

# AS GOOD AS IT GETS

ตื่นร้าย (ร้ายกว่าที่คิด) ปลายดี (ดีไม่เท่าที่หวัง)

มันไม่ดีเหมือนที่หวัง

นี่มันลึกกว่าที่คิด!

# 2Q23 InnovestX Strategy - As good as it gets

**There will be no “no landing”.** A manufacturing recession leads us to believe that there will be no “no landing”. We believe the persistent inflation is temporary, and that inflation will come down. We expect the first-rate cut to be at the November meeting, which will take the Fed Funds rate to 4.63% by yearend. The service sector will deteriorate before a rate cut.

**A cautionary tale for the Thai economy.** We project Thai economic growth this year at 3.0%, with large export risks. The Thai economy may face high inflation, lower growth and higher rate for longer than earlier hoped. On inflation, our view is that inflation will steadily decline. This leads us to believe that the Bank of Thailand is ready to raise interest rates gradually, with two more hikes in 2023 to bring interest rate to 2%.

**Baht: weak first, strong later.** We believe the baht may weaken in 2Q-3Q23 before strengthening in 4Q23 as the Fed begins to cut interest rates.

**Low equity risk premium.** The weaker-than-expected growth has pulled Thai equity risk premium back below long-term average and lower than EM peers. The Thai market is thus more vulnerable than other EM indices to an ongoing rise in yield as Thailand screens as expensive through an ERP lens. Relatively high valuation will keep institutional and foreign investors from making stronger allocations.

**Earnings downgraded.** Consensus 2023 EPS estimates have been downgraded 3% after weaker-than-expected growth in 4Q22 on easing in pent-up demand and weak manufacturing and exporting sectors. We expect the market to see further downgrades as prospective growth weakens for 1Q23.

**Earnings bottom out.** China’s reopening will have a positive impact on the Thai economy, through trade in goods, tourism and commodity channels. Domestic demand remains strong. Overall revenue growth is expected to start recovery with easing cost pressure from 2Q23, then strong recovery in 2H23.

**Buy on dip in late 2Q23, be selective.** Economic growth will underwhelm and corporate profit will stay under pressure in 1Q23, converging on the downside in the first half of 2Q23, aligning with bottoms for earnings. Cyclical conditions for a trough will likely be clearer by mid-2Q23. Share price correction offers a good chance to accumulate for recovery in 2H23.

**High recovery visibility.** Market volatility is high. We see opportunities to add to stocks that have good balance sheets, high exposure to reopening, strong domestic demand and high recovery visibility. Our top picks in 2Q23 are AU, CPALL, KCE, PTTGC, SCGP

# 2Q23 Economic Outlook

# 2Q23 Global: This is not going to be a “No Landing”

- Last quarter, our main view was three-pronged: 1) the global economy was going to slow, especially in developed countries; 2) inflation had peaked and was declining, and 3) the US Fed Funds Rate would be brought down beginning in the third quarter of 2023.
- At this point, the economy appears to be expanding better than anticipated while inflation is slowing down, but not as much as expected. The persistent inflation leads us to expect interest rates to stay higher for longer. This combination of the three conditions is what the market calls a “No Landing Scenario.” Our study shows that in Dec 2022, production had already slowed to pre-COVID levels and was going to contract. This ongoing “Manufacturing Recession” leads us to believe that there is not going to be a “No landing”. Moreover, we believe the persistence of inflation is temporary and that it will come down.
- As for the future path of US interest rate, analysis of the current US economic picture via the US Economic Heatmap Analysis shows: 1) the current hike cycle is faster than the previous two (2000 Dot Com Crisis and 2008 Sub-Prime Crisis), hence the rate cut should be faster, 2) non-farm payroll contraction is a good indicator for a rate cut, 3) before rates are cut, the service sector will deteriorate, and 4) We expect the first rate cut to be in November, taking the Fed Funds Rate to 4.63% by yearend.

# 2Q23 Thailand: A cautionary tale

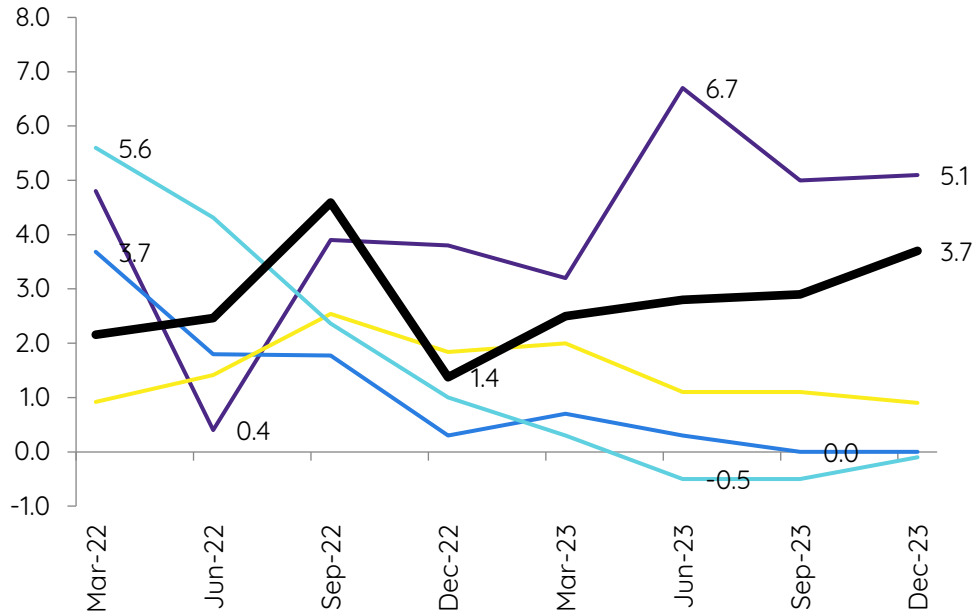
- As for the Thai economy, our views are quite similar to those of the National Economic and Social Development Council (NESDC), who downgraded 2023 Thai economic growth to 3.2% (mid-point) from 3.5% previously. While our view still projects Thai economic growth this year at 3.0%, we believe that export risks are large. We expect exports to be stagnant this year, with private consumption growth at 4.0%, higher than the NESDC projection of 3.2%. We expect about 25mn tourists to enter the country this year, but spending per capita will be lower than last year.
- In all, we believe that the "No Landing Scenario" is unlikely to happen. Instead, the global and Thai economy may face high inflation, lower growth and higher rate for longer.
- Our view on the Thai baht: Fundamentals point toward a weaker currency. We believe the baht may weaken in 2Q&3Q23 before strengthening in 4Q as the Fed begins to cut interest rates. On inflation, our view is that it will steadily decline. This leads us to believe that the Bank of Thailand is ready to raise interest rates gradually, with two more hikes in 2023 bringing interest rate to 2%.

# ‘NO LANDING SCENARIO’

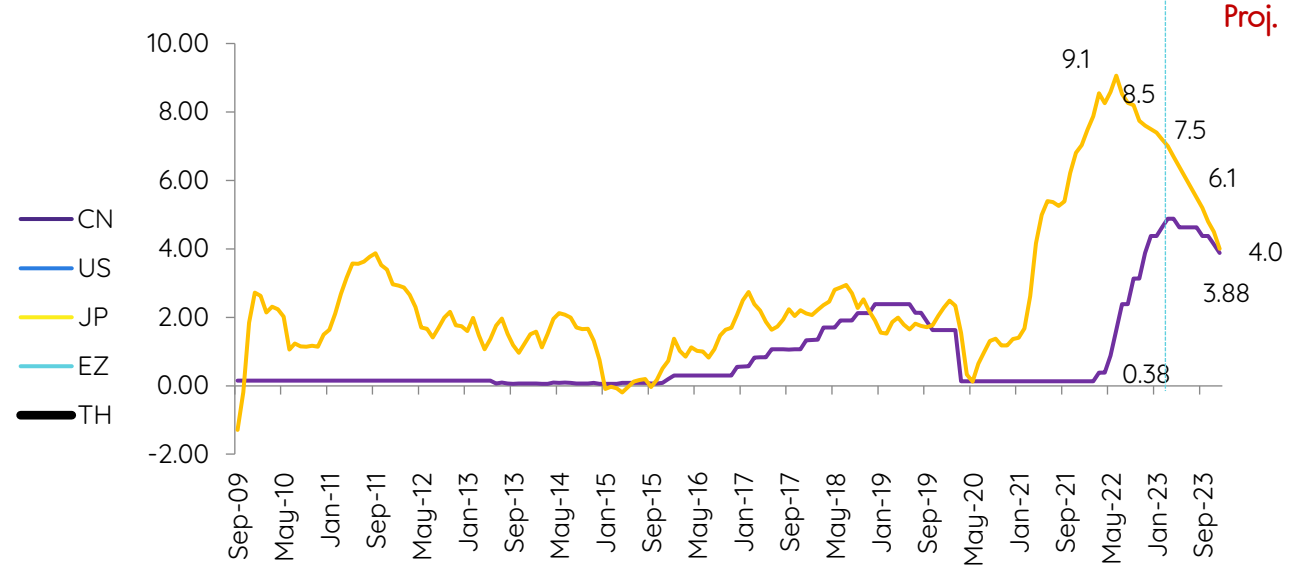
# 1Q23 Strategy Recap: Recession in DM, Fed Funds Rate cut by 3Q23

Our view last quarter was three-pronged: 1) the global economy would slow, especially in developed countries, 2) inflation had peaked and is declining, and 3) US Fed Funds Rate would be stepped down from third quarter.

INVX's Global-5 Quarterly GDP growth Projection (Nov 2022, % YoY)



US policy rate and headline inflation projection (%)

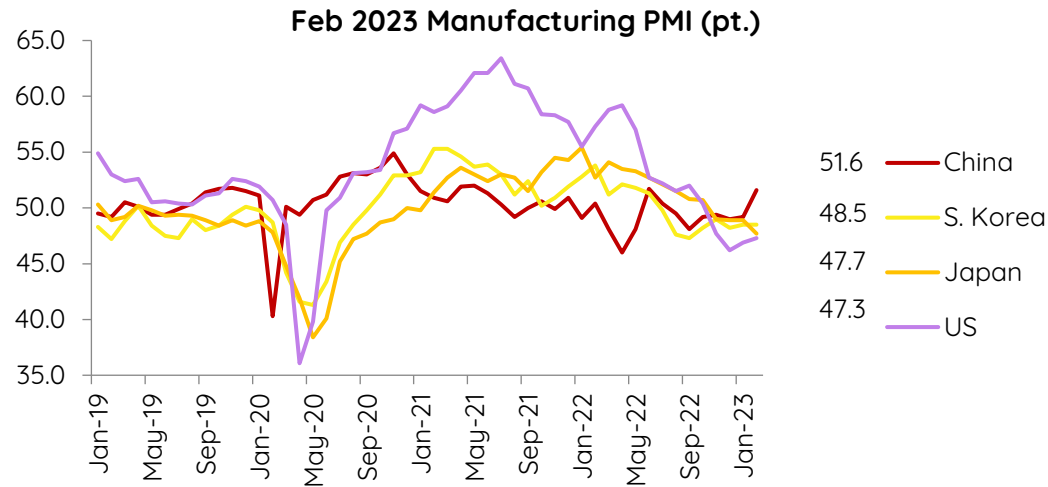


INVX projection of us policy rate and headline inflation (%; Nov. 2022)

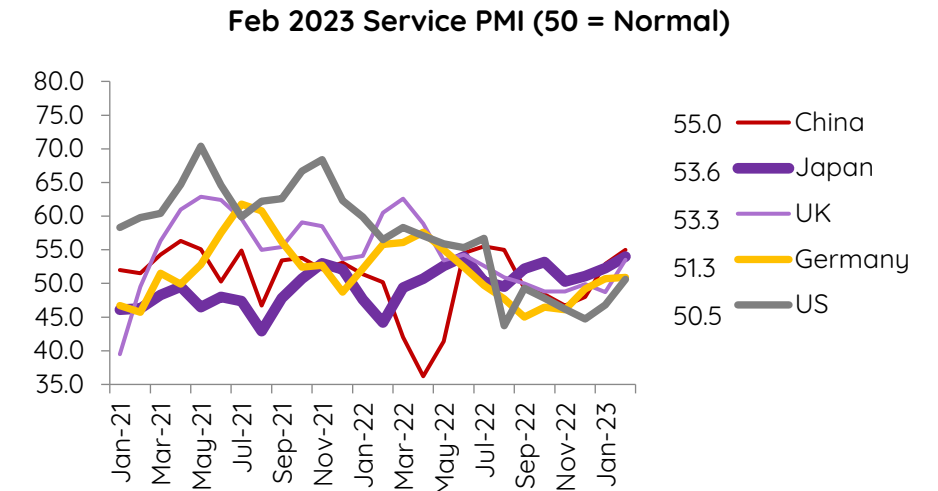
2023	Jan (f)	Feb (f)	Mar (f)	Apr (f)	May (f)	Jun (f)	Jul (f)	Aug (f)	Sep (f)	Oct (f)	Nov (f)	Dec (f)
CPI (INVX proj.)	7.4	7.2	7.0	6.7	6.4	6.1	5.8	5.5	5.2	4.8	4.5	4.0
FFR	4.38	4.63	4.88	4.88	4.88	4.88	4.63	4.63	4.38	4.38	4.13	3.88
Chg	-	0.25	0.25	-	0.0	0.0	-0.25	-	-0.25	-	-0.25	-0.25

# In 1Q, the economy expanded better than expected, while the IMF raised its economic forecast

Major country manufacturing PMI (except China's) continues to be in the negative zone, despite a marginal rebound



The Flash Service PMI index showed a clearer recovery in February



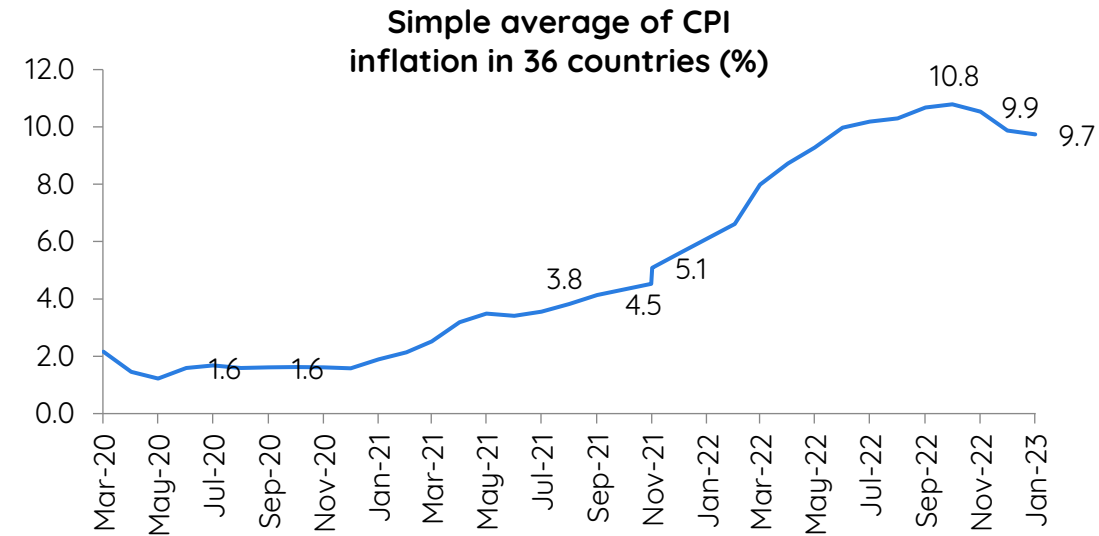
GDP growth forecast	2022F		2023F		2024F
	Oct 2022	Jan 2023	Oct 2022	Jan 2023	Jan 2023
Global GDP	3.2	3.4	2.7	2.9	3.1
Advanced economies	2.4	2.7	1.1	1.2	1.4
Emerging economies	3.7	3.9	3.7	4.0	4.2
US	1.6	2.0	1.0	1.4	1.0
Eurozone	3.1	3.5	0.5	0.7	1.6
Japan	1.7	1.4	1.6	1.8	0.9
China	3.2	3.0	4.4	5.2	4.5
Thailand	2.8	3.2	3.7	3.7	3.6



