returns in 4QTD and is one of the worst performers in the latest global market rally. Index contribution has been concentrated in four sectors: Energy (PTTGC, PTTEP), Commerce (MAKRO CPALL CRC), Food (MINT, CBG) and Property (SIRI, SPALI), while ICT (ADVANC, DTAC), Healthcare (BH), Insurance and Consumer Finance disappointed. Foreign investors have bought a net US$689mn in Thai equities QTD, continuing from the strong inflow in 3Q22 of US$1,076mn. Foreign flows have been similar in ASEAN peers: Indonesia with US521mn, Vietnam with US$234mn and Philippines with US$68mn. Foreign investment into Vietnam and Philippines turned positive, While Thailand and Indonesia are facing a small net inflow.

Our key theme in 4Q22 was a focus on an economic slowdown, peaked inflation, stabilized rate and market bottoming and this seems to align with market reactions. The market rally is much stronger than we expected, leading to an outperformance of commodities and the global cyclical basket. However, our recommendation for domestic and growth baskets offered higher than average returns from robust domestic activities in the US, EU and Thailand.

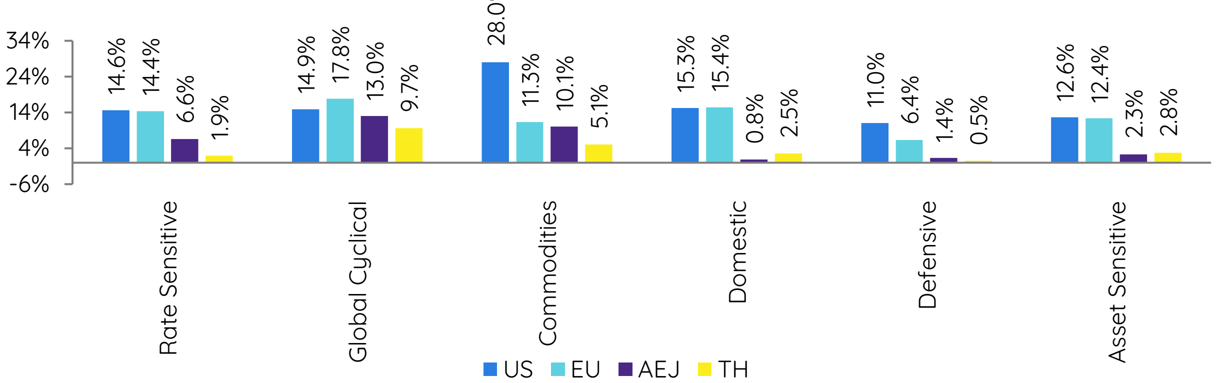
Our top picks that focused on domestic growth with strong balance sheets and continuous earnings growth offered average returns of 0.5%, outperforming the SET by 1.5% as all of our stock picks except MTC outperformed.

Price performance in 4Q22
Growth, Commodities, Cyclical, Domestic outperformed

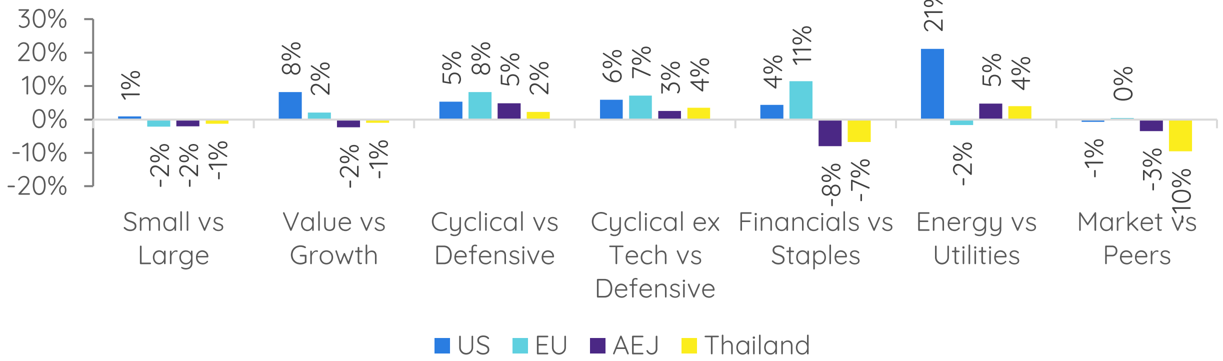
Performance comparison in 4Q22 (as of 18 Nov 22)



4QTD Returns

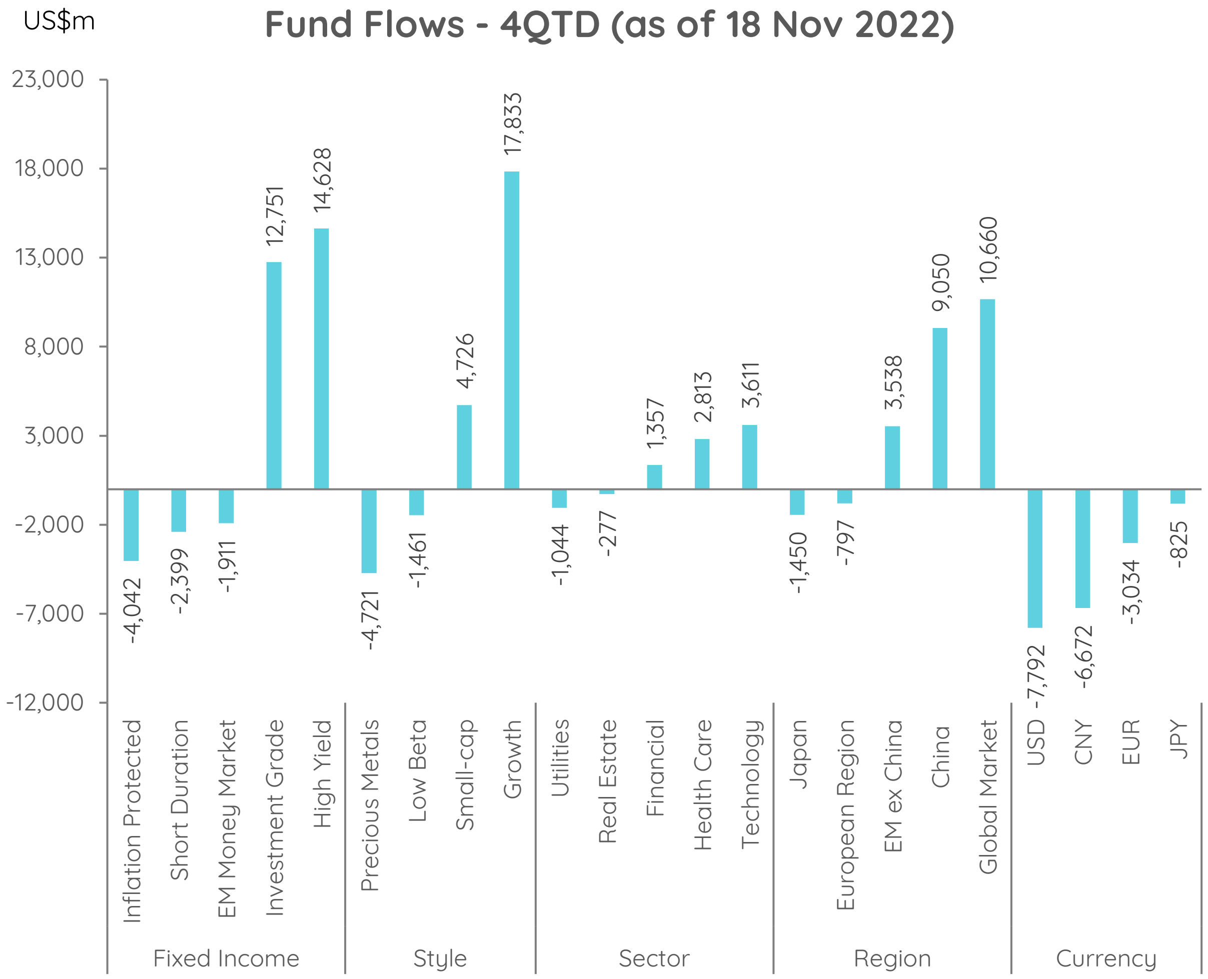


Relative performance



innovestX

Dynamics of fund flows
Taking more risks in 4Q22



Flows into mutual funds and related investment products were positive across both equity and bond funds in Oct-Nov 2022, while flows into money market, commodity and currency funds experienced net outflows.

Within the fund flow patterns in 4Q22, we saw:

1) The market believes interest rate is near peak as inflation is falling, as per a strong sell in TIPS. Small-caps are gaining momentum from eased financial condition.
2) Equities are reviving on optimism about China's reopening, leading to strong inflow into EM and China markets.
3) Selling in USD and precious metals on expectations of a weak dollar on a less hawkish stance at the Fed..
4) Falling yield led to money inflow into technology and growth as well as IG and HY corporate bonds.
5) Sectors linked to more economically sensitive sectors such as Industrials and Materials all registered outflows in 4Q22 due to rising recession fears.

Thus, we recommend investors accumulate more high-growth stocks as market sentiment is expected to gradually improve upon a slowing rate hike, falling inflation and China's reopening, with key risks all diminished.

Market outlook

Key points of our 1Q23 strategy

		Our summary views
Macroeconomic outlook		The global economy will have three characteristics: 1) global economic growth will decline significantly, and EM has a lower chance of a severe recession, 2) global inflation has peaked and expected to come down off a high base and global demand, 3) central banks will slow the pace of their rate hikes and we expect interest rates for EMs and DMs to converge. In Thailand, the economy is expected to grow at a slower pace, driven by private consumption and tourism recovery, while investment and government spending will be a key drag.
Economic bright spots		Domestic consumption demand, tourism-related sectors and high pricing-power sectors
Easing financial condition in the face of recession		We believe relief from fears of inflation, rate hikes and China's lockdowns will eventually set the stage for a return to higher yield and beta. In addition, risk appetite could return as the global macro backdrop, including a stepdown in the Fed's tightening pace, gradually improves next year. We recommend to increase exposure in tactical sectors and themes such as small-cap, technology, growth, and materials when the Fed shifts its stance on monetary policy and the economy hits bottom in 2Q23.
Hope for the positive real yield		The return of positive real yield could cap upside. A deep upside case is limited given less room to grow and it is hard to fine a strong case for deep upside in asset markets without deep cheapness. The price for dodging recession may be a more limited recovery. We recommend to stay defensive (Healthcare, Utilities, Consumer Staples) for significant risk to earnings and valuation in volatile macro environments in 1Q23.
Growth divergence		A peak in US real rate, a peak in the dollar, a bottom in the US cyclical cycle and China's reopening are key to an EM performance reversal. EM company earnings are expected to grow at over 9% next year vs DM growth at 5%. Valuations of EM assets are encouraging. PE is 11x in EM, lower than DM's 15x, equal to a discount of 27% (10-year average). Thus, we continue to favor EMs that can withstand recession fears and a hawkish US central bank.
China COVID policy relaxation		All current measures suggest that the China may preparing for reopening. We expect the market to react positively to China's policy relaxation as China contributed about one third of Thailand's tourism traffic and revenue and could drive net foreign inflow. If the China stock market recovers, Thailand could benefit from a rally.
Interest rate convergence		During the rate hike environment, we expect a higher bar for financial stability risks. Although we do not foresee an imminent global credit event, we have a cautious view on financial instability in DMs and EMs that could lead to credit rating downgrades. Several central banks in EMs started hiking rates well before their DM peers and none has clearly achieved a soft landing yet.
1Q23 strategy		We do not think the pressure for tighter financial conditions is at an end. A Fed pivot is not around the corner. We could see more persistent dollar strength before an eventual peak. Cyclical conditions for a trough will likely be clearer by late 1Q23-early 2Q23. In 1Q23, we suggest investors accumulate stocks as we believe the market will have bottomed out or has limited downside, while upside will gradually gain more room to go from 2Q23 onward.
SET Index target		Our calculations put our 2023 SET Index target based on fundamentals at 1,750. Our key entry point is 1,550-1,600, which we expect to see in 1Q23
Sector weighting 1Q23	**Overweight**	Commerce, Hotel, Airport, Banks
	Neutral	Energy, Airline, Property, Healthcare, Automotive, Electronics and Telecom
	Underweight	Agribusiness, Building Materials, Entertainment/Media, Petrochemical
Recommendations		We look at stocks that 1) have good balance sheets and cash flows, 2) are gaining momentum from domestic demand reopening, 3) are showing continuous earnings growth and recovery, 4) have high growth visibility. Our top picks in 1Q23 are AOT, BBL, BCP, BCP, CPALL, MINT.