# INVX global inflation study shows inflation is still slowing down, but less than expected

Region	03/2020	06/2020	09/2020	12/2020	03/2021	06/2021	09/2021	12/2021	03/2022	06/2022	09/2022	12/2022	01/2023	
China	4.3	2.5	1.7	0.2	0.4	1.1	0.7	1.5	1.5	2.5	2.8	1.8	2.1	China
India	5.8	6.2	7.3	4.6	5.5	6.3	4.3	5.7	7.0	7.0	7.4	5.7	6.5	India
Indonesia	3.0	2.0	1.4	1.7	1.4	1.3	1.6	1.9	2.6	4.3	6.0	5.5	5.3	Indonesia
Japan	0.6	0.1	-0.2	-1.2	-0.4	-0.4	0.2	0.8	1.2	2.3	3.0	4.0	4.4	Japan
Malaysia	-0.2	-1.9	-1.4	-1.4	1.7	3.4	2.2	3.2	2.2	3.4	4.5	3.8	3.7	Malaysia
Philippines	2.5	2.5	2.3	3.5	4.5	4.1	4.8	3.1	4.0	6.1	6.9	8.1	8.7	Philippines
Singapore	0.0	-0.5	0.0	0.0	1.3	2.4	2.5	4.0	5.4	6.7	7.5	6.5	6.6	Singapore
South Korea	1.0	0.0	1.0	0.5	1.5	2.4	2.5	3.7	4.1	6.0	5.6	5.0	5.2	South Korea
Taiwan	0.0	-0.7	-0.6	0.0	1.2	1.8	2.6	2.6	3.3	3.6	2.8	2.7	2.7	Taiwan
Thailand	-0.5	-1.6	-0.7	-0.3	-0.1	1.2	1.7	2.2	5.7	7.7	6.4	5.9	5.0	Thailand
Vietnam	4.9	3.2	3.0	0.2	1.2	2.4	2.1	1.8	2.4	3.4	3.9	4.5	4.9	Vietnam
European U	1.1	0.7	0.2	0.2	1.7	2.2	3.6	5.3	7.8	9.6	10.9	10.4	10.0	EU
Finland	0.6	0.0	0.2	0.2	1.3	2.0	2.5	3.5	5.8	7.8	8.1	9.1	8.4	Finland
France	0.7	0.2	0.0	0.0	1.1	1.5	2.2	2.8	4.5	5.8	5.6	5.9	6.0	France
Germany	1.4	0.9	-0.2	-0.3	1.7	2.3	4.1	5.3	7.3	7.6	10.0	8.6	8.7	Germany
Greece	0.0	-1.6	-2.0	-2.3	-1.6	1.0	2.2	5.1	8.9	12.1	12.0	7.2	7.0	Greece
Iceland	2.1	2.7	3.5	3.6	4.3	4.2	4.4	5.1	6.7	8.8	9.3	9.6	9.9	Iceland
Ireland	0.7	-0.4	-1.2	-1.0	0.0	1.6	3.7	5.5	6.7	9.1	8.2	8.2	7.8	Ireland
Italy	0.1	-0.2	-0.6	-0.2	0.8	1.3	2.5	3.9	6.5	8.0	8.9	11.6	10.1	Italy
Netherlands	1.4	1.6	1.1	1.0	1.9	2.0	2.7	5.7	9.7	8.6	14.5	9.6	7.6	Netherlands
Norway	0.7	1.4	1.6	1.4	3.1	2.9	4.1	5.3	4.5	6.3	6.9	5.9	7.0	Norway
Poland	4.6	3.3	3.2	2.4	3.2	4.4	5.9	8.6	11.0	15.5	17.2	16.6	17.2	Poland
Portugal	0.0	0.1	-0.1	-0.2	0.5	0.5	1.5	2.7	5.3	8.7	9.3	9.6	8.4	Portugal
Russian Fed	3.1	2.6	2.5	2.1	3.1	3.9	6.3	8.4	16.7	15.9	13.7	11.9	11.8	Russian Fed
Spain	2.5	3.2	3.7	4.9	5.8	6.5	7.4	6.5	9.8	10.2	8.9	5.7	5.9	Spain
Sweden	0.6	0.7	0.4	0.5	1.7	1.3	2.5	3.9	6.0	8.7	10.8	12.3	11.7	Sweden
Switzerland	-0.5	-1.3	-0.8	-0.8	-0.2	0.6	0.9	1.5	2.4	3.4	3.3	2.8	3.3	Switzerland
Turkey	11.9	12.6	11.8	14.6	16.2	17.5	19.6	36.1	61.1	78.6	83.5	64.3	57.7	Turkey
United King	1.5	0.6	0.5	0.6	0.7	2.5	3.1	5.4	7.0	9.4	10.1	10.5	10.1	United King
Egypt	5.1	5.6	3.7	5.4	4.5	4.9	6.6	5.9	10.5	13.2	15.0	21.3	25.8	Egypt
South Africa	4.1	2.2	3.0	3.1	3.2	4.9	5.0	5.9	5.9	7.4	7.5	7.2	6.9	S. Africa
Brazil	3.3	2.1	3.1	4.5	6.1	8.3	10.2	10.1	11.3	11.9	7.2	5.8	5.8	Brazil
Canada	0.9	0.7	0.5	0.7	2.2	3.1	4.4	4.8	6.7	8.1	6.9	6.3	5.9	Canada
Chile	3.7	2.6	3.1	3.0	2.9	3.8	5.3	7.2	9.4	12.5	13.7	12.8	12.3	Chile
Mexico	3.2	3.3	4.0	3.2	4.7	5.9	6.0	7.4	7.5	8.0	8.7	7.8	7.9	Mexico
US	1.5	0.6	1.4	1.4	2.6	5.4	5.4	7.0	8.5	9.1	8.2	6.5	6.4	US

- Our global inflation study finds that Inflation began to decline at a slower pace - or accelerated - in January in many countries including China, India, the Philippines, South Korea, Vietnam, France and Norway.
- Our study found that inflation in 17 of 36 countries began to accelerate from the previous month, while average inflation in 36 countries continued to decelerate, but at a slower pace in January.

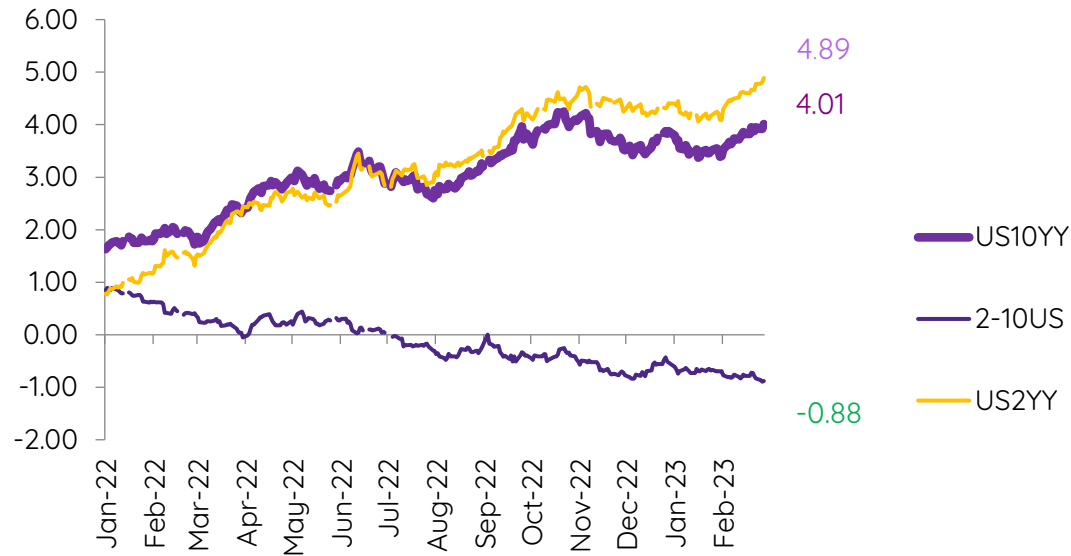


Source: CEIC, INVX Research

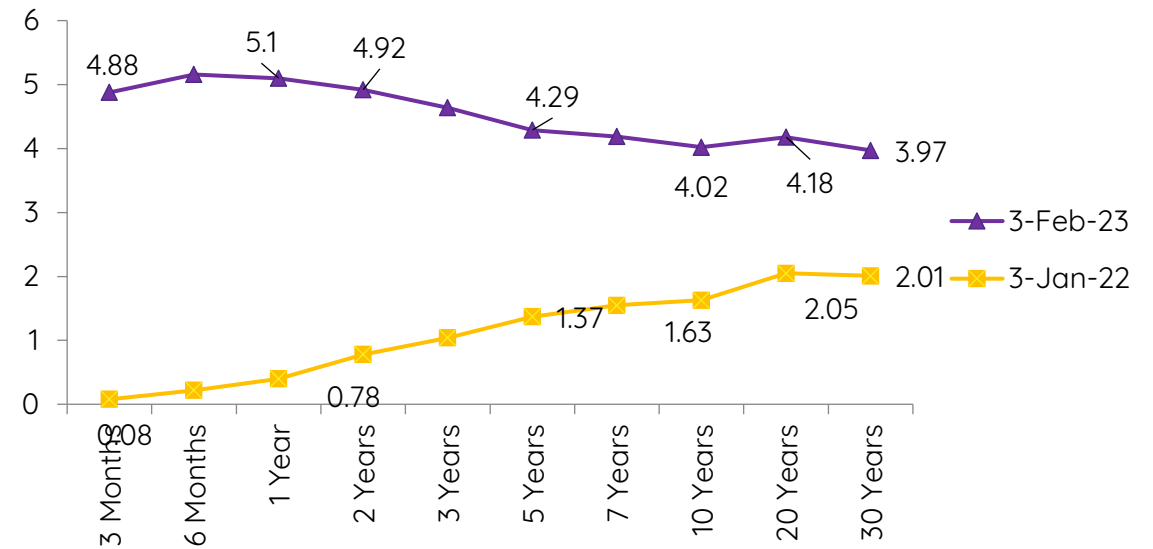
# Persistent inflation leads to expectation of higher interest rate for longer

In the US, as terminal rate is projected to be higher to combat persistent inflation, bond yield, esp. short-to-medium maturity is rising significantly. The 1-year bond yield is above 5%, while the 2-year is in the vicinity of 5% and 10-year is around 4%.

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



US Treasury yield curve

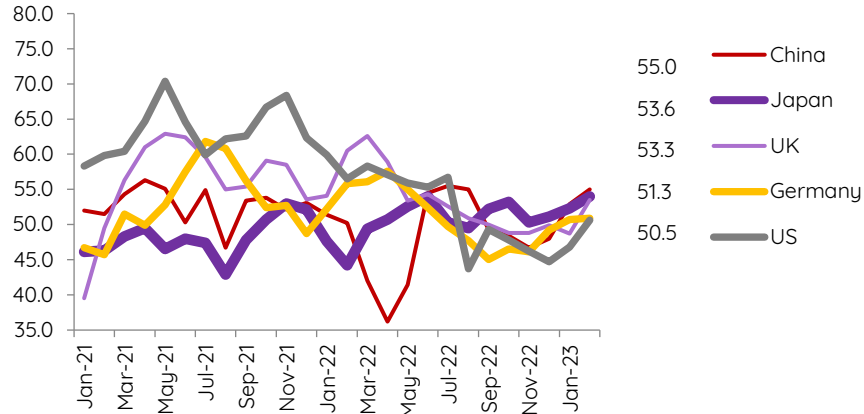


Source: CEIC, NESDC, BOT, FPO, INVX Research

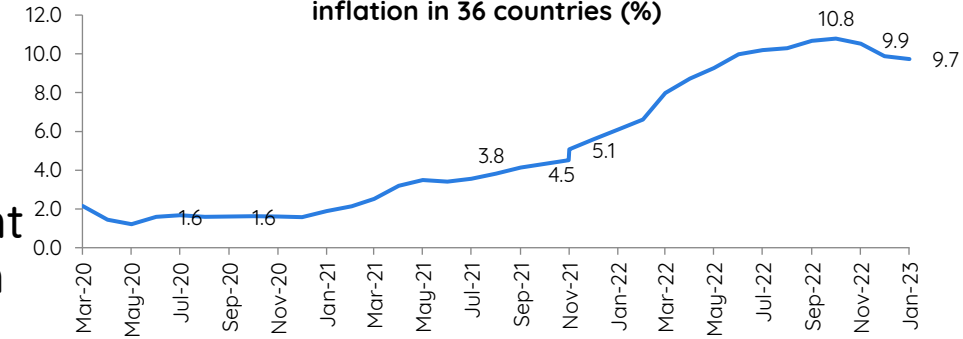
# This combination of three conditions is what the market calls a “No Landing Scenario”

As the antithesis to a “Soft Landing” or a “Hard Landing” scenario, the “No Landing” scenario assumes that economic growth still be strong while inflation persists, despite tightening monetary condition; hence the policy interest rate must increase to a sky-high rate (e.g. 9%) in order to bring inflation down.

Feb 2023 Service PMI (50 = Normal)



Simple average of CPI inflation in 36 countries (%)



Strong growth

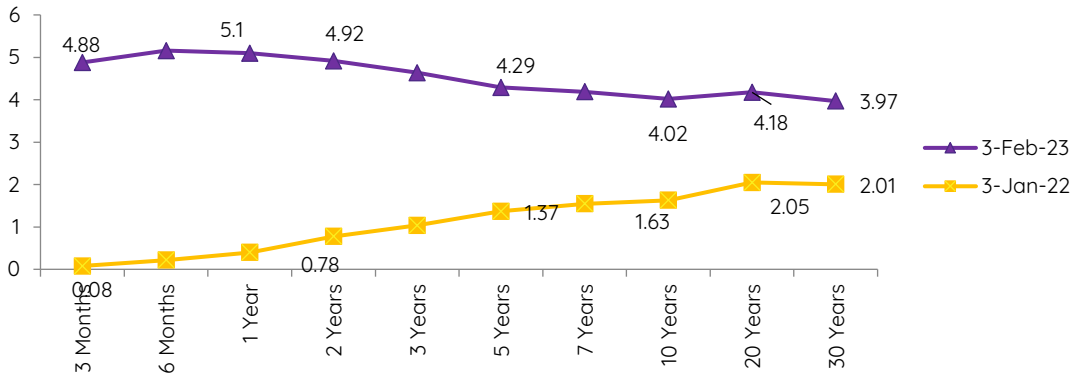
Persistent inflation



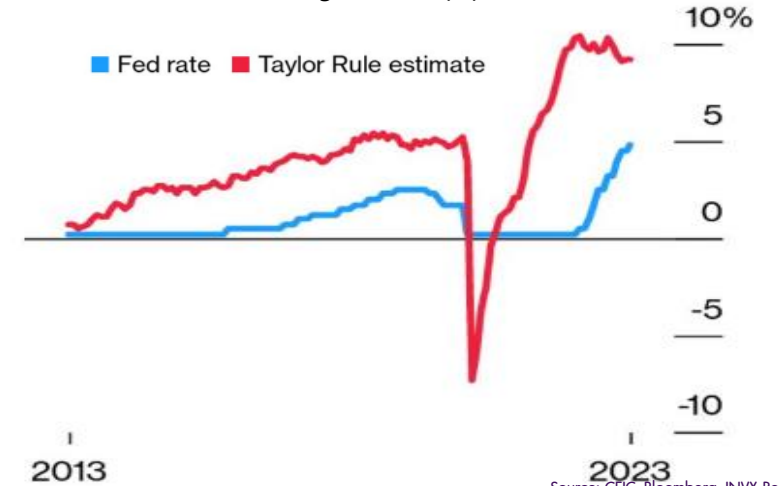
Higher rate



US Treasury yield curve



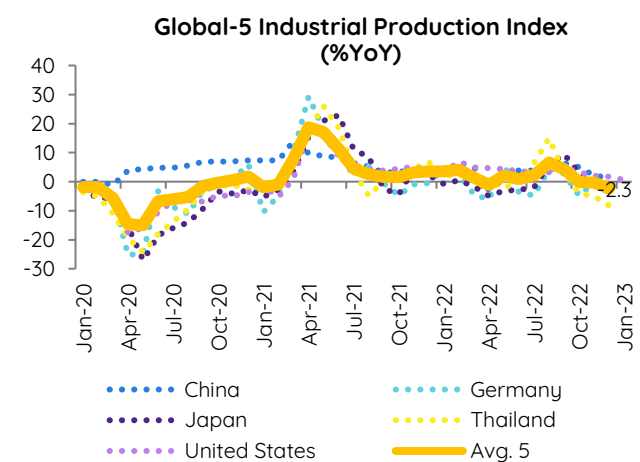
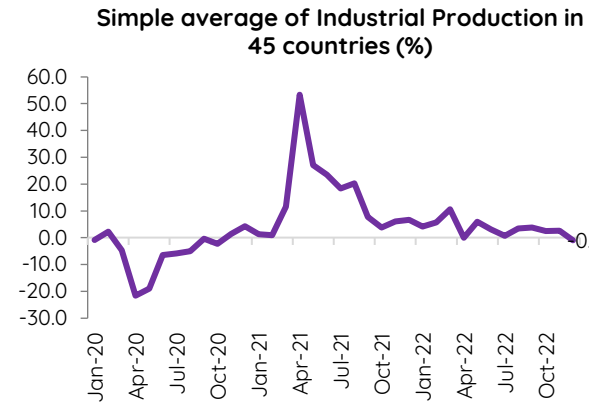
Fed Funds Rate and the rate projected by using Taylor Rule (%)



Source: CEIC, Bloomberg, INX Research

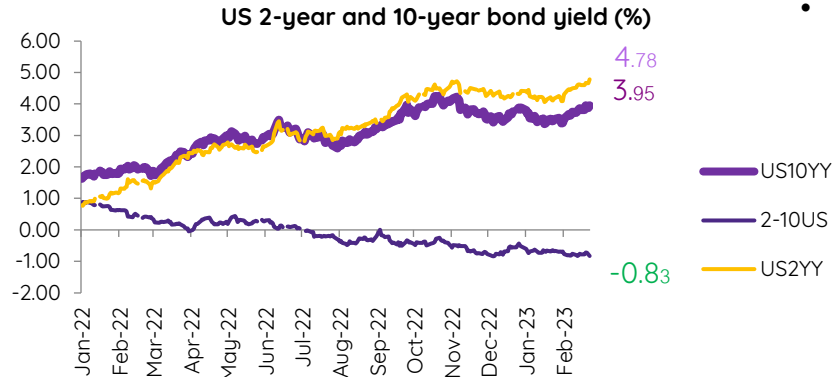
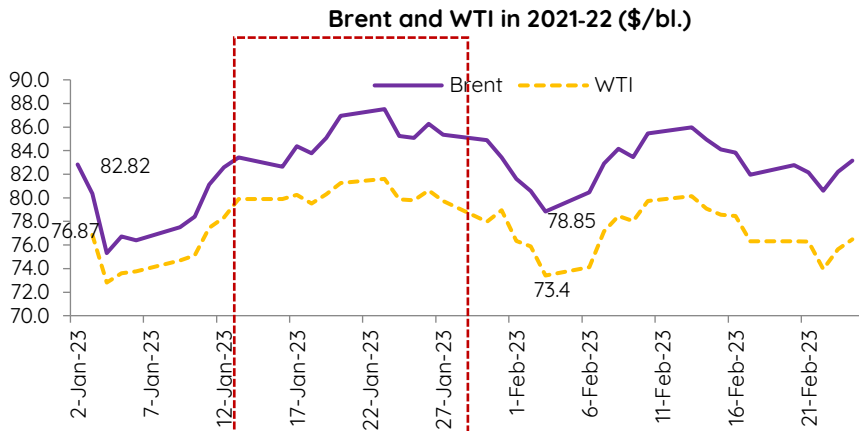
# “Manufacturing recession” leads us to believe that there is not going to be a “No landing” scenario

	3/2020	6/2020	9/2020	12/2020	3/2021	6/2021	9/2021	12/2021	3/2022	6/2022	7/2022	8/2022	9/2022	10/2022	11/2022	12/2022	
Argentina	-16.5	-6.2	3.7	5.6	33.1	19.2	9.6	10.3	3.3	7.1	5.3	7.5	3.9	3.3	1.0	-2.7	Argentina
Belgium	-0.9	-6.6	-1.5	-1.1	17.1	38.6	17.8	15.7	4.6	-13.7	-8.0	-7.3	1.2	-2.6	4.0	-5.0	Belgium
Chile	1.0	-2.7	1.9	-3.8	3.0	6.2	-0.6	1.7	0.9	-1.6	-5.1	-5.1	-1.5	-4.3	-5.1	-1.0	Chile
China	-1.1	4.8	6.9	7.3	14.1	8.3	3.1	4.3	5.0	3.9	3.8	4.2	6.3	5.0	2.2	1.3	China
Denmark	-2.7	-1.1	-1.5	-0.1	5.9	7.7	4.7	11.6	13.4	22.3	11.7	13.7	19.2	8.9	10.1	22.9	Denmark
Finland	4.6	-2.8	-3.6	0.0	-1.4	4.0	6.5	11.9	4.6	9.3	0.8	5.0	5.2	0.5	-2.7	-1.6	Finland
France	-15.5	-7.7	-4.2	-0.5	16.7	9.9	0.1	2.2	-4.4	-3.6	-4.8	4.3	2.8	-4.8	-0.4	-3.9	France
Germany	-5.3	-3.2	-2.7	5.9	10.4	9.9	-0.6	-0.5	-4.4	-3.6	-4.8	4.3	2.8	-4.8	-0.4	-3.9	Germany
Hungary	-5.6	-7.4	2.3	7.6	16.2	21.7	-2.6	6.8	3.9	1.7	3.6	14.4	11.7	6.0	0.6	2.0	Hungary
India	-18.7	-16.6	1.0	2.2	24.2	13.8	4.4	1.0	2.2	12.6	2.2	-0.7	3.3	-4.2	7.3	4.3	India
Italy	-27.4	-11.2	-1.7	1.6	42.5	14.4	5.1	8.1	4.0	-1.1	-4.3	2.8	-0.4	-1.6	-3.4	-5.8	Italy
Japan	-5.4	-18.4	-9.1	-2.9	3.6	22.9	-2.5	2.2	-1.7	-2.8	-2.0	5.8	9.6	3.0	-0.9	-2.4	Japan
Jordan	-17.1	-2.7	0.0	-7.0	18.8	8.7	4.8	3.9	11.3	1.5	2.0	-0.7	2.6	5.1	1.4	-3.8	Jordan
South Korea	7.0	-1.1	7.4	2.8	4.7	12.2	-1.0	7.1	3.7	1.4	1.5	1.5	0.6	-1.1	-3.4	-7.3	South Korea
Malaysia	-5.0	0.1	1.5	1.7	9.4	1.1	2.1	5.9	5.1	12.1	12.5	13.5	10.8	4.6	4.8	3.0	Malaysia
Mexico	-3.9	-15.7	-5.3	-2.2	1.0	11.9	-0.3	2.2	2.6	3.7	2.8	3.9	3.9	3.2	3.5	3.0	Mexico
Mongolia	-25.1	-2.2	9.5	16.9	111.2	39.2	63.5	30.4	-31.9	-4.8	-6.1	-9.4	-10.7	15.5	25.3	10.9	Mongolia
Netherlands	-1.4	-7.5	-5.0	-0.6	1.8	11.7	6.3	5.9	0.8	2.1	1.3	1.6	3.3	2.0	-0.6	0.7	Netherlands
Norway	11.2	9.0	11.3	5.9	-1.1	4.6	10.1	0.7	2.1	-2.4	-1.5	2.8	-2.7	-0.2	1.5	-2.7	Norway
Pakistan	-21.7	-11.9	3.9	8.7	22.8	24.0	7.6	5.4	26.2	11.9	-1.9	0.0	-2.7	-7.6	-6.1	-3.5	Pakistan
Peru	-33.0	-12.2	-2.4	9.9	50.2	20.0	8.4	2.6	4.2	5.5	2.4	0.5	0.4	0.2	-2.0	-4.6	Peru
Philippines	-20.3	-80.6	-56.7	-14.8	-73.1	448.2	1243	19.2	345.9	0.0	3.7	4.8	4.6	6.4	5.9	4.8	Philippines
Poland	-2.4	0.5	5.7	11.1	18.6	18.1	8.7	16.3	15.4	10.4	7.1	10.9	9.8	6.6	4.4	1.0	Poland
Portugal	-4.2	-11.6	4.2	-5.7	7.5	10.6	-4.5	1.7	-0.2	3.0	-0.8	3.9	0.0	-2.0	-0.2	1.3	Portugal
Romania	-12.7	-11.0	0.2	2.7	13.6	12.1	-4.0	1.9	-1.9	-1.9	-2.9	-0.9	1.0	0.3	-3.5	-10.2	Romania
Russian Fed	2.8	-6.6	-3.5	3.7	2.8	11.3	7.8	7.5	2.3	-2.5	-0.5	0.0	-3.1	-2.6	-1.8	-4.3	Russian Fed
Saudi Arabia	-3.3	-22.2	-7.5	-7.6	-14.5	11.9	6.5	11.2	24.8	20.8	17.7	16.8	15.7	14.1	8.6	7.3	Saudi Arabia
Singapore	21.5	-6.1	25.9	17.1	9.3	28.4	-2.0	16.7	4.2	3.0	1.4	0.6	1.4	-1.1	-3.8	-3.1	Singapore
South Africa	-6.7	-14.3	-3.2	0.6	4.8	11.8	0.5	-0.7	0.2	-3.7	4.0	2.0	2.7	1.0	-1.8	-4.7	South Africa
Spain	-12.1	-10.1	-0.6	2.2	15.4	11.1	1.1	3.1	0.3	6.6	1.3	5.4	3.6	2.4	-1.5	-3.4	Spain
Sweden	2.7	-3.5	0.3	6.9	7.0	15.0	2.4	5.9	1.6	-0.8	6.8	5.1	5.1	2.2	-2.1	-1.9	Sweden
Switzerland	0.2	-4.0	-1.6	5.4	14.8	15.5	6.7	10.2	4.5	7.0	-1.8	6.6	11.5	11.0	1.1	3.4	Switzerland
Taiwan	11.9	7.2	11.7	10.3	16.7	18.1	12.1	8.7	2.4	0.5	1.6	3.3	-4.5	-4.3	-5.6	-7.9	Taiwan
Thailand	-11.0	-18.0	-3.1	-2.7	5.8	18.6	0.4	6.7	0.4	-0.2	6.4	14.9	3.3	-4.0	-5.1	-8.2	Thailand
Turkey	-0.9	17.7	11.3	12.3	20.1	23.7	8.9	14.4	10.2	9.5	3.9	4.9	1.2	3.8	-1.0	-1.2	Turkey
United Kingdom	0.9	1.5	7.5	10.2	13.1	11.8	2.4	-1.9	-2.0	-3.2	-6.4	-4.1	-5.2	-4.5	-3.9	-5.7	United Kingdom
United States	-4.8	-10.5	-6.9	-3.6	1.2	8.9	3.8	3.5	4.9	3.6	3.4	3.2	5.0	3.2	2.1	1.7	United States
Vietnam	5.4	7.0	3.8	9.5	3.9	4.9	-7.5	8.7	9.1	9.1	9.5	11.3	10.3	5.5	5.3	0.2	Vietnam

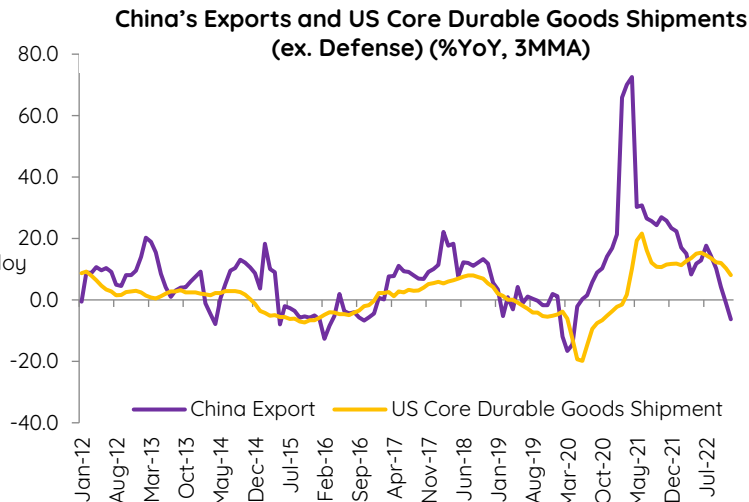
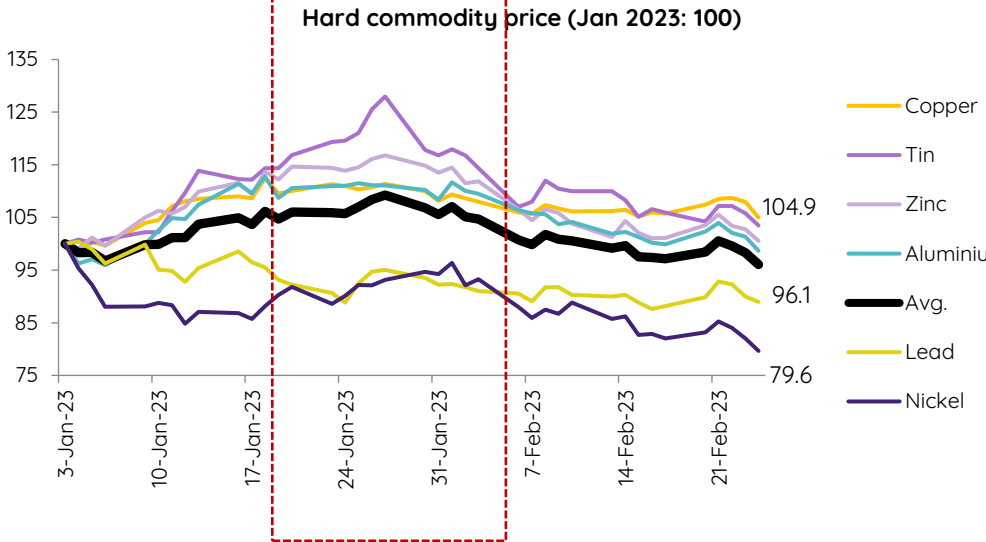


- Our Global Industrial Production Study finds that in Dec 2022, production had already slowed to pre-COVID levels, partly due to rising cost of living, rising interest rates, and decreasing demand for industrial products.
- We found that in 30 out of 42 countries the index slowed down or contracted more. That leads us to believe that the industrial sector will continue to slow, in line with tight monetary policy direction.
- Together with the diminishing “excess savings” while inventory from the previous production cycle remains means entrepreneurs will not rush to accelerate production. This will affect international trade and private investment in the near future.

# We believe the persistent inflation is temporary, but will keep a close eye on it



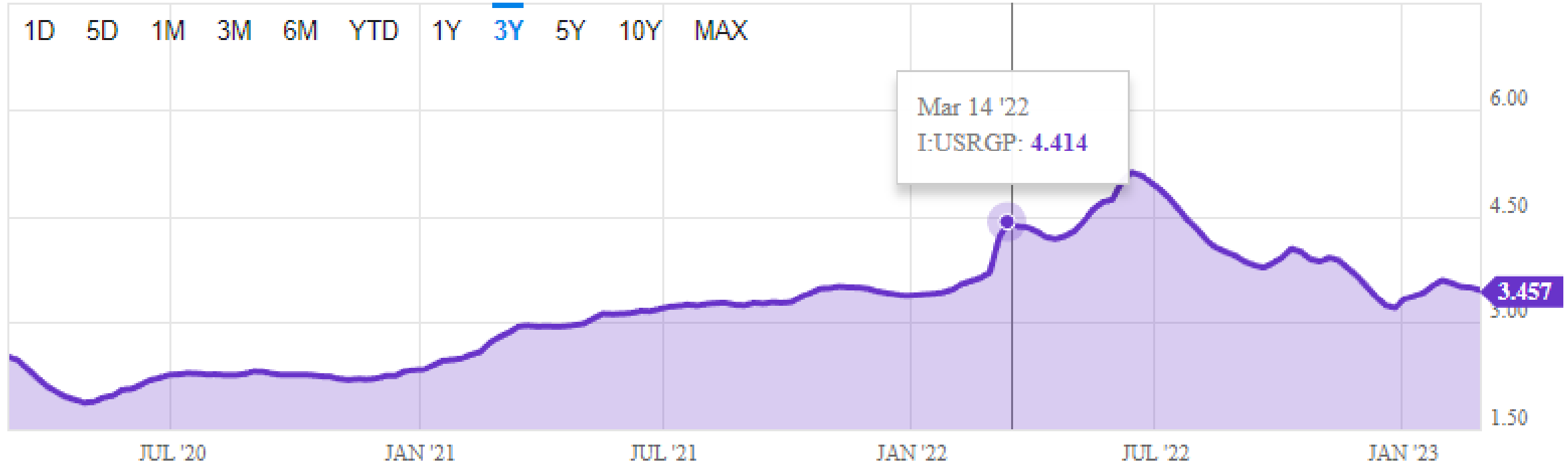
- Four factors lead us to believe the persistent global inflation in January is temporary:
  - 1) China reopened, putting greater pressure on commodity prices. However, commodity prices have begun to fall and this will help reduce inflationary pressure going forward.
  - 2) The recent rise in bond yield will increase financial cost for the business sector, which will pressure the economy and inflation.
  - 3) US real economic data is slowing in line with global economic trends.
  - 4) The high base effect from the war from March 2022.



- That being said, we will continue to keep an eye on inflationary pressures. In particular, if there are clearer signs of rising demand-driven inflation, the Fed may need to raise interest rates more aggressively and/or let the rate stay higher for longer, inevitably leading to a recession.

# (Extra) High base factor in 2022 will lower inflation in 2023 (YoY)

If the retail price of gasoline stands at \$3.50 per gallon in March, it would drive prices -20.5% YoY.



US: Hard  
landing, soft  
landing or no  
landing?

# Current state of the US economy: Service boom vs manufacturing recession

1. The US labor market is very strong, but may reach the turning point soon, since “full employment” is almost reached.
2. The US economy is bipolar, with employment in the services sector expanding well, with job positions yet to be filled, while employment in the tech sector and other manufacturing sectors will get worse.
3. The manufacturing and service indicators show the same signs: manufacturing and investment indicators (Manufacturing PMI, Industrial Production and investment in machinery will deteriorate, but the services sector will grow for a while).

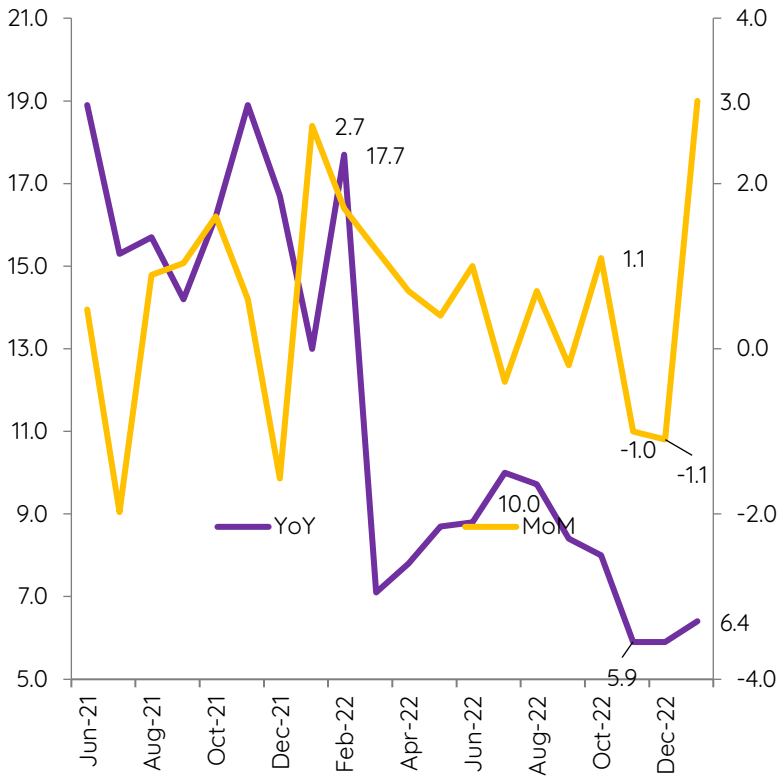
US labor and Econ Heatmap							
Criteria	12/2019	12/2020	12/2021	6/2022	9/2022	12/2022	1/2023
Non-Farm Payroll (,000)	102.0	-268.0	569.0	370.0	350.0	260.0	517.0
NF Employment Total (mn)	152.8	143.6	150.7	153.2	153.8	155.4	152.8
Tech employment (mn)	2.90	2.73	2.98	3.11	3.11	3.14	3.07
Service employment (mn)	131.9	123.5	130.0	131.8	132.3	133.9	131.7
Retail Sale	5.6	2.3	16.7	8.8	8.4	5.9	6.4
Service PMI	52.8	54.8	57.6	52.7	49.3	44.7	51.2
Manufacturing PMI	52.4	57.1	57.7	52.7	52.0	46.2	46.9
Industrial Production	-1.8	-3.6	3.5	3.6	5.0	2.2	1.3
Core K-Goods shipment (X-defense)	-3.3	-0.7	10.9	15.7	11.7	8.3	5.5