Investment roadmap from macro perspective

	1Q23	2Q23	3Q23	4Q23

US

1Q23–3Q23: 4 **Growth down, inflation down**
Bonds over stocks
Style - Low beta, quality, defensive, dividend yield
Sector - Consumer Staples, Utilities, REIT, Healthcare, Telecom
Fixed Income - long duration, IG

4Q23: 1 **Growth up, inflation down**
Stocks over bonds
Style - Secular growth, high beta, mid caps
Sector - Tech, Discretionary, Industrials, Materials
Fixed income – HY

EU

1Q23:
Bonds over stocks
Style - Secular growth, quality, low beta
Sector - Utilities, Tech, Energy
Fixed Income - Long duration, TIPS

2Q23–4Q23: 4 **GDP down, inflation down**
Bonds over stocks
Style - Low beta, quality, defensive, dividend yield
Sector - Consumer Staples, Utilities, REIT, Healthcare, Telecom
Fixed Income - Long duration, IG

China

1Q23: 3 **Growth down, inflation up**
Bonds over stocks
Style - Secular growth, quality, low beta
Sector - Utilities, Tech, Energy
Fixed Income - Long duration, TIPS

2Q23: 2 **Growth up, inflation up**
Stocks, Commodities over bonds
Style - Secular growth, high beta, small-cap, cyclical growth
Sector - Tech, Discretionary, Industrials, Financials
Fixed Income - HY

3Q23–4Q23: 1 **Growth up, inflation down**
Stocks over bonds
Style - Secular growth, high beta, mid-caps
Sector - Tech, Discretionary, Industrials, Materials
Fixed income - HY, EM Debts

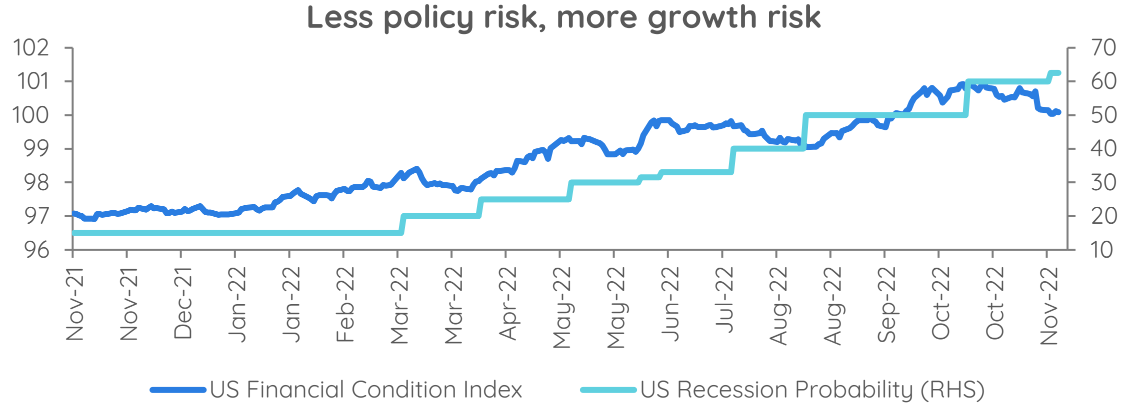
Thailand

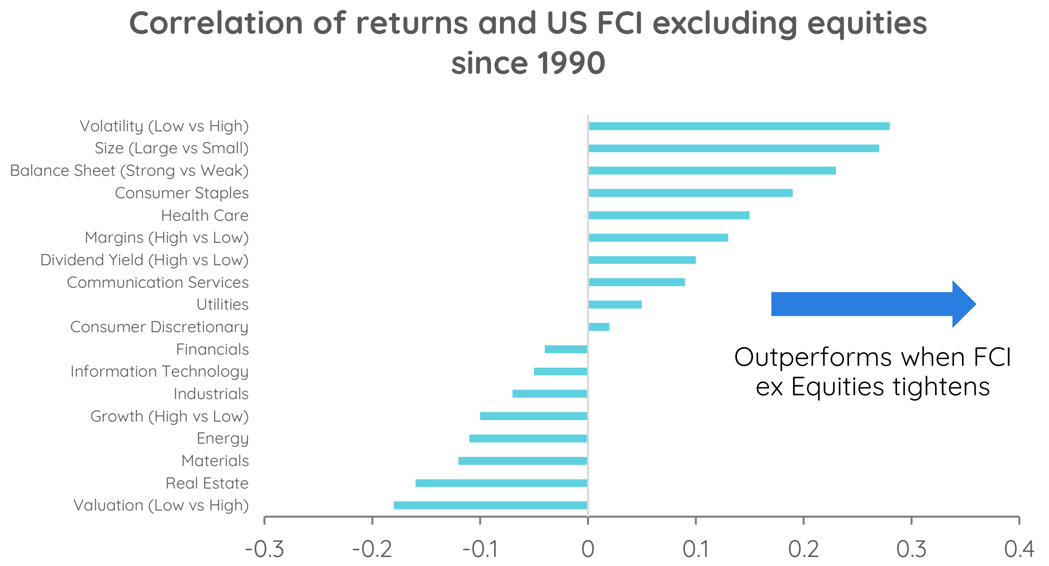
1Q23–3Q23: 1 **Growth up, inflation down**
Stocks over bonds
Style - Secular growth, high beta, mid-caps
Sector - Tech, Discretionary, Industrials, Materials
Fixed income - HY

4Q23: 4 **Growth down, inflation down**
Bonds over stocks
Style - Low beta, quality, defensive, dividend yield
Sector - Consumer Staples, Utilities, REIT, Healthcare, Telecom
Fixed income - Long duration, IG

Easing financial condition in the face of recession

Leading to a rally but growth risk caps the upside



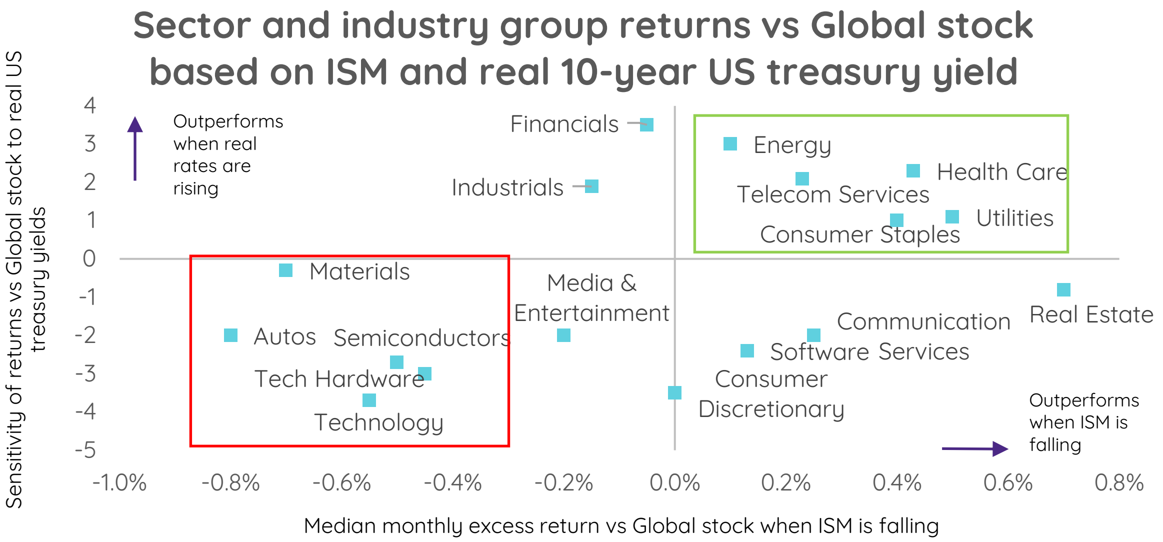


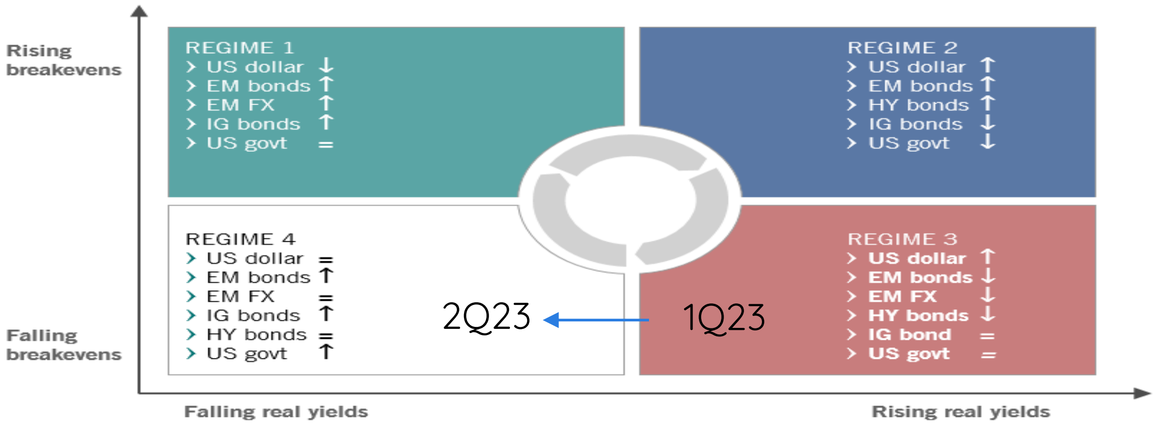
There are some signs of progress toward macro risk relief in 4Q22 including 1) inflation has peaked, 2) risk of Fed overtightening is small, 3) growth has been slowing but not threatening the economy, 4) recession in the EU is milder than expected thanks to a fall in energy prices, 5) China is sending strong signals about reopening. We believe relief from fears will eventually set the stage for a return to higher yield and beta. In addition, risk appetite could return as the global macro backdrop, including a stepdown in the Fed's tightening pace, gradually improves next year.