} **Services**  
} **Manufacturing**

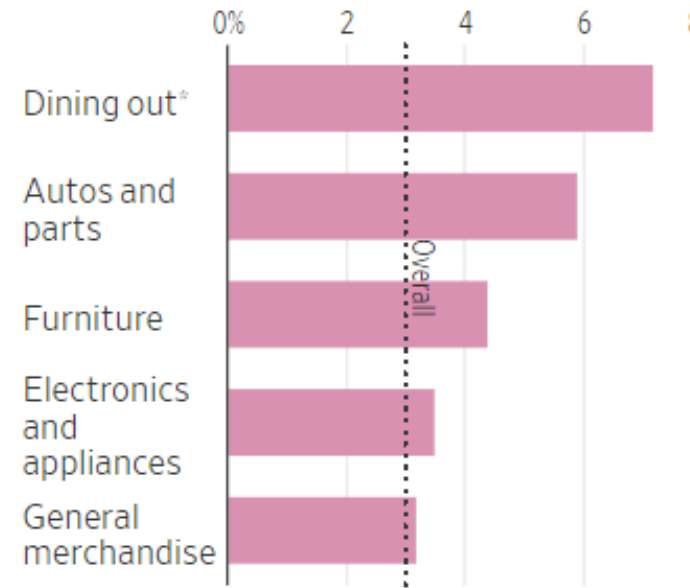


# US retail sales are better than expected, especially in the service sector, due to excess savings

US Retail Sales (%YoY, %MoM)

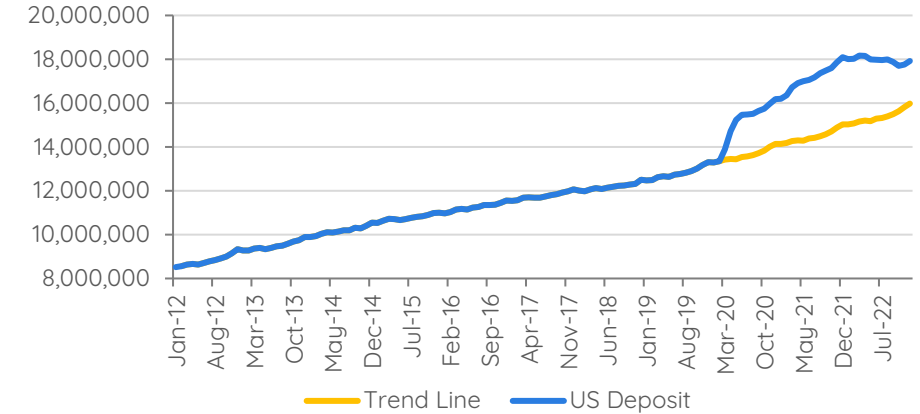


Retail sales by select items in January, monthly change

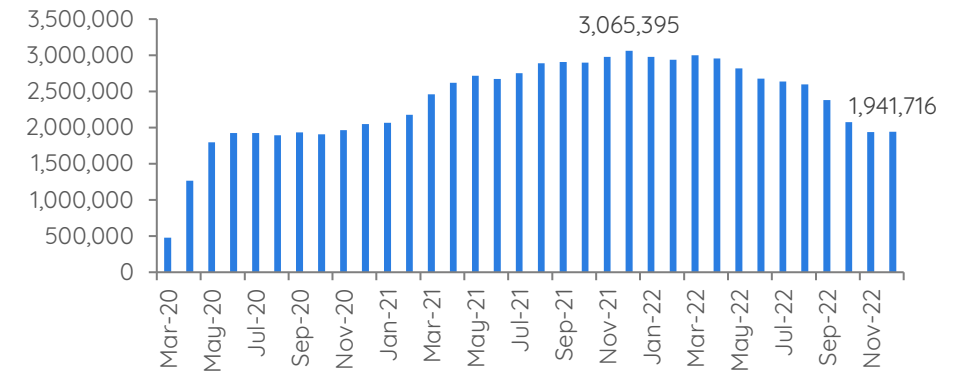


\*Includes spending at bars. Note: Seasonally adjusted  
Source: U.S. Census Bureau

US deposits vs trend (USDmn)



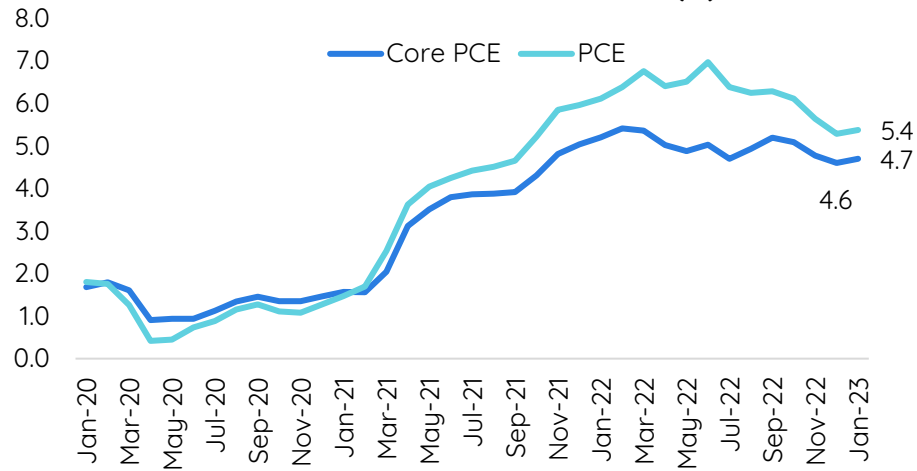
US spare savings (USDmn)



- One important factor leading to a rise in consumption is US excess savings. Our calculation shows current excess savings of \$1.9tn while Bloomberg Economics calculates this at about \$1.0tn, reduced from a peak of about \$2-2.5tn. Bloomberg expects excess savings will run out in the third quarter of this year, which will significantly reduce spending.

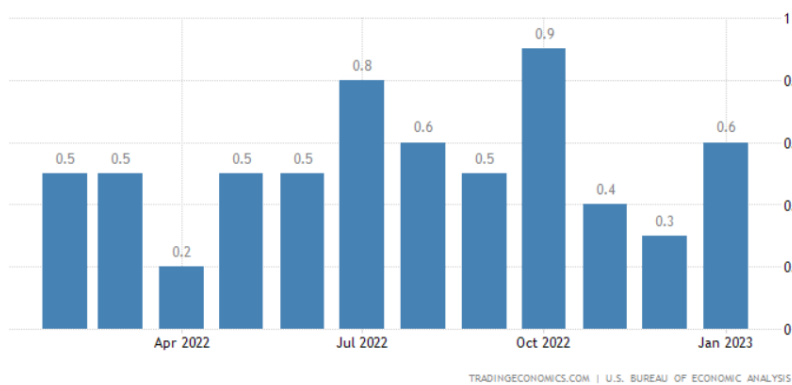
# Core PCE Inflation, income and spending rises more than expected

US PCE and Core PCE Inflation (%)



Friday February 24 2023			Actual	Previous	Consensus	Forecast
01:30 PM	US	Personal Income MoM JAN	0.6%	0.3% <sup>Ⓢ</sup>	1%	0.7%
01:30 PM	US	Personal Spending MoM JAN	1.8%	-0.1% <sup>Ⓢ</sup>	1.3%	1.1%
01:30 PM	US	Core PCE Price Index MoM JAN	0.6%	0.4% <sup>Ⓢ</sup>	0.4%	0.3%
01:30 PM	US	PCE Price Index YoY JAN	5.4%	5.3% <sup>Ⓢ</sup>		4.8%
01:30 PM	US	PCE Price Index MoM JAN	0.6%	0.2% <sup>Ⓢ</sup>		0.3%
01:30 PM	US	Core PCE Price Index YoY JAN	4.7%	4.6% <sup>Ⓢ</sup>	4.3%	4.3%

Personal Income MoM (%)



Personal Spending MoM (%)

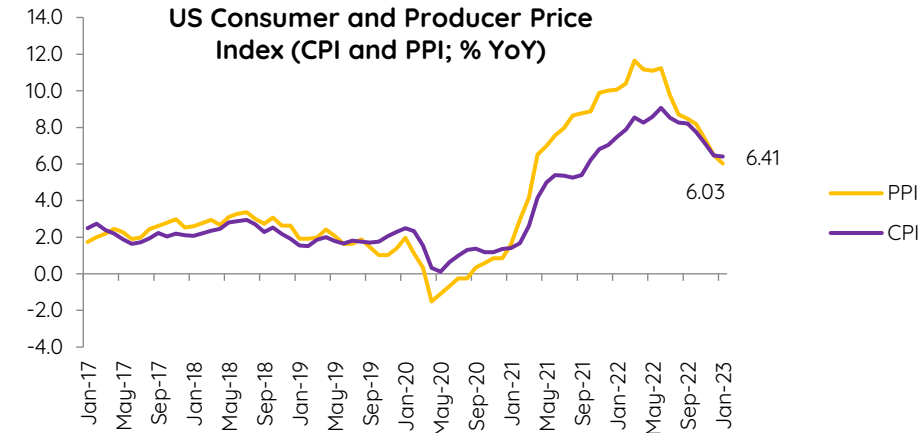


- The picture shows recovery in US income and spending in January, on individual factors. Income has increased due to increased social welfare payments, since the government increased the proportion of inflation calculations due to the rising cost of living.

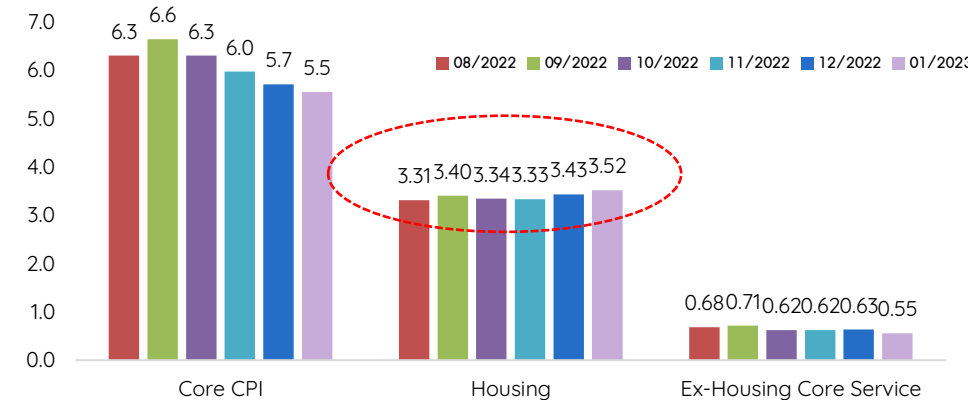
# US CPI is still decelerating, but is worrisome, especially related to commodities and housing

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Jan. 2023
	Jul. 2022	Aug. 2022	Sep. 2022	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023	
All items.....	0.0	0.2	0.4	0.5	0.2	0.1	0.5	6.4
Food.....	1.1	0.8	0.8	0.7	0.6	0.4	0.5	10.1
Food at home.....	1.3	0.8	0.7	0.5	0.6	0.5	0.4	11.3
Food away from home <sup>1</sup> .....	0.7	0.9	0.9	0.9	0.5	0.4	0.6	8.2
Energy.....	-4.7	-3.9	-1.7	1.7	-1.4	-3.1	2.0	8.7
Energy commodities.....	-7.9	-8.0	-4.1	3.7	-2.1	-7.2	1.9	2.8
Gasoline (all types).....	-8.1	-8.4	-4.2	3.4	-2.3	-7.0	2.4	1.5
Fuel oil <sup>1</sup> .....	-11.0	-5.9	-2.7	19.8	1.7	-16.6	-1.2	27.7
Energy services.....	0.0	1.8	1.2	-0.7	-0.6	1.9	2.1	15.6
Electricity.....	1.5	1.2	0.8	0.5	0.5	1.3	0.5	11.9
Utility (piped) gas service.....	-3.8	3.5	2.2	-3.7	-3.4	3.5	6.7	26.7
All items less food and energy.....	0.3	0.6	0.6	0.3	0.3	0.4	0.4	5.6
Commodities less food and energy commodities.....	0.1	0.4	0.0	-0.1	-0.2	-0.1	0.1	1.4
New vehicles.....	0.5	0.8	0.7	0.6	0.5	0.6	0.2	5.8
Used cars and trucks.....	-0.8	-0.2	-1.1	-1.7	-2.0	-2.0	-1.9	-11.6
Apparel.....	-0.1	0.3	0.0	-0.2	0.1	0.2	0.8	3.1
Medical care commodities <sup>1</sup> .....	0.6	0.2	-0.1	0.0	0.2	0.1	1.1	3.4
Services less energy services.....	0.4	0.6	0.8	0.5	0.5	0.6	0.5	7.2
Shelter.....	0.6	0.7	0.7	0.7	0.6	0.8	0.7	7.9
Transportation services.....	-0.4	1.0	1.9	0.6	0.3	0.6	0.9	14.6
Medical care services.....	0.4	0.7	0.8	-0.4	-0.5	0.3	-0.7	3.0

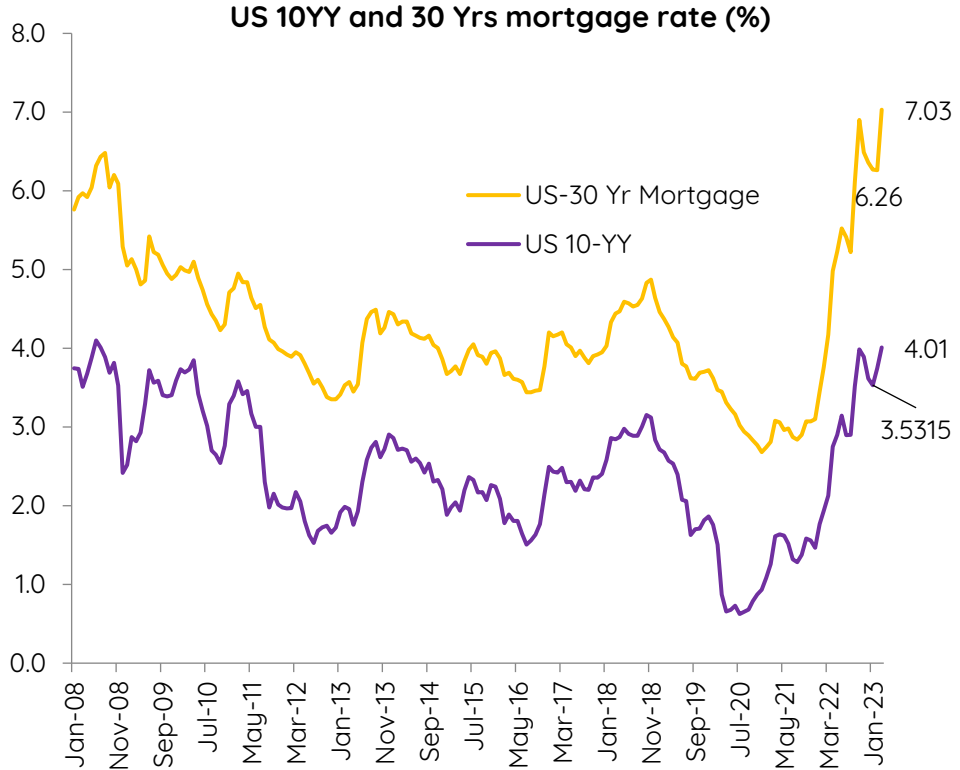


Selected component of US Consumer Price Index (CPI; % YoY)



# (Extra) We believe the Fed will need to signal "Higher for Longer" to keep Treasury yields high

- The 30-year mortgage rate has declined since Oct, following the 10-year bond yield, resulting in an increase in mortgage applications and home sales.
- Higher-for-longer signals will cause bond yields to stabilize at a high level, which will slow real estate activity and house prices.

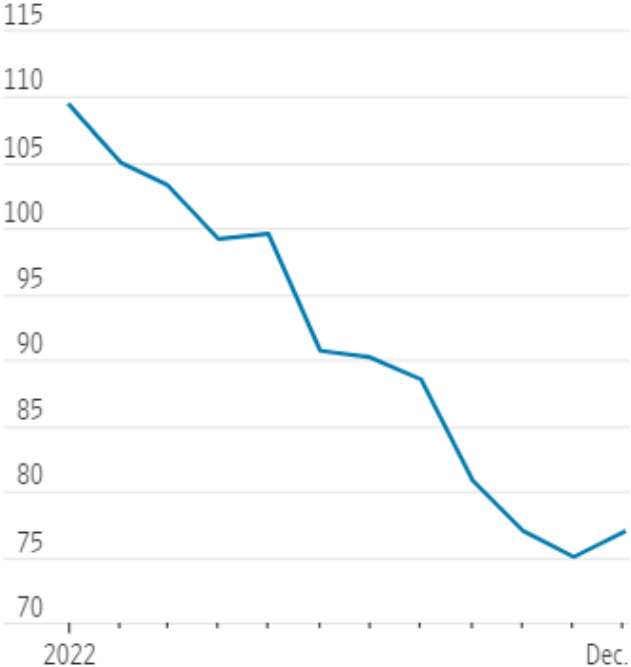


Mortgage applications index



Note: Index value was 100 on March 16, 1990  
Source: Mortgage Bankers Association

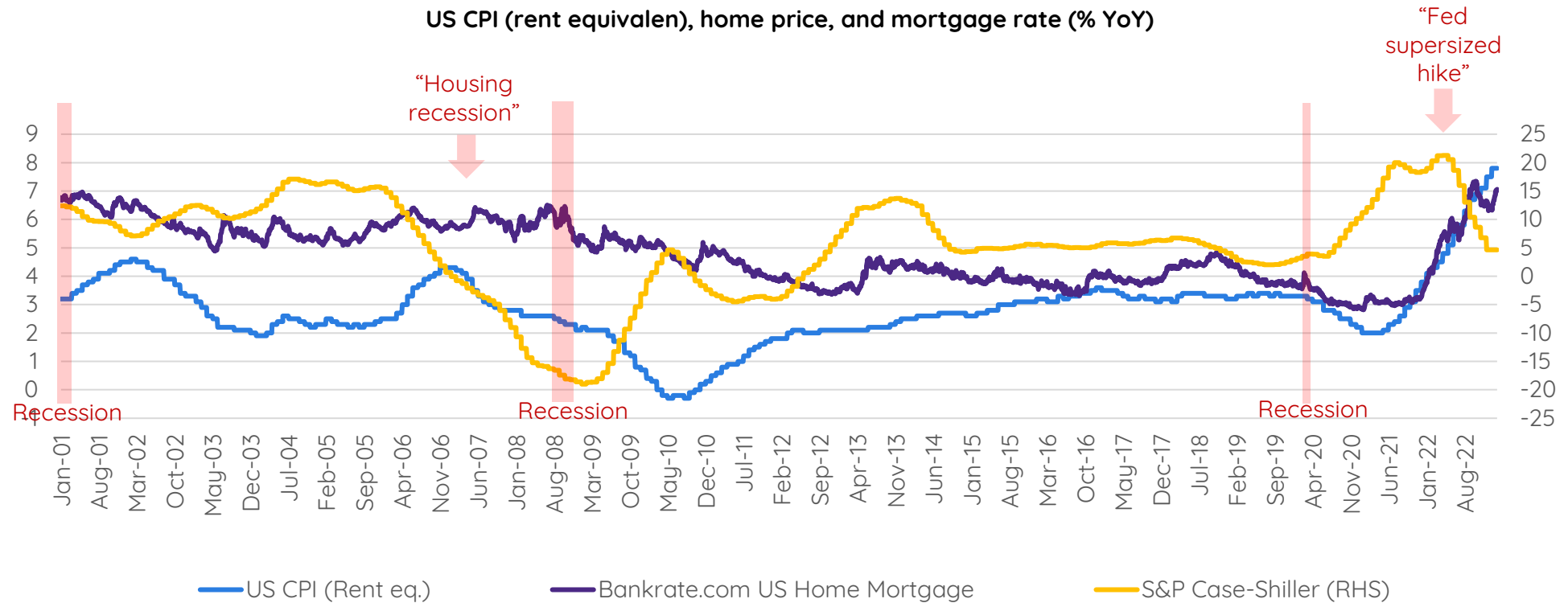
Pending home sales index



Note: Seasonally adjusted annual rate  
Source: National Association of Realtors

# (Extra) Fed may have to signal “Higher for longer” until reaching “housing recession” to get inflation down

- Higher rate led to lower house price in 2022, but rents were still rising.
- A factor that leads to lower rent equivalent cost (which is the main component in CPI) is the economic condition. If the economy faces a recession (esp. a housing recession, as in 2007 prior to the sub-prime crisis), that will lead to a decline in both house price and rent equivalent cost.
- Hence it is possible that the Fed will have to hike rate (or push the condition of “higher for longer”) until the housing sector is facing recession before the housing component of the CPI declines.



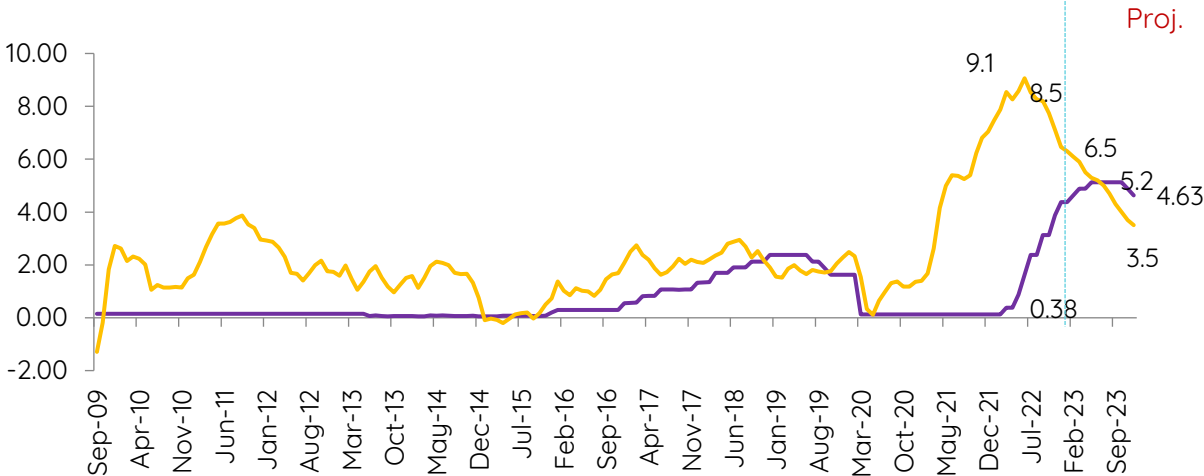
# We change our projection for the Fed Funds Rate: the first cut is expected in November.

We expect the Fed to raise rate to 5.00-5.25% in May then halt the rate hike until the November and December meetings, when there will be two rate cuts of 25 bps each

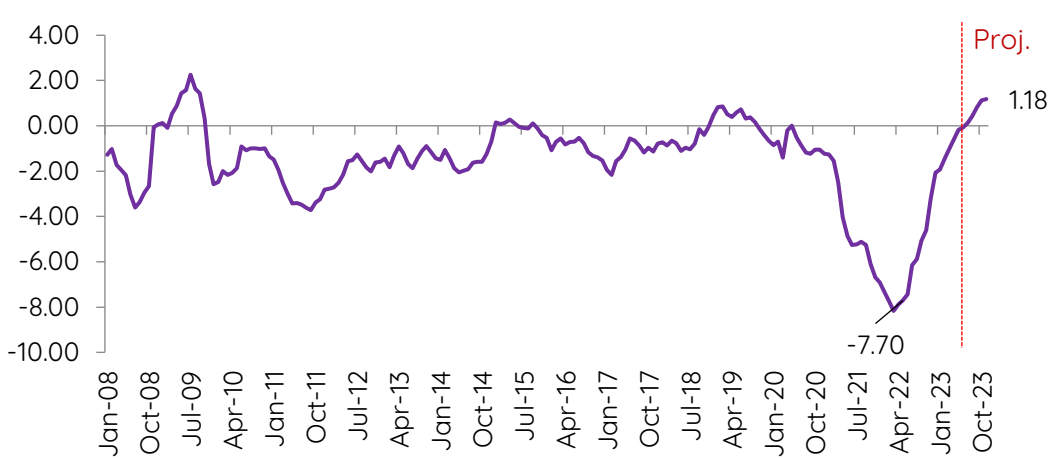
2023 US interest rate and inflation projections (Feb 2023)

2023	Dec	Jan	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.)	6.5	6.4	6.1	5.9	5.5	5.3	5.2	5.0	4.7	4.3	4.0	3.7	3.5
FFR	4.38	4.38	4.63	4.88	4.88	5.13	5.13	5.13	5.13	5.13	5.13	4.88	4.63
Chg	0.50	-	0.25	0.25	-	0.25	0.0	0.0	-	0.0	-	-0.25	-0.25
Real FFR	-2.07	-1.92	-1.47	-1.02	-0.62	-0.17	-0.07	0.13	0.43	0.83	1.13	1.18	1.13

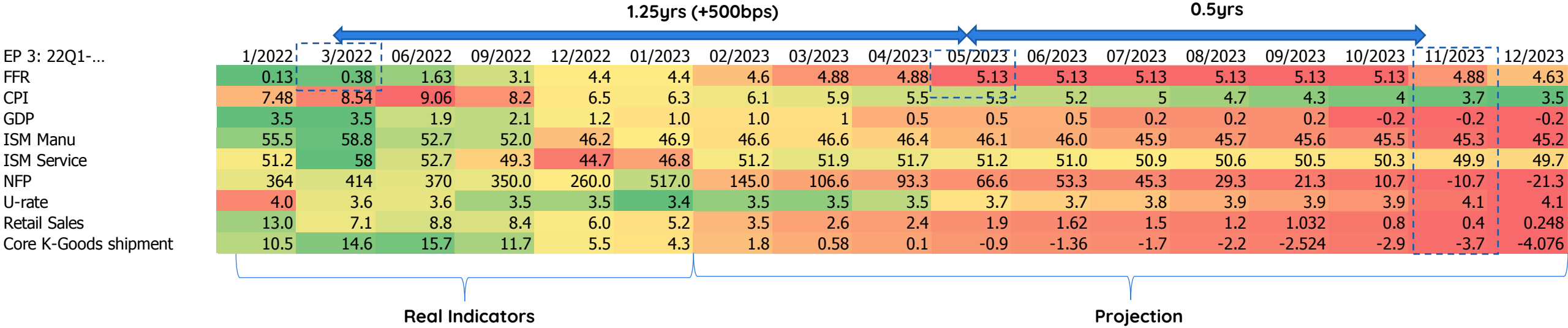
US policy rate and headline inflation projection (%)



US real FFR (FFR-Inflation)



# US Economic Heatmap Analysis to determine the timing of rate cuts



• An analysis of the current US economic picture via the US Economic Heatmap Analysis compared to two earlier episodes (Dot Com crisis and sub-prime crisis), it was found that

Finding	Details
1. The current hike cycle is faster than the previous two, hence rate cut should be faster.	This time it lasted only 1.25 years and reached 500 bps, while in 2000 (dotcom crisis) and 2008 (hamburger crisis), the Fed raised interest rates longer. But the overall rate of increase was less than this time.
2. Non-farm payroll contraction is a good indicator for rate cuts.	Before interest rates reach their peak, the labor market will be very good. But after that, the labor market will rapidly deteriorate. Non-farm employment will enter negative territory, which indicates that employment will contract.
3. Before a rate cut, the service sector will deteriorate.	The strength of the manufacturing and service sectors is no different this time than the previous times. Before the rate cut the manufacturing sector will slow down/constrict first, but the service sector will still perform. But when the economy enters recession, the Fed will have to cut interest rates. The manufacturing sector will recover faster than the service sector, which will affect future consumption
4. We believe that it will take two quarters for conditions to be suitable for the first rate cut (hence at the November meeting)	We believe the Fed will make its first cut in interest rates in November at 25 bps and then in December another 25 bps. The important trigger is a contraction in non-farm payrolls.

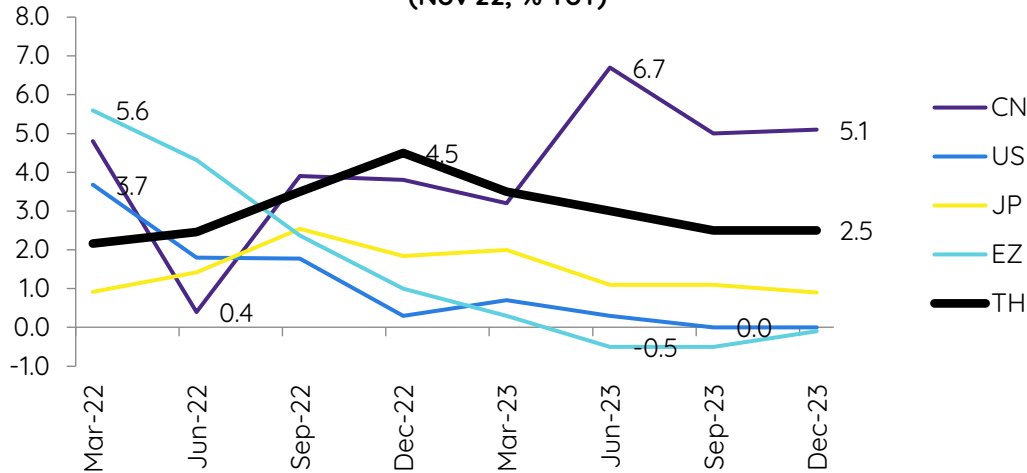
**Global  
Forecast:  
Prolonged  
downturn**



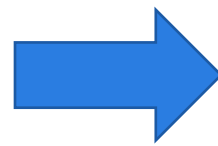
# We upgrade our global GDP growth slightly

- We have slightly revised up our global economic forecasts but we still believe the US and European economies are at risk of a recession in the second half of the year, which will cause the Fed to cut interest rates.

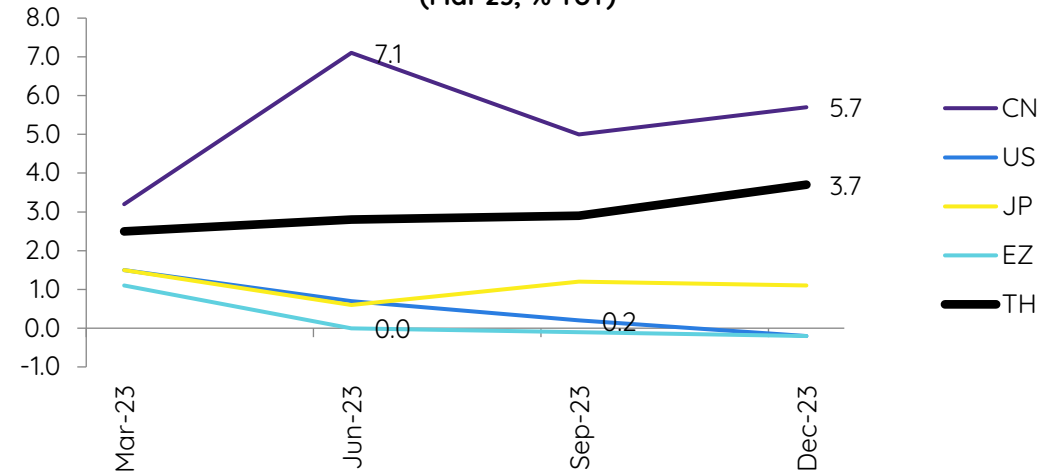
INVX's Global-5 Quarterly GDP growth Proj. (Nov'22, % YoY)



(%YoY)	1Q23 (f)	2Q23 (f)	3Q23 (f)	4Q23 (f)	2022	2023 (f)
US	0.7	0.3	0.0	0.0	1.9	0.3
EZ	0.3	-0.5	-0.5	-0.1	3.3	-0.2
CN	3.2	6.7	5.0	5.1	3.2	5.0
JP	2.0	1.1	1.1	0.9	1.7	1.3
TH	3.5	3.0	2.5	2.5	2.6	3.0
Avg-5	1.7	2.1	1.7	1.9	2.6	1.9



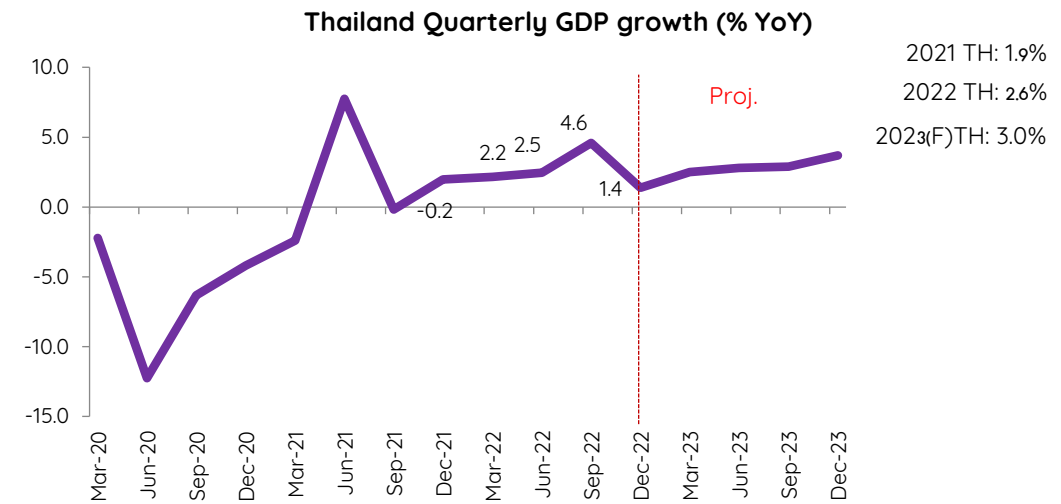
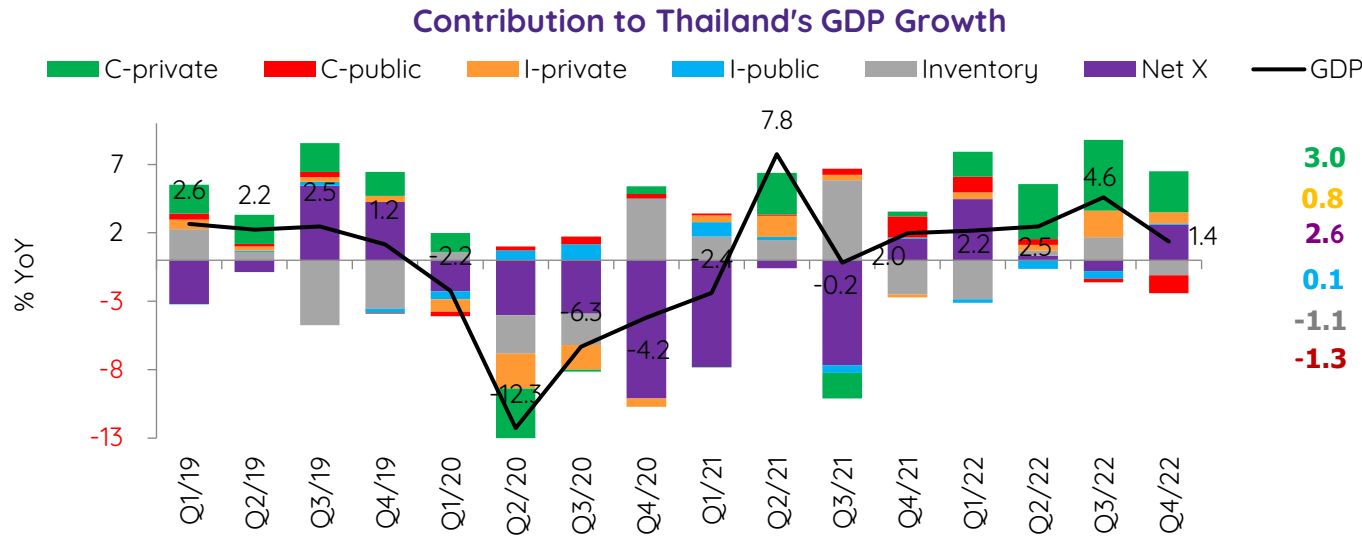
INVX's Global-5 Quarterly GDP growth Proj. (Mar'23, % YoY)



(%YoY)	1Q23 (f)	2Q23 (f)	3Q23 (f)	4Q23 (f)	2022	2023 (f)
US	1.5	0.7	0.2	-0.2	2.1	0.6
EZ	1.1	0.0	-0.1	-0.2	3.6	0.2
CN	3.2	7.1	5.0	5.7	3.0	5.3
JP	1.5	0.6	1.2	1.1	1.1	1.1
TH	2.5	2.8	2.9	3.7	2.6	3.0
Avg-5	2.0	2.2	1.8	2.0	2.6	2.0

Thailand

# The Thai economy in 4Q22 grew at a lower-than-expected 1.4% YoY due to a contraction in exports.



- The Thai economy in 4Q22 grew 1.4% YoY or -1.5% QoQSA (much lower than market expectations of 3.5% YoY and 0.5% QoQSA). As a result, the Thai economy in 2022 grew by 2.6%, lower than our expectation of 3.3%.
- The reason for the slowdown was a sharp contraction in exports in line with the global economic trend. The export of goods contracted 10.5%, while the export of services (tourism) grew 94.6% due to the reopening of the country. As a result, net export volume contracted by 0.7%. However, imports contracted even more than 4.6%, leading net export of goods and services to make a positive contribution to GDP growth. Another sector that contracted sharply was inventories, which contributed to the economic contraction of more than 1.1%. Shrinking inventory indicates that the production sector grew less than the expenditure sector, causing inventory to shrink. Another sector that was a drag on the economy was government consumption, which contracted by 8.0% and contributed 1.3% to the economic contraction, and was due to the delayed disbursement and fiscal burden from spending to support the economy during the COVID crisis (also known as Fiscal Drag).
- Sectors that had a positive contribution to growth in the quarter include: Private consumption as a result of the easing of the COVID-19 epidemic while private investment grew by 4.5%, decelerating from 11.2% the previous quarter due to risk from worsening exports. Public investment recovered slightly to 1.5% from -6.8% the previous quarter due to an acceleration in state-owned enterprise investment, while (central) government investment fell 2.2%, reflecting the diminishing capacity of government disbursement.