Whether the Fed brings inflation back to target without causing a full-blown recession is arguably still uncertain. If we do in fact see a meaningful recession, and a sharper de-rating of asset prices around it, the case for a vigorous new bull market would be more powerful. On the other hand, without recession, recovery may be more limited. Growth risk may matter relatively more in 2023.

Thus, the core portfolio will focus mainly on defensives. We recommend increasing exposure in tactical sectors and themes such as small-cap, technology, growth, and materials when 1) the Fed changes its stance on monetary policy and 2) the economy hit bottom – which we expect in 1H23.

Hope for positive real yield
Sticky inflation still key





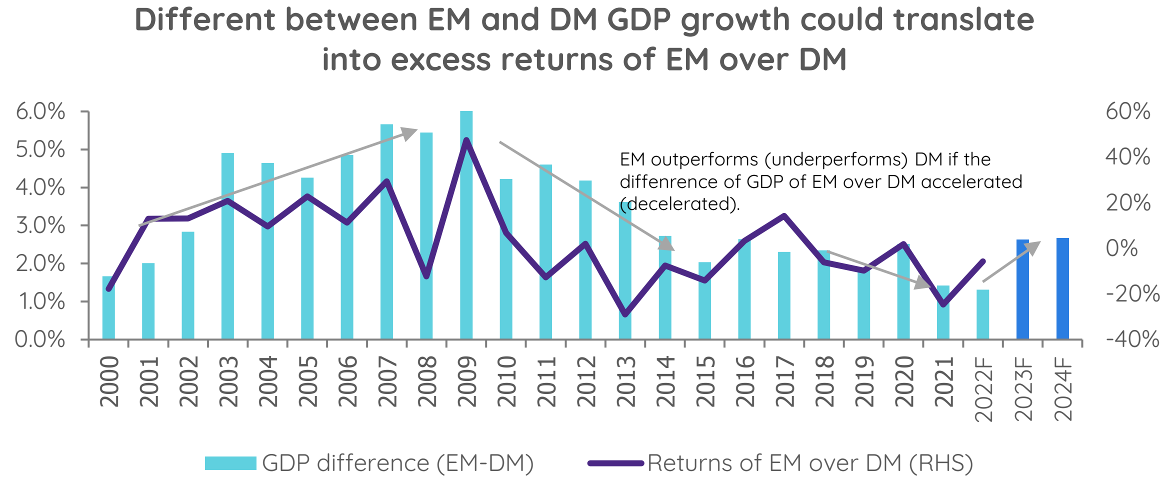
Real yields could move higher in 2023 because 1) we expect the Fed to pause rate hikes and 2) we expect inflation will decelerate further. Central banks may be happy to bring down inflation to a more acceptable level without a recession but will be wary of allowing much reacceleration in growth.

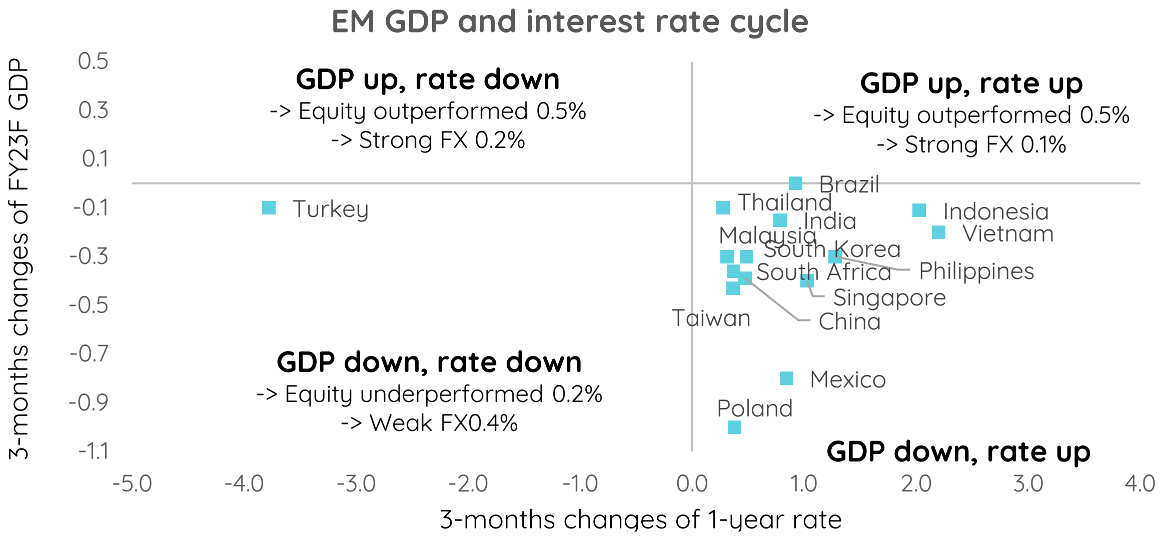
Rising real yields also undercut valuations for riskier asset classes, curbing investor appetite for risk for equities and causing a decline in higher-yield and emerging market bonds.

Our sector framework using real yield and ISM leads us to recommend investors to

1) stay defensive (Healthcare, Utilities, Consumer Staples) to guard against significant risk to earnings and valuation in the volatile macro environment in 1Q23
2) keep waiting for buying opportunities in Technology, Materials and Automotive sectors when yield peaks and the economy is in the process of bottoming out in 2H23
3) defensive, higher quality bonds such as government and investment-grade debt are expected to outperform. IG and government bonds hold firm in 1H23

Growth divergence
EM is still mostly defensive; DM is more vulnerable





Most EMs are in a GDP downtrend and rate uptrend. Thus, the underperformance of EM assets is no surprise, indicating that EM markets have traded close to their macro relationship.

We highlight that Chinese equities screen as for an earlier cycle than other EMs, consistent with the notion that a potential reopening would put the EM economic cycle still in mid-cycle in 1H23, shifting to late cycle in 4Q23. We expect GDP of EMs to recover in 2023 on hopes of China's reopening, translating into an outperformance of 0.5% with a stronger FX. Another implication is that an economic slowdown and rate hike have been somewhat priced into EM stocks.

A peak in US real rate, a peak in the dollar, a bottom in US cyclical cycle and China's reopening are key drivers for an EM performance reversal. In addition, EM company earnings are expected to grow at over 9% next year vs DM growth at 5%. Valuations of EM assets are encouraging. PE is 11x in EM, lower than the DM's 15x, a discount of 27% (10-year average). Thus, we continue to favor EMs that can withstand recession fears and a hawkish US central bank.

The light at the end of the tunnel for China's market

COVID policy relaxation

Sector returns during China's stock market rally at more than 20%

	CSI300	SET Index	Energy	Utilities	Commerce	Bank	Transport	ICT	F&B	Property	Healthcare	Electronics	Financial	Con Mat	Petrochem	Insurance	Packaging	Tourism	Agribusiness	Automotive
Jan-May 12	19%	18%	5%	14%	42%	30%	23%	24%	24%	22%	16%	13%	12%	10%	11%	14%	5%	5%	10%	29%
Dec 12 - May 13	32%	13%	8%	14%	17%	13%	22%	-1%	8%	27%	16%	11%	21%	8%	15%	27%	7%	20%	13%	14%
Jul - Nov 14	21%	3%	3%	14%	-5%	3%	12%	3%	3%	2%	13%	12%	7%	-1%	-8%	-4%	4%	1%	7%	-7%
Feb - Nov 16	24%	12%	26%	2%	31%	2%	7%	-4%	30%	7%	8%	6%	32%	4%	27%	6%	30%	1%	27%	5%
May - Nov 17	22%	11%	17%	3%	22%	9%	31%	1%	6%	16%	3%	-15%	17%	-7%	23%	-10%	-14%	34%	-16%	21%
Jan - Apr 19	39%	7%	9%	17%	7%	1%	9%	12%	10%	7%	3%	6%	12%	5%	-2%	5%	5%	11%	5%	5%
Feb - Apr 15	45%	-4%	0%	2%	-1%	-14%	-7%	-6%	1%	-5%	0%	14%	6%	8%	7%	0%	-2%	0%	-12%	-1%
Aug - Dec 15	28%	-4%	-1%	-14%	-5%	-7%	17%	-31%	2%	3%	10%	8%	14%	-2%	-3%	5%	-5%	20%	-6%	-2%

	CSI300	SET Index	Energy	Utilities	Commerce	Bank	Transport	ICT	F&B	Property	Healthcare	Electronics	Financial	Con Mat	Petrochem	Insurance	Packaging	Tourism	Agribusiness	Automotive
China Rally, Thailand Rally	26%	11%	11%	11%	19%	10%	17%	6%	14%	13%	10%	6%	17%	3%	11%	6%	6%	12%	8%	11%
China Rally, Thailand Correction	37%	-4%	-1%	-6%	-3%	-10%	5%	-19%	2%	-1%	5%	11%	10%	3%	2%	3%	-4%	10%	-9%	-1%
All Episodes	29%	7%	8%	7%	13%	5%	14%	0%	11%	10%	9%	7%	15%	3%	9%	6%	4%	12%	4%	8%

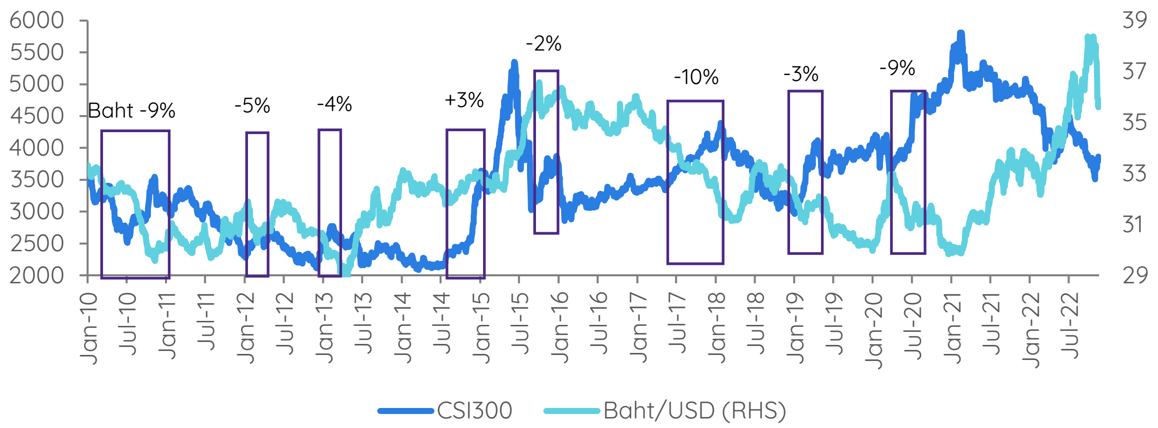
China reiterates its commitment to its zero-COVID policy but at the same time there are more signs of pandemic policy relaxation despite a surge in reported cases in 4Q22. However, the death rate remains low at less than 0.5%.

We expect China to start to reopen in 2Q23, backed by 1) vaccine development, 2) relaxed quarantine requirement and 3) eased COVID circuit breaker measures. In addition, the Aviation Bureau has increased the number of international flights for Nov 2022-Mar 2023 by more than 100% YoY and is allowing several multinational events such as F1 Shanghai and Asian Games. All these suggest that China may preparing for a reopening.