# Latest government agency of Thai economy forecasts vs. InnovestX

- INVX still forecasts Thai economic growth this year at 3%, lower than the official projections, but our views are quite consistent with the NESDC. The major economic risk in our view is exports, while consumption will be the engine to drive the Thai economy this year.

Macro growth projection	Actual 2021	Actual 2022	FPO (Jan'23) 2023f	BOT (Nov'22) 2023f	NESDC (Feb'23) 2023f	InnovestX (Oct'22) 2023f
GDP growth	1.5	2.6	3.8	3.7	3.2	3.0
Private investment	3.0	5.1	3.6	3.4	2.1	2.8
Public investment	3.4	-4.9	1.8	1.8	2.7	3.8
Private consumption	0.6	6.3	3.5	3.4	3.2	4.0
Public consumption	3.7	0.0	-1.2	-1.4	-1.5	0.9
Export value in US\$ terms (%)	19.2	5.5	0.4	1.0	-1.6	0.0
Import value in US\$ terms (%)	15.0	12.4	-0.1	0.4	1.6	2.1
Current account to GDP (%)	-2.2	-3.4	0.5	0.7	1.5	0.0
Headline inflation (%)	1.2	6.1	2.8	3.0	3.0	3.3
USD/THB	32.0	35.1	32.5	N/A	32.7	35.0
Policy rate (%)	0.50	1.25	N/A	N/A	N/A	2.00
No. of inbound tourists (mn)	0.43	11.2	27.5	25.5	28.0	25.0

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

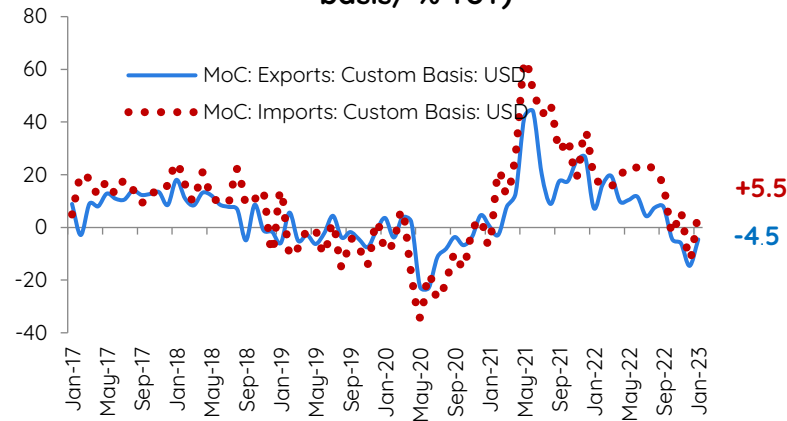
# Our view on the Thai baht: fundamentals point toward a weaker currency

- Thailand's current account balance continues to be in deficit. Although it started to improve in December due to the improvement in services (tourism) balance, it began to return to a deficit again in January (latest) as exports began to contract more strongly, which intensifies the trade balance deficit. Looking ahead, we believe that exports will not expand or contract, while imports remain positive, which will drag on trade balance and current account balance.

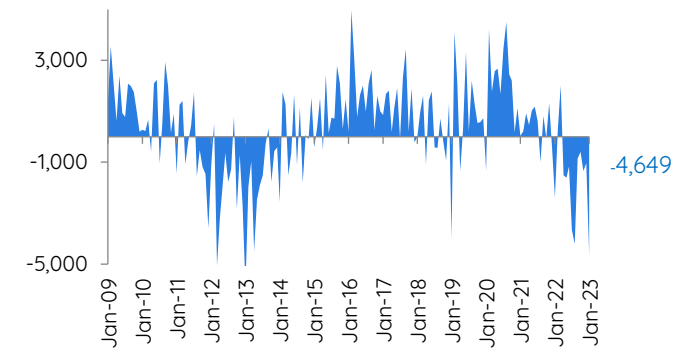
Balance of Payments

Billion USD	2021	2022 <sup>P</sup>	2022 <sup>P</sup>					2023 <sup>P</sup>
			H1	H2	Q3	Q4	Dec	Jan
Trade Balance	32.4	10.8	9.7	1.1	-1.9	3.0	1.0	-2.7
Exports (f.o.b.)	270.6	285.4	147.6	137.8	72.0	65.8	21.8	20.4
%YoY	19.2	5.5	11.9	-0.6	6.7	-7.5	-12.9	-3.4
Imports (f.o.b.)	238.2	274.6	137.9	136.7	73.8	62.8	20.8	23.0
%YoY	27.7	15.3	19.7	11.1	23.2	-0.3	-10.5	9.1
Net Services, Income & Transfers	-43.0	-27.8	-20.2	-7.6	-5.8	-1.8	0.1	0.7
Current Account	-10.6	-16.9	-10.5	-6.5	-7.7	1.2	1.1	-2.0
Capital and Financial Account	-6.0		3.6		-3.5			
Overall Balance	-7.1	-10.2	-7.4	-2.9	-8.2	5.3	3.5	3.8

Growth of export and import value (Customs basis/ % YoY)



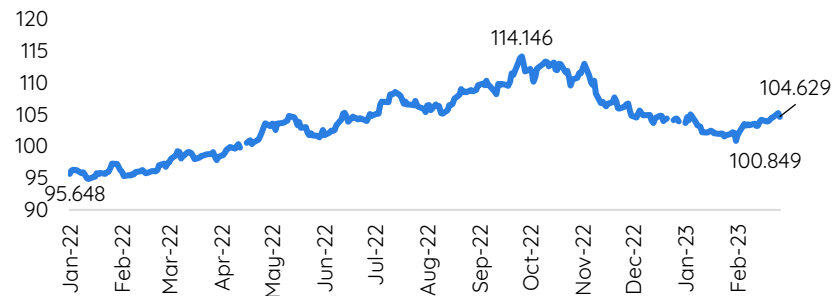
Thailand's trade balance (Customs basis/ Mln USD)



- In terms of capital flows, if global financial volatility increases in mid-year as we expect, the dollar may continue its appreciation trend. We believe the baht may weaken in 2Q&3Q23 before strengthening in 4Q as the Fed begins to cut interest rates.

DXY

DXY

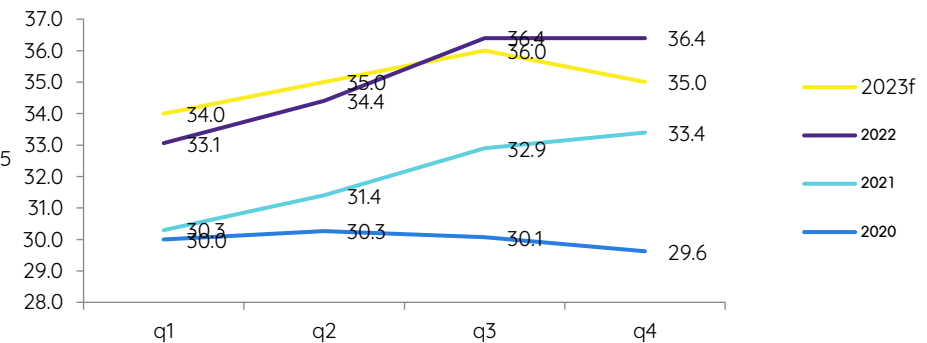


THB

THB



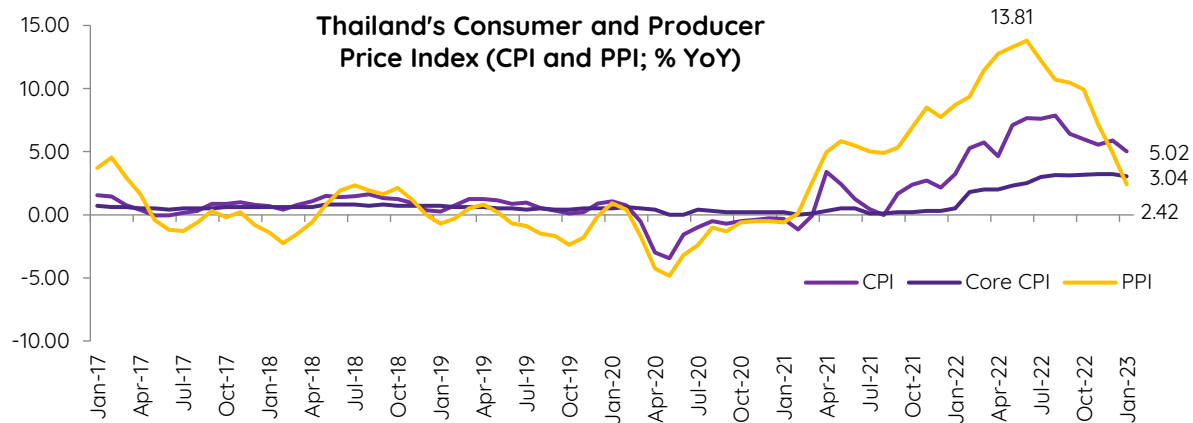
USDTHB (Quarterly Avg.: 1Q 33.6)



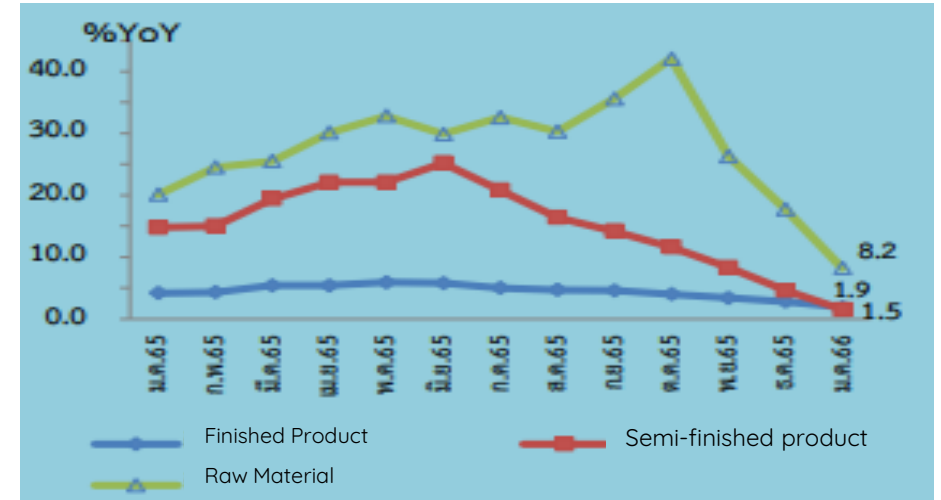
# Thai consumer inflation continued to decline in January 2023.

- Thailand's Consumer Price Index in January 2023 grew 5.02% (YoY), down from 5.89% in the previous month to its lowest level in 9 months, tagging a slowdown in energy and food prices.
- Looking forward, we believe Thailand's consumer price inflation will continue to decline from the reduction in producer price inflation.

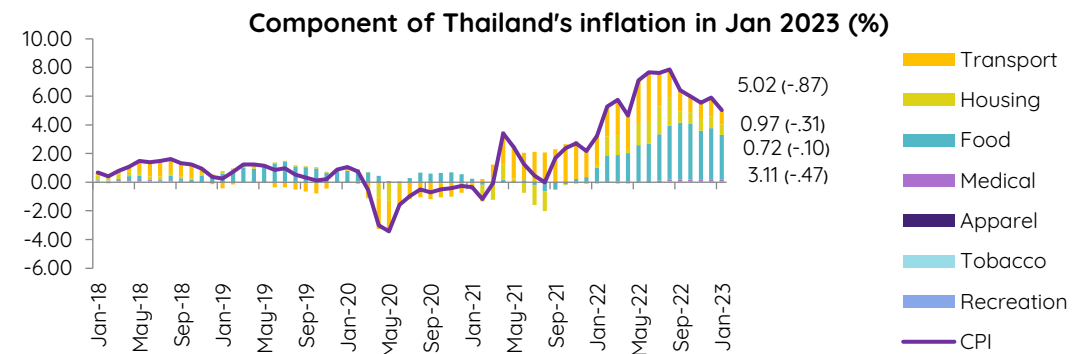
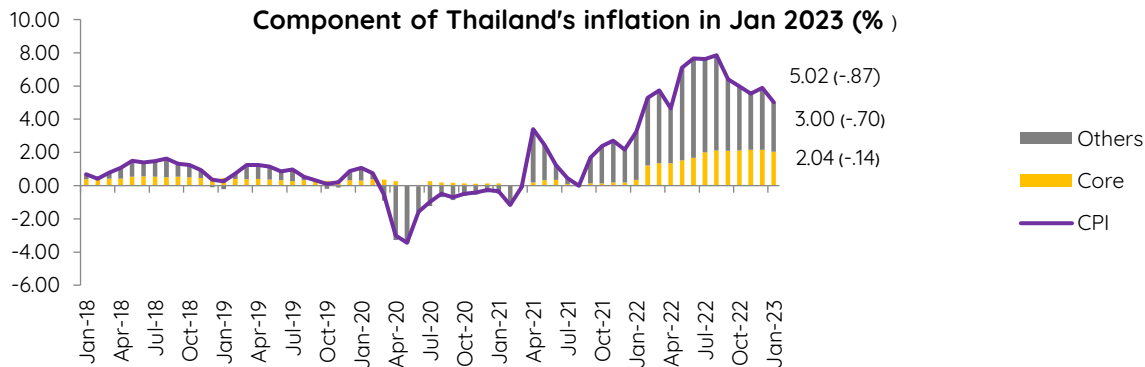
Headline consumer price inflation declined as well as core. But producer inflation has dropped sharply and is already lower than consumer inflation.



Producer inflation by stage of production indicates that the transmission of inflation from producer to consumer continues to decrease.



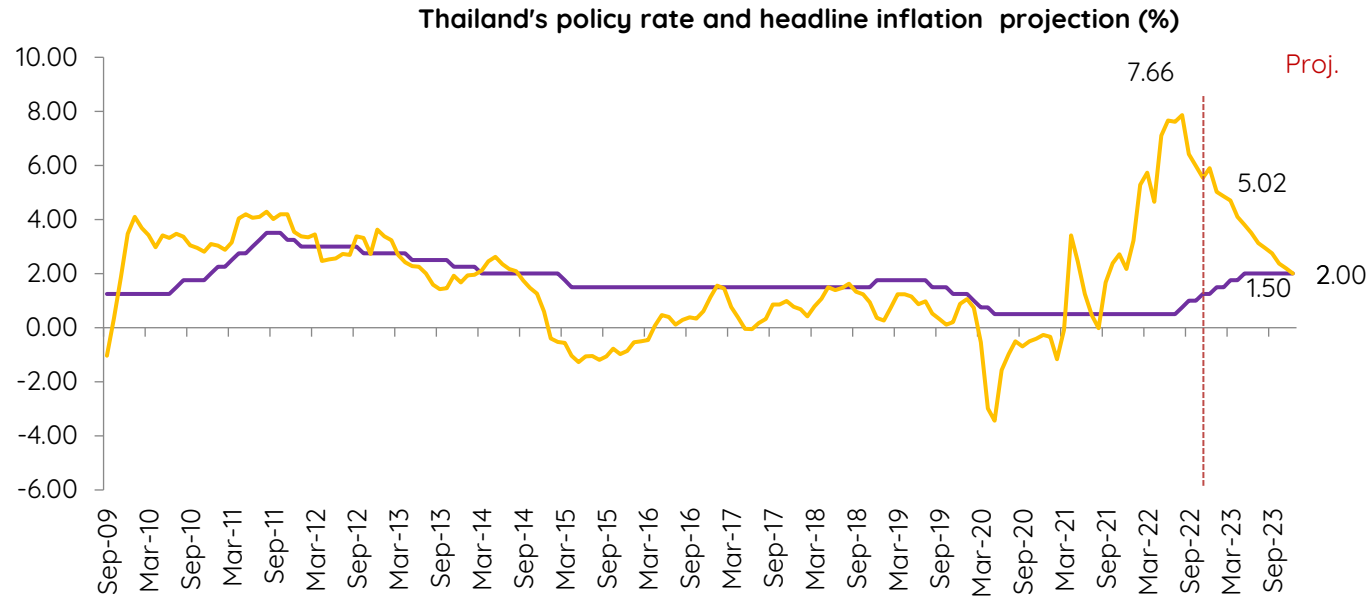
Inflation component analysis indicates that inflationary pressures are declining across all major categories.