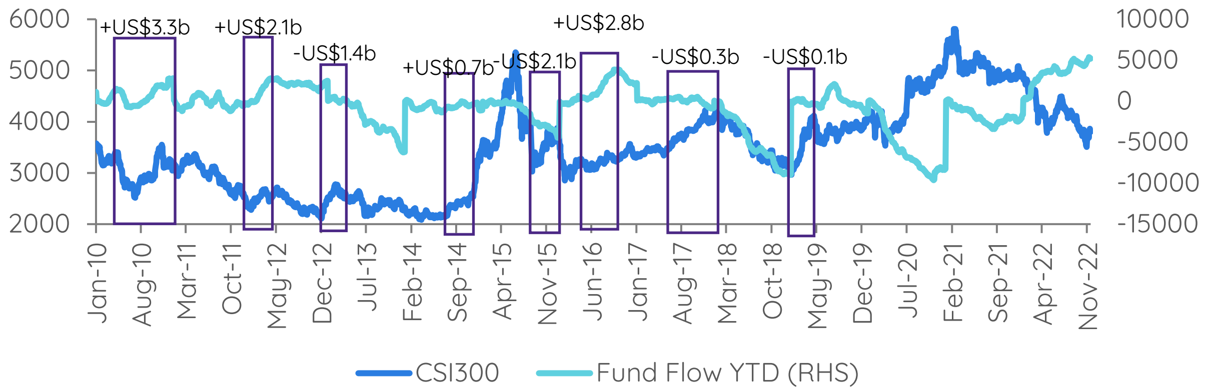
Our economists estimate that COVID-related restrictions have reduced Chinese GDP output by 4-5% from its trend levels, bringing GDP growth to ~5%. We think the market will react positively to China's policy relaxation as China contributed about one third of tourism traffic and revenue and helps drive net foreign inflow. If the China stock market recovers, Thailand could benefit from a rally. In past China market recoveries, Commerce, Transportation, F&B, Tourism offered attractive returns.

Thai market reactions during China market rallies
Fund flows, baht, small-caps, reopening stocks

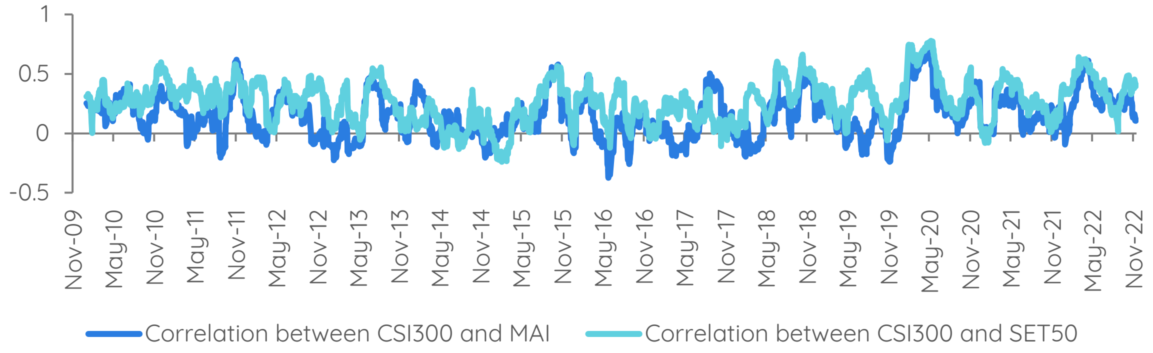
China market rally could mean a strong baht



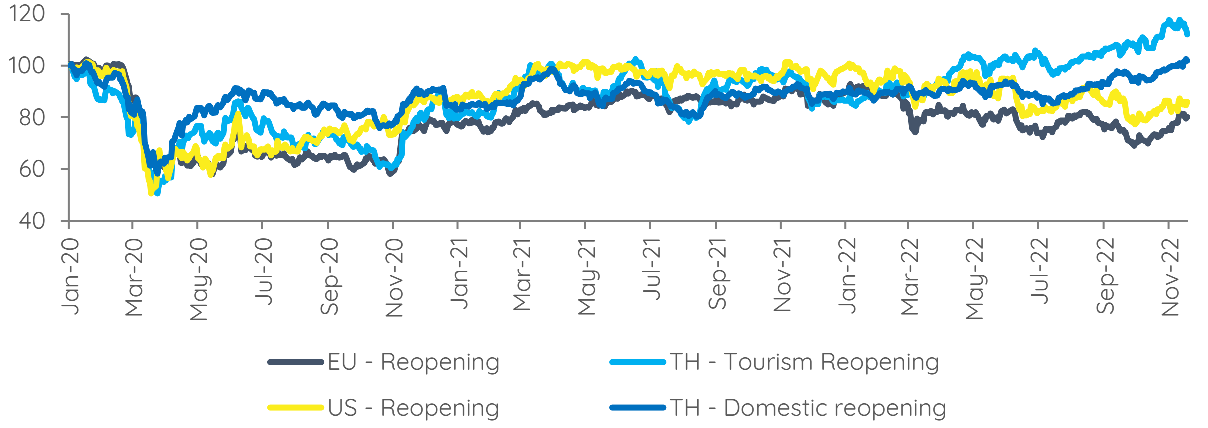
China's reopening and reversal in dollar strength could drive net foreign inflows into the region and Thailand



China market volatility has more impact on large-caps than small-caps

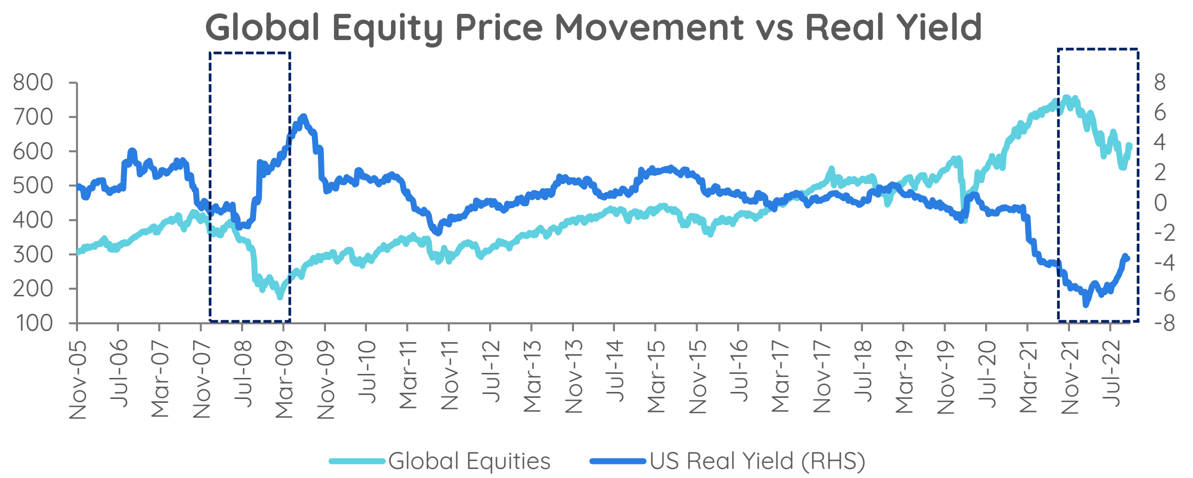


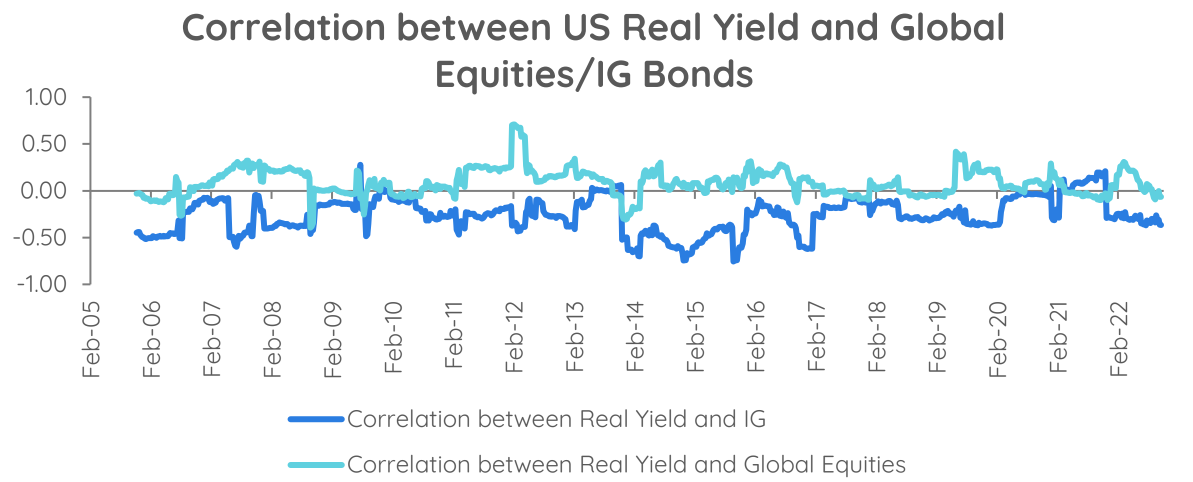
Reopening theme price performance



… while interest rate converges

Higher for longer but looking for downshift



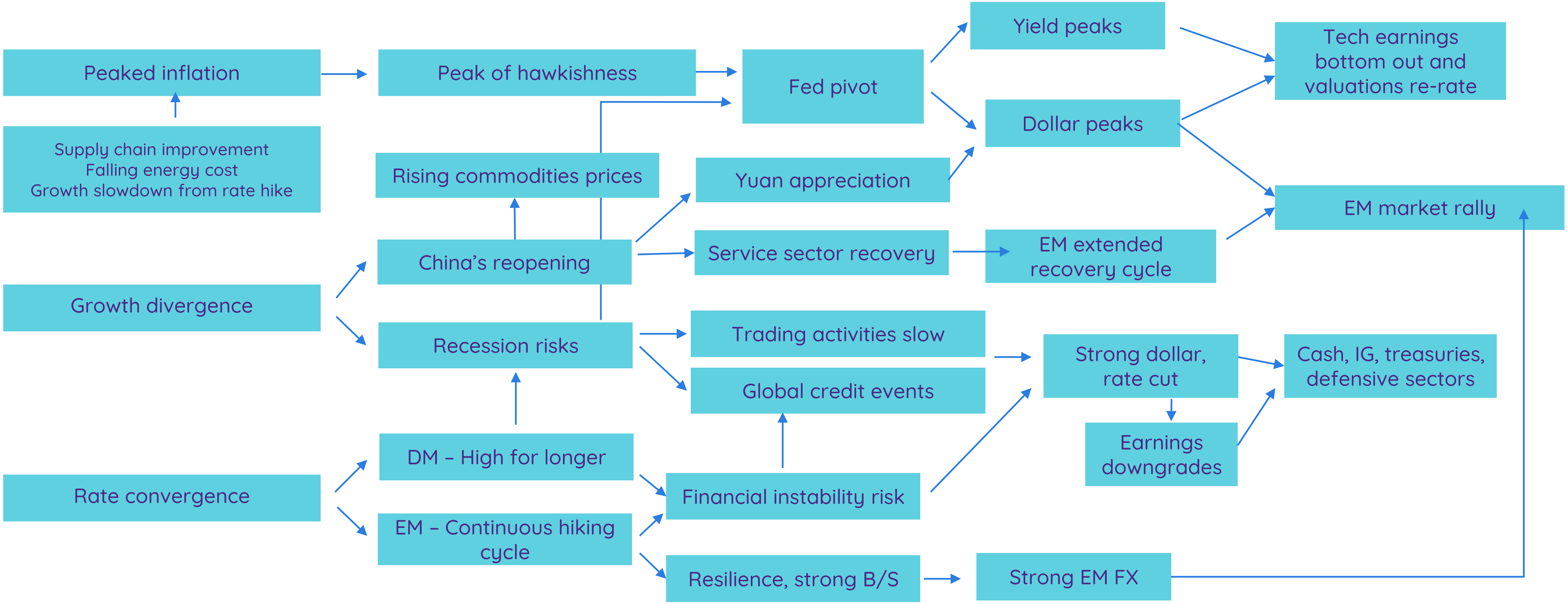


The Fed went large on rate hikes in 2022 but 2023 will see a lot more hikes from the EU and Asia. During a rate hike environment, we expect a higher bar for financial stability risks. However, several central banks in EMs started hiking rates well before their DM peers. While none has clearly achieved a soft landing yet, activity has been resilient and inflation is now coming down in some countries.

A reversal in dollar strength, which has been a continuing headwind for portfolio flows in the region, could be a positive catalyst for inflows and support growth. However, we may need to wait longer for a dollar peak if there is a marked worsening in the risk-taking environment either because the Russia-Ukraine war escalates or the economic slump is deeper.

Although we do not foresee an imminent global credit event, we take a cautious view on financial instability in DMs and EMs that could lead to credit rating downgrades. Thailand has strong external financial strength and corporates have strong balance sheets, which provides a sufficient buffer to manage tightening global financial conditions and greater geopolitical risks.

Macro & market themes summary
What are we looking for in 2023?



Sector and earnings outlook

Sector outlook for 2023

Strong domestic growth, high uncertainties from outside

Air Transportation

A strong recovery in Thai tourism with 25mn international tourist arrivals in 2023 will be drive the air transportation sector. We expect AOT's earnings to turn to profit in FY2023 driven by the positive industry backdrop and the end of assistance it has provided to concessionaires of its commercial areas and to airline operators on March 31, 2023. We expect AAV to see a lower loss in 2023 from rising passenger traffic and a growth in international flights that will boost average fare and ancillary income. Risks are slow travel demand (AOT, AAV), rising jet fuel price (AAV) and weakening baht (AAV).

Automotive

We expect auto production to grow 5% YoY in 2023. Chip shortage problems are expected to ease but we flag concerns on economic uncertainty, increasing cost of living and rising interest rates that may derail auto demand. We expect rising EV sales in Thailand from government stimulus but most are imported vehicles while EV production in Thailand will start in 2024. Thai auto parts suppliers are moving toward EVs but concrete plans have not been released yet.

Bank

We expect sector earnings growth of 13% in 2023F, underpinned by an expected 6% loan growth, a 6 bps expansion in NIM, mainly for large banks with a NIM squeeze expected for small and medium-sized banks that have high exposure to fixed rate loans, with a drag from a 23 bps rise in FIDF cost, a stagnant non-NII, and a minimal 7 bps ease in credit cost.

Commerce

Sector earnings to grow further YoY in 2023F, backed by better retail sales in tandem with revived economic activities and more tourists, together with store expansion and margin improvement.. Rental income is set to continue to recover from a lower rent discount and improved occupancy rate.

Construction Materials

High energy costs will continue to pressure the sector's earnings in 2023F. More price adjustment to cover costs, amid slightly better demand, will be a factor to monitor.

Electronics

Geopolitical uncertainties are likely to dampen demand until early 2023, as the global economic downturn slashed appetite for electronic devices. The chip shortage could last until 1H23. Weakening chip demand to bottom out in 1H23 due to high inflation rates and rising energy costs Demand for semiconductors may recover in 2H23 as new data centers and computer demand growth turns up. Communication infrastructure, automotive and clean energy will be the bright spots in 2023.

Energy

Average oil price is expected to fall YoY on slower demand due to global economic slowdown and more supply from non-OPEC producers. Market GRM will hold up well above 5-year average but fall YoY. Natural gas price from domestic sources will decline at a slower pace given lag time impact, positive for E&P. Negative impact of high gas cost on power producers could lessen given full-year impact of gradual tariff adjustment in 2022, though still not high enough to offset cumulative losses in 2022.

Finance

We expect most finance companies to continue exhibiting robust loan growth, easing NIM from rising cost of funds and rising credit cost with rising NPLs.

Food & Beverage

Expect sector earnings to grow YoY in 2023, but at a slower pace from 2022, backed by better swine prices overseas (China and Vietnam) on revived demand and supply adjustment and continued high local livestock margin (high local livestock prices compared to feed costs).

Healthcare

Growing non-COVID-19 services and recovery of international patient services will be keys for earnings growth in the healthcare service sector in 2023. BDMS and BH will deliver earnings growth from this theme. However, for BCH and CHG, the high base of revenue from COVID-19 services will lead to an earnings downtrend in 2H22-1H23, with their earnings uptrend resuming in 2H23. Margin for the healthcare service sector is healthy given their high pricing power. We expect to see more developments in new businesses such as digital health and wellness services in 2023

Hotel

In 2023, we forecast the number of international tourist arrivals at 25mn (63% of pre-COVID-19 level), consisting of 5mn tourists from China (45% of pre-COVID-19 level). Strong recovery in Thai tourism will be crucial to drive hotelier operations in terms of rising occupancy rate and average room rate. We expect more demand flow for events such as seminars and banquets. Hotels with high debt positions such as MINT and ERW are mitigating the impact of rising interest rate via debt repayment and rising proportion of fixed-rate debt.

ICT

2023 will be challenging for the ICT sector especially if TRUE-DTAC go ahead with the amalgamation. We believe the key to monitor would be the 12% price reduction (one of the remedial measures required by the NBTC). This would cap near-term ARPU upside for the sector.

Land Transportation

We expect 2023 earnings for the sector to continue to improve as expressway traffic and BTS & MRT ridership are in recovery mode. Key will be more tourists and ongoing improvement in economic activities. However, we believe the strong recovery is already mostly reflected in share prices.

Petrochemicals

Cost pressure on naphtha-based producers will persist and demand for products is expected to remain weak given bearish sentiment in the market. Gas-based producers will remain under pressure as gas supply is still below normal. Key factor is China's easing COVID lockdown policy, which could resolve supply chain disruption and unlock demand. PET producers will have less impact from weakening demand. New capacity in Asia will increase pressure on supply.

Property

We expect the residential sector in 2023 to have lower presales growth after the highest 2022 presales value in four years of ~Bt200bn, backed by low interest rate and LTV easing. Total launch value will dip in low-rise while condos will grow. Cost of raw materials is likely to be stable from 2022 and the increase in selling price is expected to be minimal.

Earnings outlook in 2023
Thai recovery to withstand global slowdown

	Net Profit (Btm)			Growth (%)		
	21A	22F	23F	21A	22F	23F
Agribusiness	209	2,061	2,202	(84.5)	884.6	6.8
Automotive	4,001	4,549	5,024	118.2	13.7	10.4
Banking	184,404	212,914	239,701	30.2	15.5	12.6
Commerce	39,101	43,137	52,571	15.6	10.3	21.9
Construction Materials	54,719	31,474	37,548	34.7	(42.5)	19.3
Energy & Utilities	209,893	291,631	321,899	360.6	38.9	10.4
Finance & Securities	28,316	30,442	34,092	9.9	7.5	12.0
Food & Beverage	14,139	29,033	32,843	(21.2)	105.3	13.1
Health Care Services	21,214	24,201	22,646	94.0	14.1	(6.4)
Information & Communication Technology	28,850	25,643	31,366	(14.1)	(11.1)	22.3
Insurance	12,222	14,933	18,508	18.1	22.2	23.9
Packaging	8,294	6,970	8,039	28.4	(16.0)	15.3
Personal Products & Pharmaceuticals	119	138	174	(29.0)	16.2	25.9
Petrochemicals & Chemicals	71,601	43,522	72,249	2,155.8	(39.2)	66.0
Property Development	25,753	32,665	31,834	17.2	26.8	(2.5)
Tourism & Leisure	(3,784)	(16)	1,393	(15.7)	(99.6)	8,867.6
Transportation & Logistics	(18,089)	(17,461)	18,475	(338.4)	(3.5)	205.8
InnovestX Universe	**680,963**	**775,836**	**930,565**	**71.0**	**13.9**	**19.9**

Thailand's economic output will return to pre-COVID levels in early 2023. We are concerned about revenue growth due to weakening demand, while margin pressure is expected to subside. Tourism and services will continue to help the Thai economy's gradual recovery. We believe growth is achievable in 2023, as growth in service sectors will offset the lower growth in manufacturing sectors, ushering in a sequential service sector recovery from 2022.

On this basis, we expect earnings for companies under InnovestX coverage to grow 20% YoY in 2023 (vs consensus of +6%) despite a global slowdown. Most sectors will report solid EPS growth in 2023, driven by Commerce, Construction Materials, F&B, Telecom, Insurance, Petrochem, Tourism and Transportation. However, Healthcare and Property are expected to slow down in 2023.

Compared with 2019, four sectors - Commerce, F&B, Tourism, and Transportation - have room to recover in 2023 as the economy continues to recover.

Sector outlook for 1Q23
Earnings recovery to continue

Air Transportation

We expect 1Q23 to be a better quarter for air transportation with lower losses (+YoY and +QoQ) as the number of international tourist arrivals is accelerating during high tourism season and airlines are raising international flight capacity to capture demand. AOT is in a better position than AAV with healthier earnings since AAV's operations and earnings will be hurt by rising high jet fuel cost and a weakening baht.

Automotive

Auto production in 1Q23 will increase YoY and QoQ on seasonality. We expect sales of auto parts suppliers to increase QoQ, aligning with industry growth and new orders. Pressure on gross margin from rising steel price (mainly in 1H22) will be eased by raising prices. We flag concerns on economic uncertainty, increasing cost of living and rising interest rates that may derail auto demand.

Bank

On a QoQ basis, we expect the sector's earnings to rise seasonally due to lower opex and provisions with poor loan growth and stable NIM (a 23 bps rise in FIDF to be offset by interest rate hikes). On a YoY basis, we expect a slight recovery in earnings from better NII and lower provisions.

Commerce

Sector earnings to grow YoY in 1Q23F, backed by better SSS growth and margin from revived economic activities, more tourists, Shop Dee Mee Khuen stimulus and more spending before/during election,. Rental income recovery will add to earnings growth.

Construction Materials

Expect sector earnings to drop YoY, eroded by high energy costs. More price adjustment to cover costs, amid slightly better demand, will be a factor to monitor.

Electronics

A global economic slowdown could pressure short-term growth in tandem with continuous cost pressure. Demand is weakening along with dollar appreciation, which will hurt earnings and we expected earnings to continue falling to hit bottom in 1Q23. Rising inventory level is the key challenge for sector growth.

Energy

Oil price will sustained from 4Q22 due to high seasonal demand during winter. Oil refiners will benefit from strong crack spread for diesel and jet fuel. Lower imported LNG price and volume will reduce cost pressure for power producers. Tariff adjustment for Jan-Apr 2023 will support SPP earnings while IPPs remain protected from higher energy cost. We expect 1Q23 profit to improve QoQ but fall YoY, mainly from inventory impact.