# InnovestX inflation and Thai policy interest forecasts

• Our view is that inflation will steadily decline. This leads us to believe that the Bank of Thailand is ready to raise interest rates gradually, with two more hikes in 2023 bringing interest rate to 2%.

2023	Jan	Feb (f)	Mar (f)	Apr (f)	May (f)	Jun (f)	Jul (f)	Aug (f)	Sep (f)	Oct (f)	Nov (f)	Dec (f)
CPI	5.02	4.86	4.70	4.10	3.80	3.50	3.13	2.94	2.75	2.38	2.19	2.00
RP	1.50	1.50	1.75	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Chg	0.25	-	0.25	-	0.25	-	-	-	-	-	-	-



# 2Q23 Strategy



# Our 1Q23 recommendations outperformed the SET by 5%

We are nearing the end of 1Q23 and the Thai stock market is down 4%, underperforming regional peers by 8% and the global market by 10%, experiencing two quarters of underperformance relative to peers due to its stretched valuation, continuous foreign equity outflows, high baht volatility and weaker-than-expected net profit growth in 4Q22 amid optimism on China's reopening.

The Thai stock market has offered negative returns in 1QTD and is one of the worst performers in the latest global market rally. Index contribution has been concentrated in three sectors: Electronics (DELTA), ICT (ADVANC, TRUE), and Tourism & Leisure (ERW, CENTEL), while Energy (EA, BANPU, PTTEP), Utilities (GULF, GPSC, BGRIM), Transportation (AOT, BEM, BTS), Commerce (HMPRO, CPALL, COM7), and Finance (JMT, TIDLOR, MTC) disappointed. Foreign investors have sold a net US\$855mn in Thai equities QTD, reversing from the strong inflow in 4Q22 of US\$1,443mn. Foreign flows have been similar in ASEAN peers: Malaysia with US\$154mn and the Philippines with US\$68mn, while foreign investment into Vietnam (+US\$68mn) and Indonesia (+US\$197mn) turned positive with small net inflow.

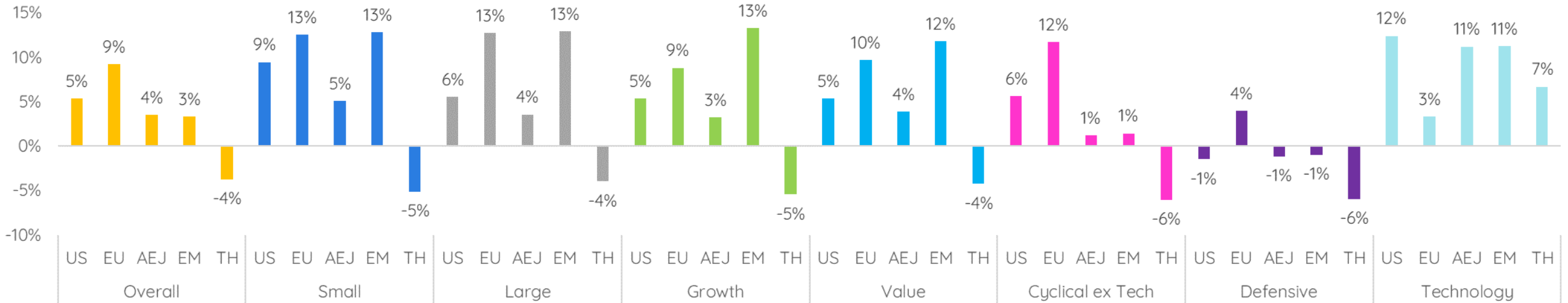
Our key theme in 1Q23 was a growth divergence and interest rate convergence on hopes of China's COVID relaxation and this seems to have aligned with market reactions. The Thai market correction is much stronger than we expected, leading to an underperformance of commodities and asset-sensitive baskets. However, our recommendations for domestic and rate-sensitive baskets offered higher than average returns.

Our top picks that focused on domestic demand, with strong balance sheets, earnings recovery and high visibility offered average returns of 4%, outperforming the SET by 5% as all of our stock picks except AOT outperformed.

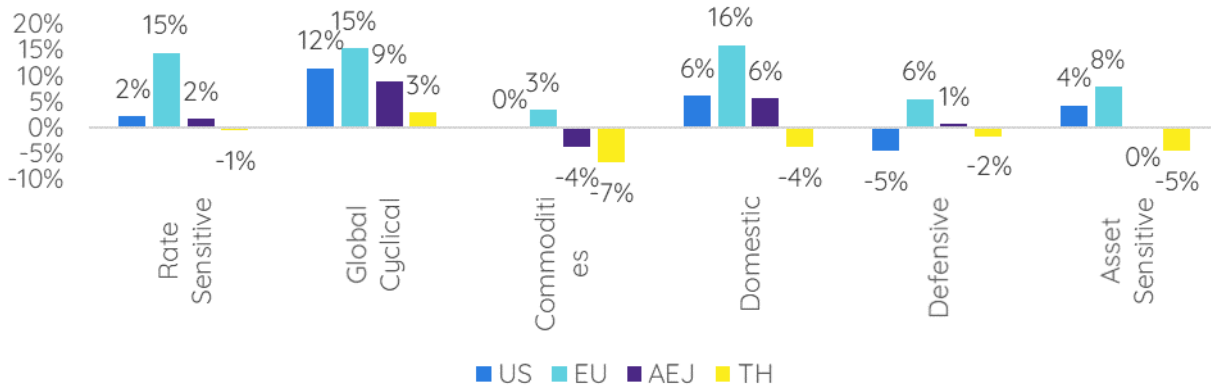
# Price performance in 1Q23

Small cap, global cyclical, value, domestic outperformed

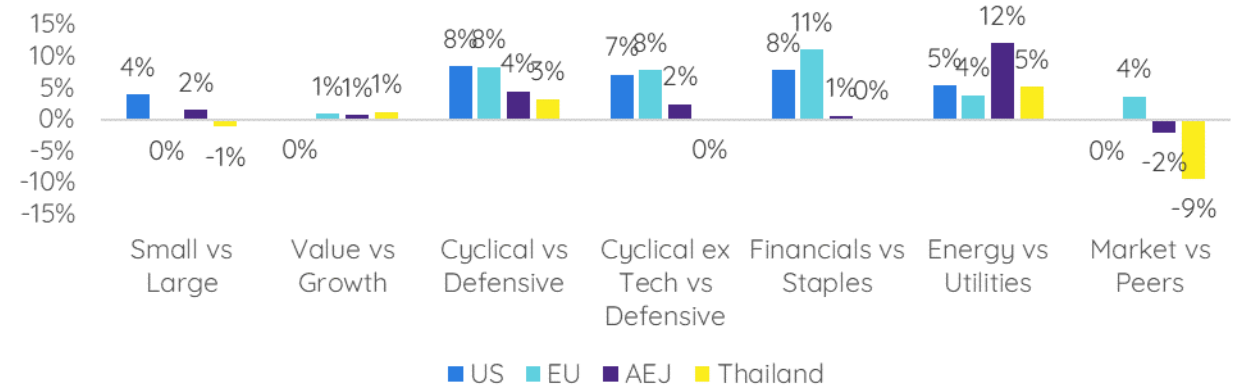
Performance comparison in 1Q23 (as of 3 Mar 2023)



1Q23 basket returns (as of 3 Mar 2023)



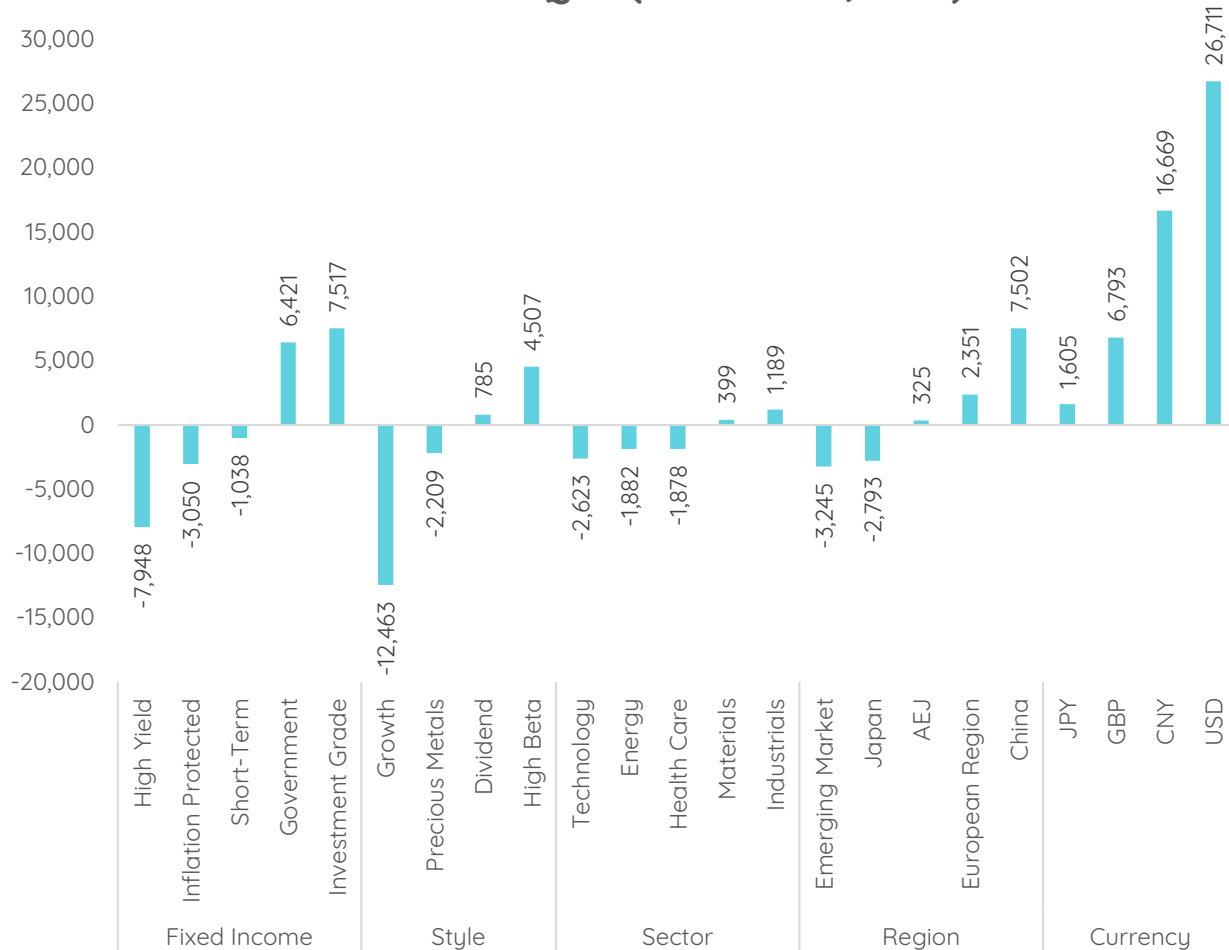
Relative performance in 1Q23 (as of 3 Mar 2023)



# Dynamics of fund flows

## Cash is king

Fund flows - 1QTD (as of Mar 3, 2023)



Flows into mutual funds and related investment products were positive across both bond and currency funds in Jan-Feb 2023, while flows into equity, commodity and sector thematic funds experienced net outflows.

Within the fund flow patterns in 1Q23, we saw:

- 1) The market believes interest rate is near peak as real yield leans toward positive territory, as per a strong sell in TIPS.
- 2) Equities are reviving on optimism about China's reopening, leading to strong inflow into China markets, while EMs are facing huge outflows due to a strong dollar. The EU saw strong inflow as energy woes and recession fears eased.
- 3) Buying in USD on expectations of a strong dollar on a continued hawkish stance at the Fed.
- 4) Rising yield led to money outflow from technology and growth stocks as well as HY and short-duration bonds.
- 5) Sectors linked to more economically sensitive sectors such as Industrials and Materials all registered inflows in 1Q23 as recession fears fade.

Thus, we recommend investors accumulate more high-growth stocks after the correction. Market sentiment is expected to gradually improve upon a slowing rate hike, falling inflation and China's reopening, with key risks all diminished. We also still focus on stocks with strong balance sheets.