Finance

We expect most finance companies to continue exhibiting robust loan growth, easing NIM and rising credit cost with rising NPLs in 1Q23.

Food & Beverage

We expect sector earnings to grow YoY, boosted by a wider margin YoY for livestock players (a faster rise in local livestock prices than in feed costs) and better swine prices overseas (China and Vietnam) on revived demand and supply adjustment.

Healthcare

We see the key earnings driver in 1Q23 as the recovery of international patient services after Thailand's reopening made it easier to travel. We expect BDMS and BH to benefit from this, with earnings expected to grow YoY and QoQ in 1Q23. For BCH and CHG, we expect earnings to drop YoY off the high base from COVID-19 services but improve QoQ on seasonality. Margin for the healthcare service sector is healthy, backed by its high pricing power. We expect limited impact from rising interest rate as they carry low debt.

Hotel

Accelerating international tourist arrivals on pent-up travel demand will boost the occupancy rate and average room rate in 1Q23. For AWC, CENTEL and ERW, whose hotels are primarily situated in Thailand, we expect earnings to improve YoY and QoQ. MINT is the exception because of its exposure to Europe, where 1Q is a lower season, with QoQ earnings falling (but up YoY) in 1Q23. An important factor is China's reopening after the government announced easing COVID-19 restrictions in November 2022.

ICT

The key focus will be the impact on ARPU if TRUE-DTAC decide to go ahead with their deal as one condition is to reduce prices by 12%. This could limit the ARPU upside that the market expects post amalgamation. Note that the implementation of this measure is still unclear.

Land Transportation

Strong earnings recovery driven by improving traffic and ridership will continue in 1Q23 as the number has not reached pre-COVID level yet. The conclusion of West Orange Line would be a specific catalyst for BEM. For BTS, this would be the Green Line concession extension, which we see low chance of happening.

Petrochemicals

Demand for petrochemical products could remain weak as China's COVID lockdown and global economic recession continue to hurt sentiment. Cost pressure on naphtha-based producers is expected to continue while operating rate cut could give some support to product spread at a lower level. New supply in Asia will depress product spread.

Property

1Q23 presales will likely drop both YoY and QoQ from the expiration of the LTV easing at end-2022. 1Q23 earnings will tend to be flat YoY off a low base but drop QoQ after the healthy earnings in 4Q22 brought by extra demand from the soon expiration of the eased LTV.

Summary of 1Q23 sector outlook

	Analyst score					Catalysts	Risks
	1Q22	2Q22	3Q22	4Q22	1Q23		
Energy	7	8	7	8	8	Higher seasonal demand, mainly diesel and fuel oil for power generation and jet fuel for recovering air travel. This will support GRM in 1Q23 while power producers, mainly SPP, will continue pressured by higher fuel cost if Ft rate is not revised up.	Wider crude premium and weaker demand growth than expected due to high oil price and fears of an economic slowdown.
Commerce	8	8	7	7	8	Revived economic activities, more tourists, Shop Dee Mee Khuen stimulus and more spending before/during election	Key risks are changes in purchasing power, higher costs from inflationary pressure and higher interest rate.
Healthcare	7	7	7	7	7	Flow of international patients after Thailand's reopening Resilient earnings to rising inflation and interest rate	Unpredictable events that will interrupt patient traffic, intense competition, workforce shortage and regulatory risk.
Tourism	6	7	8	8	8	Higher tourism season with accelerating international tourist arrivals. Positive development of China's reopening. Government stimulus for domestic travel.	Economic slowdown. Slow recovery of China market.
Bank	6	6	6	6	6	NIM benefits from interest rate hike, a hike in dividend payout with a potential for capital management.	Asset quality risk from the global economic slowdown.
Insurance	6	6	6	7	7	Benefit from rising bond yield on ROI, VNB and EV	Downside risk on premium growth as a result of lower purchasing power from high inflation.
Property	7	6	7	7.5	6	Back to normal LTV will slow down demand mid-high segment up.	Higher interest rate with higher rejections.
ICT	7	6	6	6	4	Easing competition on mobile and FBB	Measure from NBTC on 12% price reduction if TRUE-DTAC decides to go ahead with the deal. This would limit expected ARPU upside post amalgamation
Food	6	6	7	6	6	High local livestock prices (partly from Chinese New Year, better economic activities, and limited new supply from ASF) compared to feed costs and better swine prices overseas (China and Vietnam)	Key risks are weaker product prices from fragile purchasing power caused by inflationary pressure, higher feed costs and interest rate.
Beverage	6	5	7	7.5	6	Cost of major raw materials will be monitored while competition in energy drink market remain intense and overseas sales will likely face slow recovery in 1H23.	Intense competition in energy drink market with cost fluctuation.
Land Transport	6	5	7	6	6	Conclusion of West Orange Line bidding for BEM and BMA debt for BTS	Slower than expected traffic recovery for BTS, MRT and expressway
Chemical	6	5	5	4	4	China's reopening and lower naphtha cost.	China's COVID lockdown could affect demand from time to time. Capacity additions, mainly from China will increase pressure on supply. Weak margin would urge more operating rate cuts.
Automotive	5	5	5	5	5	Growing auto production. Easing chip shortage. Lower steel price.	Economic uncertainty, rising cost of living and higher interest rates that may derail auto demand.
Finance	5	5	5	5	4	Robust loan growth	Asset quality risk from a potential slower-than-expected economic recovery, rising cost of funds and rising competition from banks
Con Mat	5	4	4	4	4	High fuel costs (coal and natural gas), amid moderate rise in demand.	Key risks: changes in purchasing power and higher costs from inflationary pressure

Navigating the positive earnings momentum

SECTOR	4Q22		1Q23		Reason
	YoY	QoQ	YoY	QoQ	
Energy	+	+	+	+	Energy – profit could improve QoQ in 4Q22 from bottom in 3Q22 due to lower impact from inventory loss and FX loss. Market GRM continues to normalize. More stable oil price could lead to lower inventory loss. Utilities – lower pressure from fuel cost may be short-lived if gas restocking resumes in 1Q23. Higher Ft in 1Q23 could be earnings catalyst.
Tourism	+	+	+	+	Accelerating international tourist arrivals on pent-up travel demand will boost occupancy rate and average room rate.
Insurance	+	+	+	+	Better combined ratio (lower COVID claims and PAD release on matured policies for BLA), weak premium growth and benefit from rising bond yield on ROI
Petrochemicals	-	+	-	=	Oil price volatility and global economic uncertainties could delay inventory restocking. Raw material costs are expected to soften but will not offset impact of weak demand.
Commerce	+	+	+	-	Revived economic activities, more tourists, Shop Dee Mee Khuen stimulus and more spending before/during election are key catalysts.
Automotive	+	-	+	+	Auto production to drop QoQ in 4Q22 (holiday season) and then increase QoQ in 1Q23 on seasonality. We expect raises in selling price to ease pressure on gross margin brought by rising steel price.
Healthcare	+/-	-	+/-	+	4Q22 to drop QoQ on seasonality. In 1Q23, earnings outlook is mixed: BDMS and BH are strong (+YoY, +QoQ) from growing international patient services while BCH and CHG will enter an earnings downturn in 1Q-2Q23 (-YoY, +QoQ) off the high base from COVID-19 services.
ICT	-	-	+	+	Earnings should start to improve in 1Q23 due to rising tourist-related income and stable competition.
Land Transport	+	-	+	+	Benefits from returning domestic activities., but the QoQ decline in 4Q22 would be from the lack of dividend income at BEM.
Food	+	-	+	=	High local livestock prices partly from Chinese New Year, better economic activities, and limited new supply from ASF and better swine prices overseas (China and Vietnam)
Property	+	=	+	-	LTV back to normal with higher interest rate will hurt demand in all segments.
Bank	+	=	+	-	We expect a continued YoY recovery in earnings in 4Q22 and 1Q23 on the back of better NII and lower provisions. QoQ, we expect earnings to be somewhat stable (minimal ease with better NII to be offset with a seasonal rise in opex and provision) in 4Q22 but seasonally rise QoQ (lower opex, easing credit cost and better NII).
Media	=	+	=	=	High base effect. The key upside are i) election marketing campaigns and ii) ad spending recovery
Conmat	-	=	-	+	Companies are rapidly working to pass through the higher costs, while fragile demand growth would not support the passing on of the entire amount.
Finance	+	-	+	=	Robust loan growth, easing NIM and rising credit cost with rising NPLs

Sector weightings and valuations in 1Q23

Sector	Recommended sector weighting	Current SET weight	2021 returns	YTD returns	Growth		Net profit CAGR 21-23	P/E		P/B		Dividend yield		Ev/Ebitda (x)	
					22F	23F		22F	23F	22F	23F	22F	23F	22F	23F
Commerce	Overweight	10%	10%	-1%	10%	22%	16%	38.1	31.3	2.0	1.9	1%	2%	14.6	13.2
Hotel	Overweight	1%	23%	28%	100%	8868%	n.m.	n.m.	58.9	3.4	3.2	0%	1%	18.7	13.5
Air Transportation	Overweight	0%	-15%	18%	0%	24%	1107%	52.2	42.1	2.0	2.0	2%	2%	n.m	32.1
Bank	Overweight	9%	23%	-9%	15%	13%	14%	8.2	7.3	0.7	0.6	4%	5%	0.0	0.0
Healthcare	Neutral	5%	22%	26%	14%	-6%	3%	30.2	32.3	5.3	4.9	2%	2%	17.7	18.1
Energy	Neutral	22%	8%	0%	39%	10%	24%	10.0	9.1	1.1	1.0	5%	5%	4.3	4.2
Electronics	Neutral	5%	7%	30%	69%	13%	38%	46.4	41.1	6.3	5.5	2%	3%	35.7	31.1
Utilities	Neutral	0%	24%	0%	-16%	87%	25%	57.5	30.7	3.6	3.3	1%	2%	26.6	20.5
Food & beverage	Neutral	6%	12%	-5%	105%	13%	52%	22.3	19.7	1.4	1.3	1%	2%	10.2	9.6
Land Transportation	Neutral	0%	-26%	3%	0%	24%	11%	52.2	42.1	2.0	2.0	2%	2%	36.6	30.5
Automotive	Neutral	0%	24%	-5%	14%	10%	12%	9.1	8.3	1.0	0.9	6%	6%	4.5	3.8
Residential/IE	Neutral	6%	16%	7%	32%	-3%	13%	13.3	13.8	1.3	1.3	4%	4%	14.6	14.0
REITs / PF / IF	Neutral	2%	-2%	-12%	-6%	34%	18%	10.6	7.9	1.8	1.9	10%	12%	10.1	9.3
Agribusiness	Underweight	0%	23%	-22%	885%	7%	224%	8.5	8.0	1.1	1.0	2%	3%	7.4	6.8
Building Materials	Underweight	3%	7%	-9%	-42%	19%	-17%	16.2	13.5	1.0	1.0	3%	4%	11.1	9.1
Petrochemical	Underweight	3%	10%	-9%	-39%	66%	0%	10.7	6.5	0.9	0.8	4%	6%	5.4	4.9
Telecoms	Underweight	8%	42%	-15%	-11%	22%	4%	32.6	26.6	4.8	4.6	3%	3%	6.4	6.1

SET Index scenario & picks

Year-end 2023 Top-Down SET Index target is 1,750
Not too hot and not too cold

		Target P/B		Market Cap	
	Book value (2023)	SD band	Justified PB	SD band	Justified PB
Energy	3,002,960	1.2	1	3,715,687	3,303,256
Utilities	210,739	2.3	2	487,661	421,477
Bank	2,832,573	0.8	0.7	2,172,325	2,039,453
Transportation	482,994	3.5	3.2	1,709,918	1,545,580
Telecommunication	594,972	3.8	3.5	2,260,893	2,106,200
Food & Beverage	669,288	2.4	2.2	1,603,916	1,472,433
Commerce	782,775	5.7	5.2	4,461,815	4,070,427
Petrochemical	625,586	1.3	1.1	785,581	688,145
Healthcare	221,251	5.5	5.5	1,212,176	1,216,881
Electronics	115,910	3.5	2.7	405,685	312,957
Property	770,749	1.5	1.3	1,131,488	1,001,974
Tourism	59,145	3.0	2.4	177,435	141,948
Media	108,078	3.2	2.6	345,848	281,002
Construction Materials	550,256	1.7	1.5	960,190	825,384
Finance	358,389	3.0	2.9	1,075,168	1,039,329
Construction Services	100,360	1.3	0.8	130,468	79,334
Others	485,465	1	1	485,465	485,465
Implied target				**1,924**	**1,750**

Economic events

Hope for best in 1H23, prepare for the worst in 2H23

1Q

1) EU recession & peak inflation
2) US earnings bottom out
3) Fed hikes continue
4) Fed rotation (more dovish, less hawkish)
5) BOJ leadership reshuffle
6) China's National People's Congress
7) Contraction in Asia goods trade

2Q

1) Peak of hawkishness (Rate hike pause) & dollar peak
2) Positive real yield
3) China's reopening
4) Thailand's general election
5) Fed could pause on QT

3Q

1) Tech sector recovery
2) Recession's shadow and rate cut
3) High base effect in EM
4) Growth normalization
5) Keep an eye on global credit events

4Q

1) Thailand's soft landing
2) Hangzhou Asian Games
3) Weakening growth in EM

SET Index scenario for 2023
Hop like a bunny, jump like a joey

1Q23

We do not think the pressure for tighter financial conditions is at an end. Recession, earnings slowdown, and financial stability risks have risen globally. Economic indicators are showing further deterioration. A Fed pivot is not around the corner. The EU is facing an adverse growth-inflation trade-off. The combination of US resilience and greater risk averse could bring more persistent dollar strength before an eventual peak. Cyclical conditions for a trough will likely be clearer by late 1Q23-early 2Q23

The key entry point is in the range of 1,550-1,600

2Q23

We expect to see some signs of economic and earnings bottom as well as risks of a spillover from US rate hikes, EU energy prices and China lockdowns. The key events in 2Q23 that could be triggers for market bottoming include: 1) peak of hawkishness or Fed pivot, 2) China's reopening, and 3) return of positive real yield. This translates into a weak dollar that is positive for risk assets, especially in EM markets.

3Q23

We think the market rally will continue. Positive momentum will be mostly priced in. Earnings for Tech will start to recover. However, the market will shift focus to global credit events and recession shadows. EM and AEJ market growth normalization is expected.

4Q23

Market returns seem limited because the growth outlook of 2024 assumes normalization with limited news flow in 4Q23. Growth upside may be capped by higher rates for longer. Valuations are expected to be stretched after a strong rally.

Avoidance of recession could limit downside. We think that equities would likely still have significant downside if a full recession takes place in 2H23.

Key entry level and profit-taking level
Trading range is between 1,550-1,650 in 1Q23

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	15.5	17.4	1,827	12%	18.8	1,974	21%	15.0	1,575	-3%
P/B and ROE	1.7	1.7	1,832	13%	1.9	2,003	23%	1.5	1,581	-3%
Equity Risk Premium	ERP 7% / Rf 1%	ERP 7% / Rf 1.5%	1,842	13%	ERP 6% / Rf 1.75%	1,944	20%	ERP 7.5% / Rf 1%	1,591	-2%
Earnings Yield Gap	330	306	1,836	13%	239	2,080	28%	373	1,645	1%
Hopes and Dreams	23%	24%	1,670	3%	32% (Percentile 90%)	1,745	7%	20% (Percentile 20%)	1,535	-6%
		Average	**1,802**	**11%**		**1,949**	**20%**		**1,585**	**-3%**

Yield Gap	EPS FY2023				
	-5%	**-1%**	**Base (EPS 105)**	**+1%**	**+5%**
3.1%	1,746	1,819	1,837	1,856	1,929
3.7%	1,563	1,629	1,645	1,662	1,727
4.4%	1,424	1,484	1,499	1,514	1,574
5.1%	1,293	1,347	1,361	1,374	1,429
Forward P/E					
-2SD	1,178	1,228	1,240	1,253	1,302
-1SD	1,436	1,496	1,512	1,527	1,587
Avd	1,694	1,765	1,783	1,801	1,872
+1SD	1,951	2,034	2,054	2,075	2,157

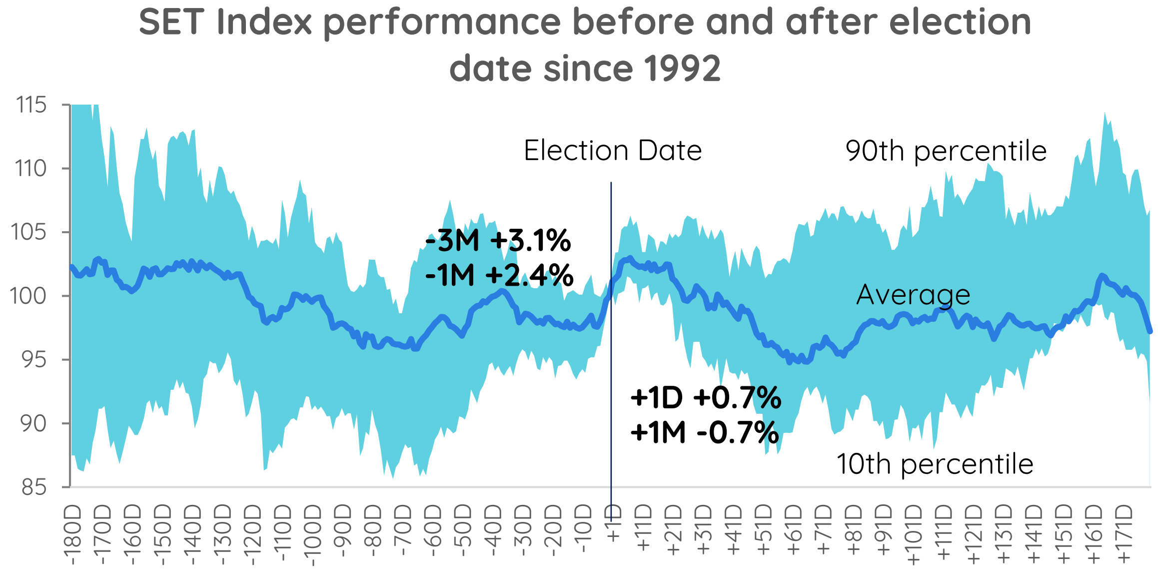
Combining various approaches point to limited valuation upside even in the bull case scenario. We quantify potential base and bear case scenarios which point to median 11% valuation upside and 3% valuation downside from current levels.

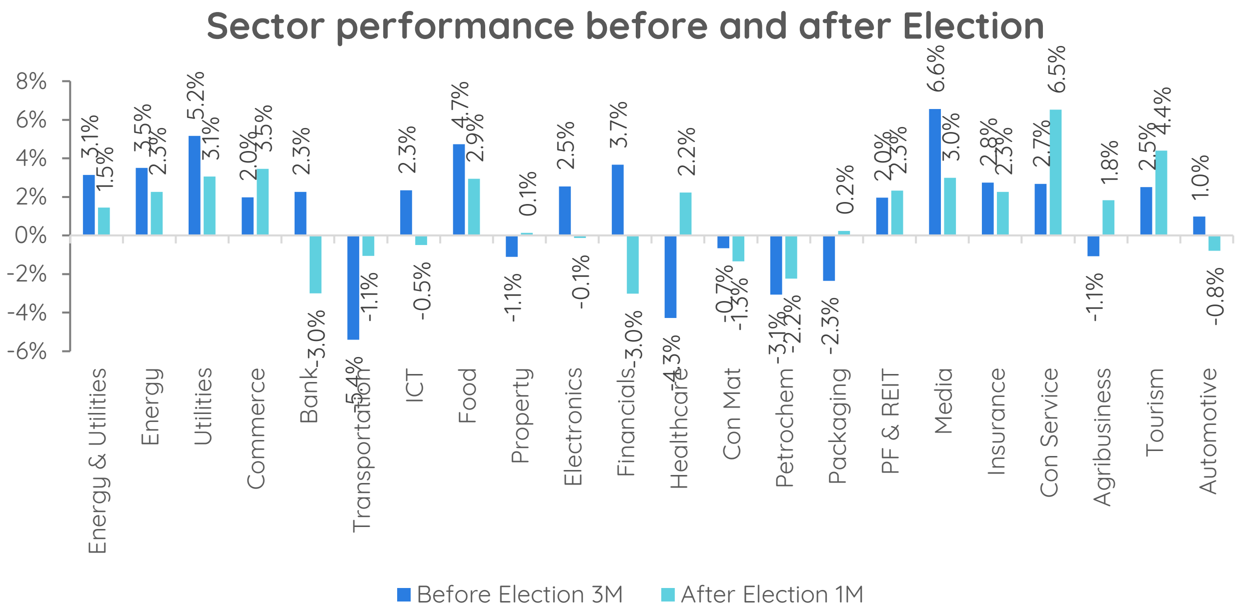
Compared against our SET fundamental target of 1,750 in 2023, we use bear case valuations as a key entry point with a 4% margin of safety from current level or below 1,600. We recommend taking profit at an index level of above 1,750. In 1Q23, The Thai market is expected to be a trading market in the range of 1,550 to 1,650.

We believe the current macro backdrop without signs of a positive development between the US and China could pull the SET Index below 1,600 in 4Q22. On the other hand, the peak of hawkishness, falling inflation and rapid China border reopening and domestic election speculation could lead market sentiment to the upper bound of 1,750.

Thailand general elections in 2023

Election rally?





There are many news sources speculating that the prime minister may be planning to dissolve parliament and call an election before the term completes in March 2023. We have no view on a possible upcoming general election. We do find some interesting market reactions before and after elections since 1992, however. Historically, 60% of SET-listed stocks react positively three months before an election with average returns of 3.1%. On the other hand, average return one month after an election is -0.7%. Sectors that outperformed before and after elections are Commerce, F&B, Media, Tourism and Construction Services.

While this trend may be interesting, investors should not use it as an excuse to try to time markets. Elections have made essentially no difference when it comes to long-term investment returns. We are concerning on policies that offering debt suspension.

Our top picks in 1Q23 – AOT, BBL, BCP, CPALL, MINT
Reopening and earnings momentum

Based on our analysis, there are four stock characteristics that can outperform the market in 1Q23. We look at stocks that have:

1) High pricing power and good balance sheets that will cushion in a high-cost environment and external risks
2) Domestic demand appeal/reopening benefits from China's reopening.
3) Earnings momentum/visibility. In an environment where valuation risks from rate rises ease and the economy grows at a slow pace, high earnings growth stocks benefit the most.
4) Stay defensive - maintain a somewhat defensive tilt until there is a clearer Fed pivot and confirmation that the probability of a recession has declined.

Going forward, as growth slows and rates increase, we expect stocks with strong balance sheets, stable earnings growth and high growth visibility to outperform. We prefer domestic exposure rather than global exposure as global exposure to vulnerability is inevitable, while domestic is somewhat more resilient upon domestic consumption and tourism. Although cyclical sectors have bounced, we think they are vulnerable. Cyclical conditions for a trough will likely be clearer by late 1Q23-early 2Q23. Thus, our top picks in 1Q23 are AOT (strong revenue growth, reopening), BBL (benefits from rate hike, captures fund flow), BCP (commodities), CPALL (domestic consumption and stimulus), MINT (reopening).

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
AOT	Outperform	74.00	82.0	10.8	n.m.	n.m.	71.6	n.m.	33.6	n.m.	9.4	10.5	9.2	(12)	(9)	14	0.0	0.0	0.7	n.m.	n.m.	34.2
BBL	Outperform	142.50	168.0	21.8	10.3	8.7	6.9	54.3	18.3	25.8	0.6	0.5	0.5	6	6	7	2.5	3.9	4.6	-	-	-
BCP	Outperform	31.50	44.0	57.8	4.7	2.0	3.0	n.m.	132.5	(32.1)	0.8	0.7	0.6	15	28	16	6.3	18.1	13.7	4.0	1.2	1.1
CPALL	Outperform	62.75	78.0	25.5	73.1	42.7	33.3	(49.5)	71.2	28.1	1.9	1.9	1.9	4	5	6	0.7	1.2	1.5	18.9	14.4	12.9
MINT	Outperform	30.25	38.0	25.6	n.m.	110.1	27.1	55.0	n.m.	306.8	2.0	2.0	1.9	(12)	2	7	0.0	0.0	1.5	17.5	9.0	7.8
Average					**29.3**	**40.9**	**28.4**	**19.9**	**63.9**	**82.2**	**2.9**	**3.1**	**2.8**	**0**	**6**	**10**	**1.9**	**4.6**	**4.4**	**10.1**	**6.1**	**11.2**

Disclaimer

CG Rating 2022 Companies with CG Rating

Companies with Excellent CG Scoring

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

Companies with Very Good CG Scoring

2S, 7UP, ABICO, ABM, ACE, ACG, ADB, ADD, AEONTS, AGE, AHC, AIE, AIT, ALUCON, AMANAH, AMR, APCO, APCS, AQUA, ARIN, ARROW, AS, ASAP, ASEFA, ASIA, ASIAN, ASIMAR, ASK, ASN, ATP30, B, BA, BC, BCH, BE8, BEC, SCAP, BH, BIG, BJC, BJCHI, BLA, BR, BRI, BROOK, BSM, BYD, CBG, CEN, CHARAN, CHAYO, CHG, CHOTI, CHOW, CI, CIG, CITY, CIVIL, CMC, CPL, CPW, CRANE, CRD, CSC, CSP, CV, CWT, DCC, DHOUSE, DITTO, DMT, DOD, DPAINT, DV8, EASON, EFORL, ERW, ESSO, ESTAR, FE, FLOYD, FORTH, FSS, FTE, GBX, GCAP, GENCO, GJS, GTB, GYT, HEMP, HPT, HTC, HUMAN, HYDRO, ICN, IFS, IIG, IMH, INET, INGRS, INSET, INSURE, IRCP, IT, ITD, J, JAS, JCK, JCKH, JMT, JR, KBS, KCAR, KIAT, KISS, KK, KOOL, KTIS, KUMWEL, KUN, KWC, KWM, L&E, LDC, LEO, LH, LHK, M, MATCH, MBAX, MEGA, META, MFC, MGT, MICRO, MILL, MITSIB, MK, MODERN*, MTI, NBC, NCAP, NCH, NDR, NETBAY, NEX, NINE, NATION, NNCL, NOVA, NPK, NRF, NTV, NUSA, NWR, OCC, OGC, ONEE, PACO, PATO, PB, PICO, PIMO, PIN, PJW, PL, PLE, PM, PMTA, PPP, PPPM, PRAPAT, PRECHA, PRIME, PRIN, PRINC, PROEN, PROS, PROUD, PSG, PSTC, PT, PTC, QLT, RCL, RICHY, RJH, ROJNA, RPC, RT, RWI, S11, SA, SABUY, SAK, SALEE, SAMCO, SANKO, SAPPE, SAWAD, SCI, SCP, SE, SECURE, SFLEX, SFP, SFT, SGP, SIAM, SINGER, SKE, SKN, SKR, SKY, SLP, SMART, SMD, SMIT, SMT, SNNP, SNP, SO, SPA, SPC, SPCG, SR, SRICHA, SSF, SSP, STANLY, STC, STPI, SUC, SVOA, SVT, SWC, SYNEX, TAE, TAKUNI, TCC, TCMC, TFG, TFI, TFM, TGH, TIDLOR, TIGER, TIPH, TITLE, TM, TMC, TMD, TMI, TNL, TNP, TNR, TOG, TPA, TPAC, TPCS, TPIPL, TPIPP, TPLAS, TPS, TQR, TRITN, TRT, TRU, TRV, TSE, TVT, TWP, UBE, UEC, UKEM, UMI, UOBKH, UP, UPF, UTP, VIBHA, VL, VPO, VRANDA, WGE, WIIK, WIN, WINMED, WORK, WP, XO, YUASA, ZIGA

Companies with Good CG Scoring

A, A5, AI, ALL, ALPHAX, AMC, APP, AQ, AU, B52, BEAUTY, BGT, BLAND, BM, BROCK, BSBM, BTNC, CAZ, CCP, CGD, CMAN, CMO, CMR;CPANEL, CPT, CSR, CTW, D, DCON, EKH, EMC, EP, EVER, F&D, FMT, GIFT, GLOCON, GLORY, GREEN, GSC, HL, HTECH, IHL, INOX, JAK, JMART, JSP;JUBILE, KASET, KCM, KWI, KYE, LEE, LPH, MATI, M-CHAI, MCS, MDX, MENA, MJD, MORE, MPIC, MUD, NC, NEWS, NFC, NSL, NV, PAF, PEACE, PF, PK, PPM, PRAKIT, PTL, RAM, ROCK, RP, RPH, RSP, SIMAT, SISB, SK, SOLAR, SPACK, SPG, SQ, STARK, STECH, SUPER, SVH, PTECH, TC;TCCC, TCJ, TEAM, THE, THMUI, TKC;TNH, TNPC, TOPP, TPCH, TPOLY, TRUBB, TTI, TYCN, UMS, UNIQ;UPA, UREKA, VARO, W, WFX, WPH, YGG

Corporate Governance Report

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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 2021 to 27 October 2022) is publicized.

*** บริษัทหรือกรรมการหรือผู้บริหารของบริษัทที่มีข่าวด้านการกำกับดูแลกิจการ เช่น การกระทำผิดเกี่ยวกับหลักทรัพย์ การทุจริต คอร์รัปชัน เป็นต้น ซึ่งการใช้ข้อมูล CGR ควรตระหนักถึงข่าวดังกล่าวประกอบด้วย**

Anti-corruption Progress Indicator

Certified (ได้รับการรับรอง)

2S, 7UP, ADVANC, AF, AI, AIE, AIRA, AJ, AKP, AMA, AMANAH, AMATA, AMATAV, AP, APCS, AS, ASIAN, ASK, ASP, AWC, AYUD, B, BAFS, BAM, BANPU, BAY, BBL, BCH, BCP, BCPG, BE8, BEC, 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, CPL, CPN, CRC, CSC, DCC, DELTA, DEMCO, DIMET, DRT, DTAC, DUSIT, EA, EASTW, 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, III, 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, MAJOR, MAKRO, MALEE, MATCH, MBAX, MBK, MC, MCOT, META, MFC, MFEC, MILL, MINT, MONO, MOONG, MSC, MST, MTC, MTI, 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, STGT, 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, TVDH, 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, ALT, APCO, ASW, B52, CHG, CI, CPR, CPW, DDD, DHOUSE, DOHOME, ECF, EKH, ETC, EVER, FLOYD, GLOBAL, ILM, INOX, J, JMART, JMT, JTS, KEX, KUMWEL, LDC, MEGA, NCAP, NOVA, NRF, NUSA, OR, PIMO, PLE, RS, SAK, SIS, SSS, STECH, SUPER, SVT, TKN, TMD, TMI, TQM, TRT, TSI, VARO, VCOM, VIBHA, W, WIN

N/A

24CS, 3K-BAT, A, A5, AAI, AAV, ABICO, ABM, ACAP, ACC, ACE, ACG, ADB, ADD, AEONTS, AFC, AGE, AHC, AIT, AJA, AKR, ALL, ALLA, ALPHAX, ALUCON, AMARC, AMARIN, AMC, AMR, ANAN, AOT, APEX, APP, APURE, AQ, AQUA, ARIN, ARIP, ARROW, ASAP, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCT, BA, BBGI, BBIK, BC, BCT, BDMS, BEAUTY, BEM, BGT, BH, BIG, BIOTEC, BIS, BIZ, BJC, BJCHI, BKD, BLAND, BLESS, BLISS, BM, BOL, BR, BRI, BROCK, BSM, BTG, BTNC, BTW, BUI, BYD, CAZ, CBG, CCET, CCP, CEYE, CGD, CH, CHARAN, CHAYO, CHIC, 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, ECL, 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, ITNS, JAK, JAS, JCK, JCKH, JCT, JDF, JSP, JUBILE, JWD, KAMART, KC, KCC, KCM, KDH, KIAT, KISS, KK, KKC, KLINIQ, 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, NATION, NC, NCH, NCL, NDR, NER, NETBAY, NEW, NEWS, NEX, NFC, NNCL, NPK, NSL, NTV, NV, NVD, NYT, OHTL, OISHI, ONEE, OSP, OTO, PACE, PACO, PAF, PCC, PEACE, PERM, PF, PICO, PIN, PJW, PLUS, PMTA, POLAR, POLY, 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, SCAP, 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, STANLY, STARK, STC, STEC, STHAI, STI, STP, STPI, SUC, SUN, SUTHA, SVH, SVOA, SWC, SYNEX, TACC, TAPAC, TC, TCC, TCCC, TCJ, TCOAT, TEAM, TEAMG, TEGH, TEKA, TFM, TGE, TGPRO, TH, THAI, THANA, THE, THG, THL, THMUI, TIGER, TIPH, TITLE, TK, TKC, TLI, TM, TMC, TMW, TNDT, TNH, TNPC, TOA, TPAC, TPBI, TPCH, TPIPL, TPIPP, TPLAS, TPOLY, TPS, TQR, TR, TRC, TRITN, 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, WAVE, WFX, WGE, WINMED, WINNER, WORK, WORLD, WP, WPH, XPG, YGG, YONG

Explanations

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of July 7, 2022) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.