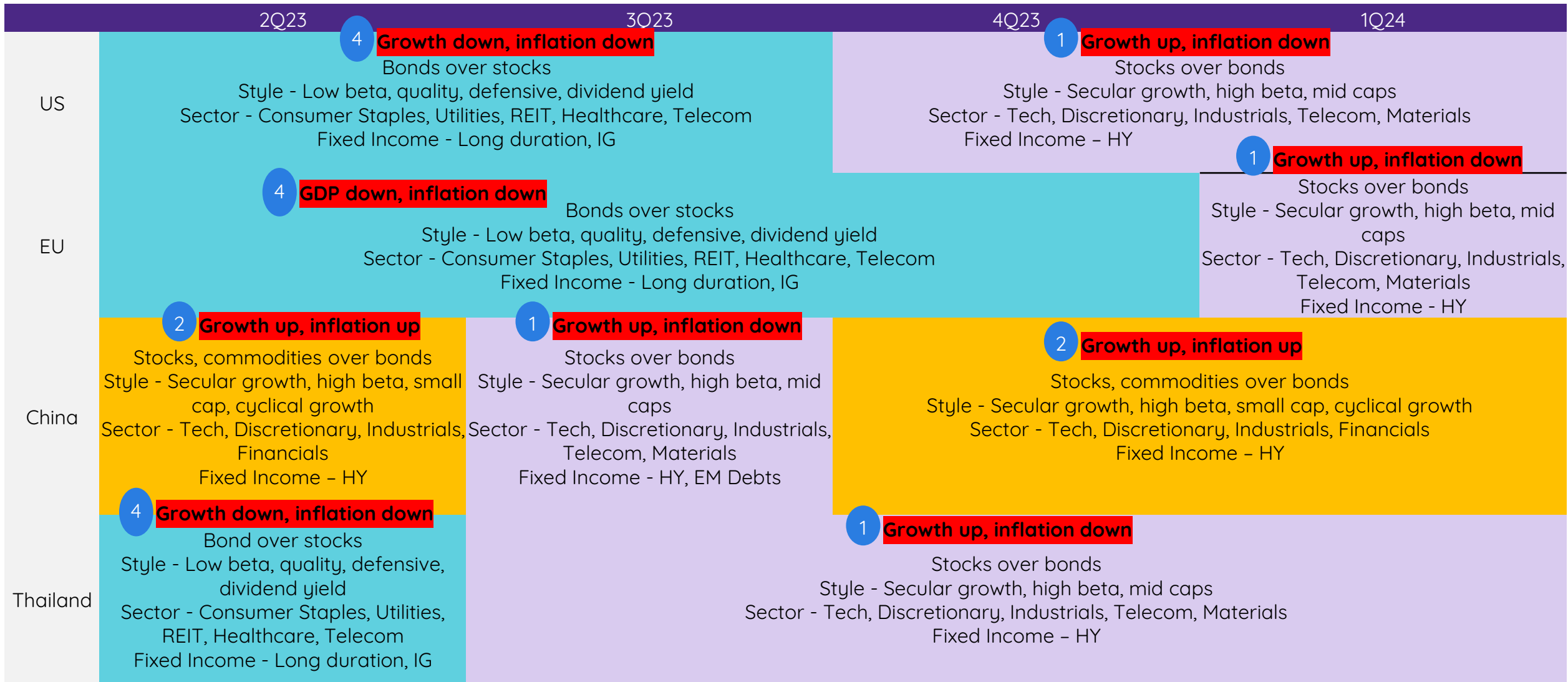
# Market outlook

# Key points of our 2Q23 strategy

## Summary of our views

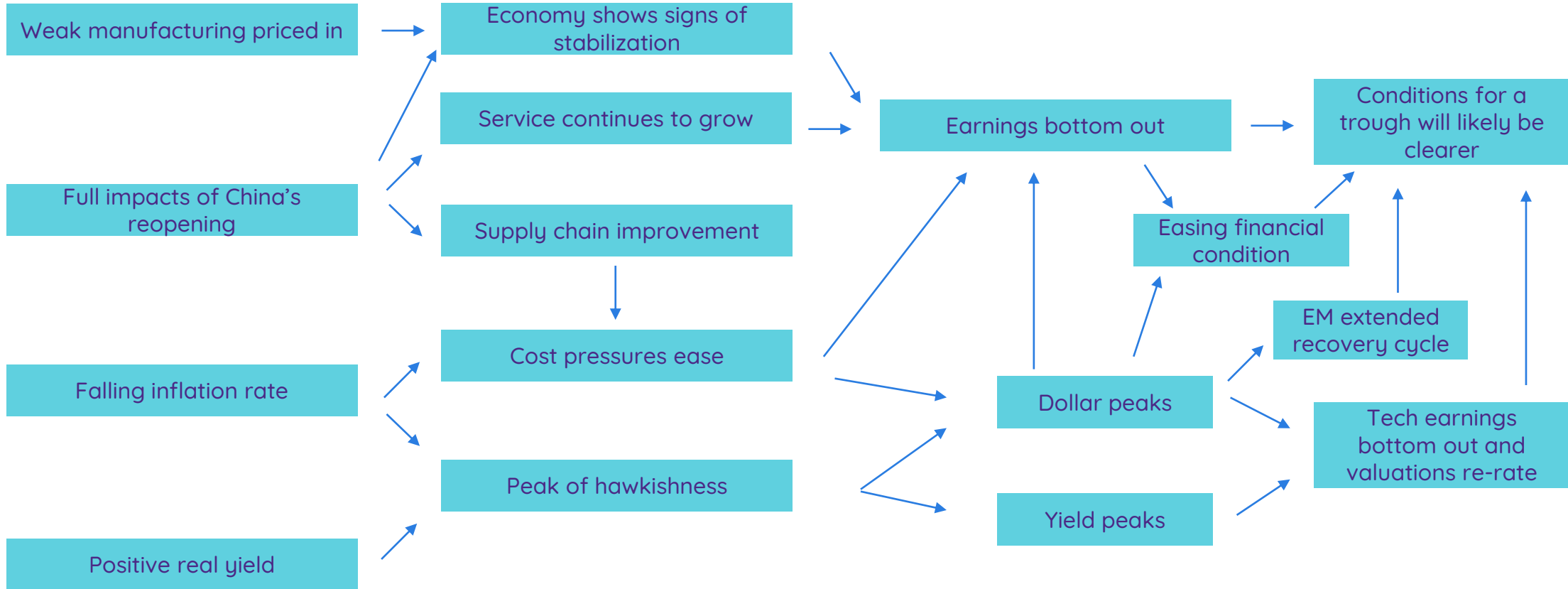
<b>Macroeconomic outlook</b>	An ongoing “manufacturing recession” leads us to believe that there will be no “no landing”. We also believe the persistent inflation is temporary, and that inflation will come down. We expect the first-rate cut to be at the November meeting, which will take the Fed Funds Rate to 4.63% by yearend. The Thai economy may face high inflation, lower growth and higher rate for longer.						
<b>Economic bright spots</b>	Domestic consumption demand, tourism-related sectors, earnings bottom out and some global cyclical sectors						
<b>Earnings bottom out</b>	China’s reopening has a positive effect on the Thai economy through trade in goods, tourism and commodity channels. Domestic demand remains strong. Thus, overall revenue growth is expected to start recovery along with easing cost pressure from 2Q23, followed by strong recovery in 2H23.						
<b>Cost pressure to ease</b>	Prices for commodities such as copper, aluminum, oil, natural gas and freight rate have been trending down since late 2Q22. Average cost of raw materials and transportation in 1Q23 have fallen 29% YoY and 10% QoQ and could stop a margin contraction. Operating margin tends to expand with a lag of two to three quarters, implying operating profit for Thai companies to trough in 1Q23 and to expand from 2Q23, helping to offset slow revenue growth.						
<b>Low equity risk premium</b>	The weaker-than-expected growth has pulled Thai equity risk premium back below long-term average and lower than EM peers. It suggests that the Thai market is more vulnerable than other emerging market indices to an ongoing rise in yield as Thailand screens as expensive through an ERP lens. Relative high valuation will keep institutional and foreign investors from stronger allocations.						
<b>Earnings downgrades</b>	Consensus 2023 EPS estimates have been downgraded 3% after weaker-than-expected growth in 4Q22 on easing in pent-up demand and weak manufacturing and exporting sectors. We are concerned about export-related sectors that have not seen downgrades. As more than 30% of earnings by weight benefit from a lower oil price, there could be a round of earnings upgrades after a large 7% downgrade in 1Q23 on the lag in cost benefits.						
<b>2Q23 strategy</b>	Economic growth will underwhelm and corporate profit in 1Q23 will stay under pressure. Thai stock prices have diverged from the business cycle. They will likely converge on the downside in the first half of 2Q23, aligning with a bottom for earnings. Cyclical conditions for a trough will likely be clearer by mid-2Q23. In 2Q23, a share price correction offers a window to accumulate for recovery in 2H23. Attractive investment can still be found, but very selectively.						
<b>SET Index target</b>	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 early 2Q23						
<b>Sector weighting 2Q23</b>	<table border="0"> <tr> <td><b>Overweight</b></td> <td>Commerce, Construction Materials, Electronics, Packaging, Petrochemical</td> </tr> <tr> <td><b>Neutral</b></td> <td>Air Transportation, Automotive, Bank, Energy, Entertainment/Media, F&amp;B, Healthcare, Hotel, REIT, Utilities,</td> </tr> <tr> <td><b>Underweight</b></td> <td>Agribusiness, Land Transportation, Residential/IE, Telecommunication</td> </tr> </table>	<b>Overweight</b>	Commerce, Construction Materials, Electronics, Packaging, Petrochemical	<b>Neutral</b>	Air Transportation, Automotive, Bank, Energy, Entertainment/Media, F&B, Healthcare, Hotel, REIT, Utilities,	<b>Underweight</b>	Agribusiness, Land Transportation, Residential/IE, Telecommunication
<b>Overweight</b>	Commerce, Construction Materials, Electronics, Packaging, Petrochemical						
<b>Neutral</b>	Air Transportation, Automotive, Bank, Energy, Entertainment/Media, F&B, Healthcare, Hotel, REIT, Utilities,						
<b>Underweight</b>	Agribusiness, Land Transportation, Residential/IE, Telecommunication						
<b>Recommendations</b>	We look at stocks that 1) have good balance sheets and cash flows, 2) are gaining momentum from domestic demand reopening, 3) are showing bottoming earnings and steady recovery, 4) under-owned by foreign investors. Our top picks in 2Q23 are AU, CPALL, KCE, PTTGC, SCGP						

# Investment roadmap from a macro perspective



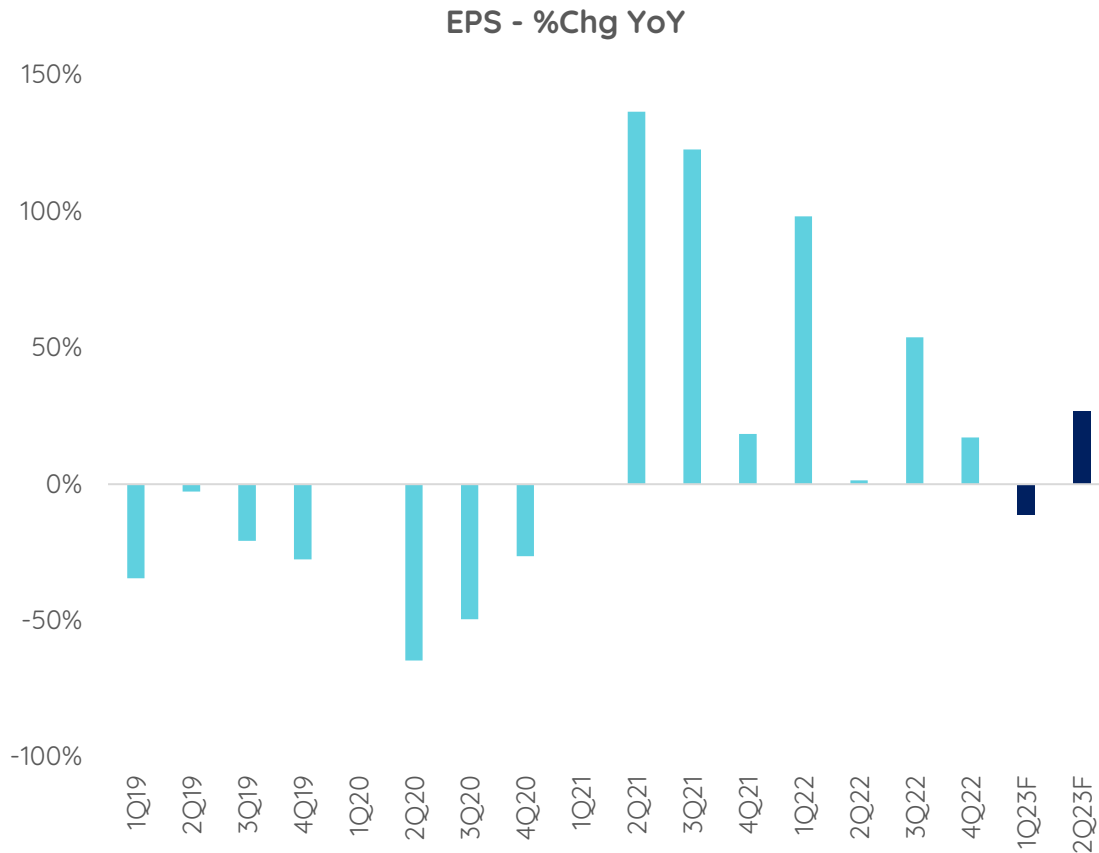
# Macro & market themes summary

## What are we looking for in 2Q23?



# Earnings bottom out is key

## Expect an earnings recovery from 2Q23 onward



In 2Q23, China's reopening will have a positive impact on the Thai economy through trade of goods, tourism and commodity channels. Thailand will be a huge beneficiary of renewed China outbound travel. Higher commodity prices may pose headwinds for energy importing economies, although the listed commodity sector should benefit. Korea is benefiting via the semiconductor sector, which supports Thailand's electronic export demand. Domestic demand remains strong. Thus, overall revenue growth is expected to start recovery along with easing cost pressure from 2Q23.

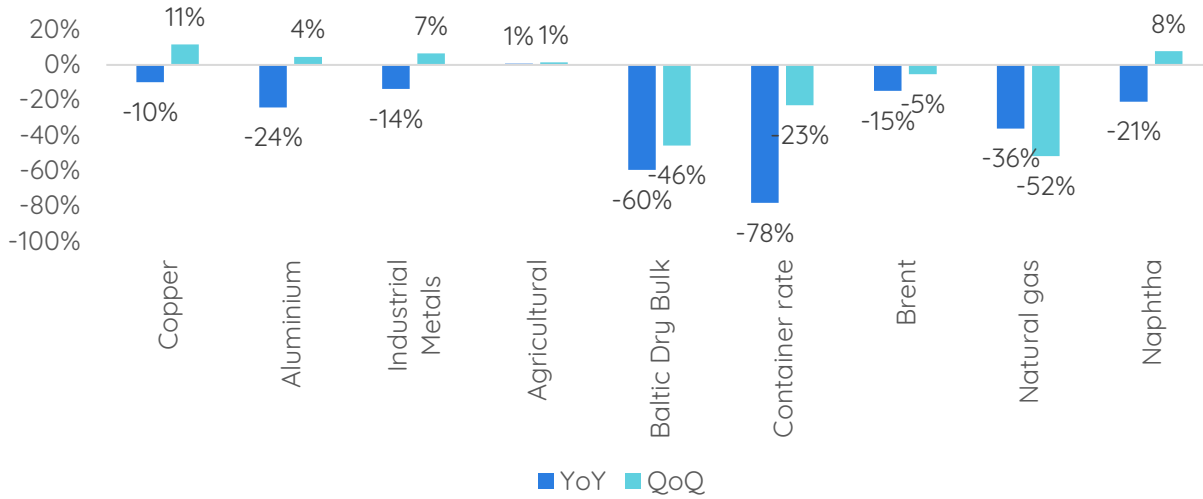
All this suggests that Thai corporates will see the year's weakest earnings growth in 1Q23. Thai stocks could see another down-leg, suggesting a limited chance of foreign equity inflows in 2Q23. However, we believe the share price correction offers a good opportunity to accumulate for a recovery in 2H23, especially in Electronics, Tourism, Petrochemicals and Commerce.



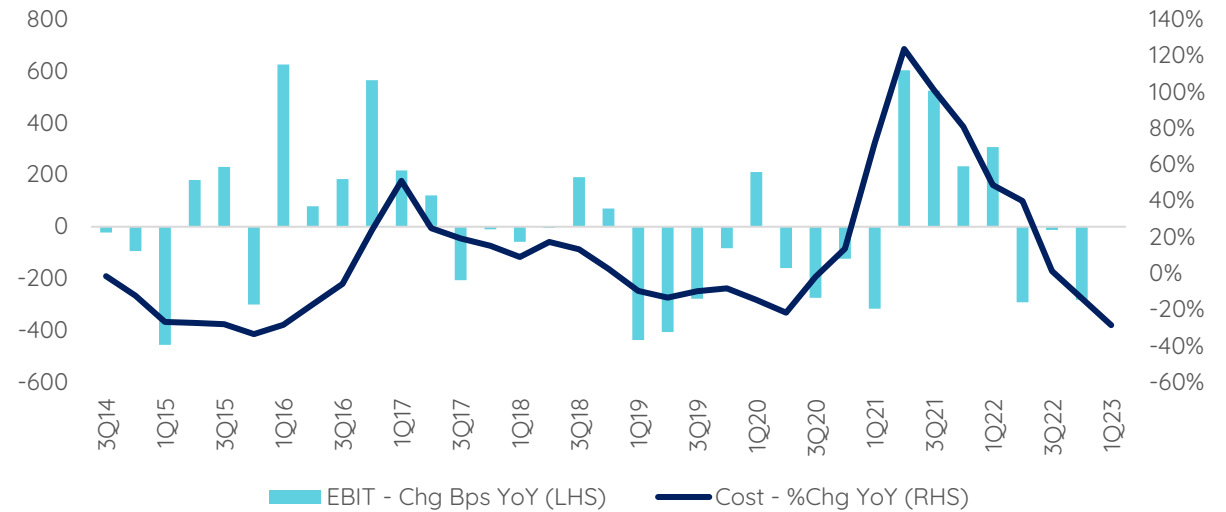
# Will margin contraction continue?

## Expect cost pressure to ease

Costs of raw materials are declining



SET quarterly OP growth vs changes in input cost (YoY)

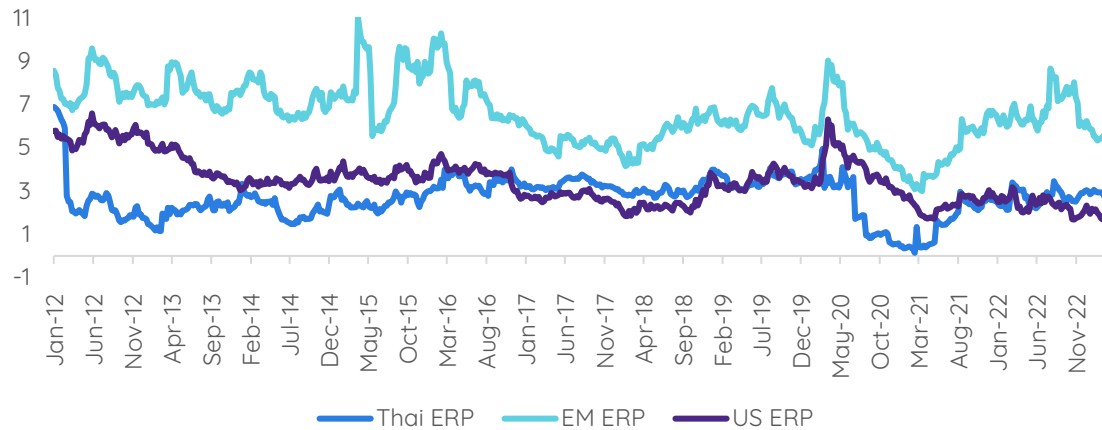


Prices for commodities such as copper, aluminum, oil, natural gas and freight rate have been trending down since late 2Q22 on the back of easing supply chain disruption and high base from 2021 and continued to decline in 2H22 on recession fears and a strong dollar. Average cost of raw materials and transportation in 1Q23TD has fallen 29% YoY and 10% QoQ, sufficient to stop a margin contraction. According to our analysis, operating margin tends to expand with a two to three quarters lag, implying operating profit for Thai companies will trough in 1Q23 and expand from 2Q23 on, helping offset slow revenue growth. Thus, we expect earnings of Thai corporates to bottom out from margin contraction in 1Q23 and start to recover strongly in 2H23.

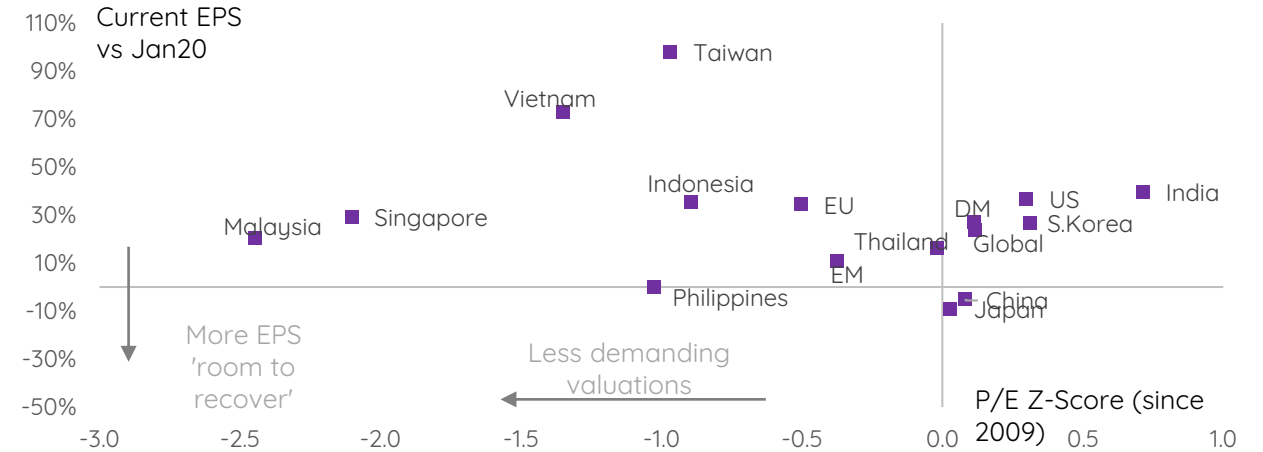
# Equity risk premium is back at its low

## Thai stock valuations are high; time to be more selective

The low US and Thai equity risk premium stands out



Growth at reasonable price framework



We find dispersion across valuation and earnings metrics at the individual market level. The weaker-than-expected growth has sent the Thai equity risk premium back below long-term average and lower than EM peers. It does suggest that the Thai market is more vulnerable than other emerging market indices to an ongoing rise in yield as Thailand screens as expensive through an ERP lens.

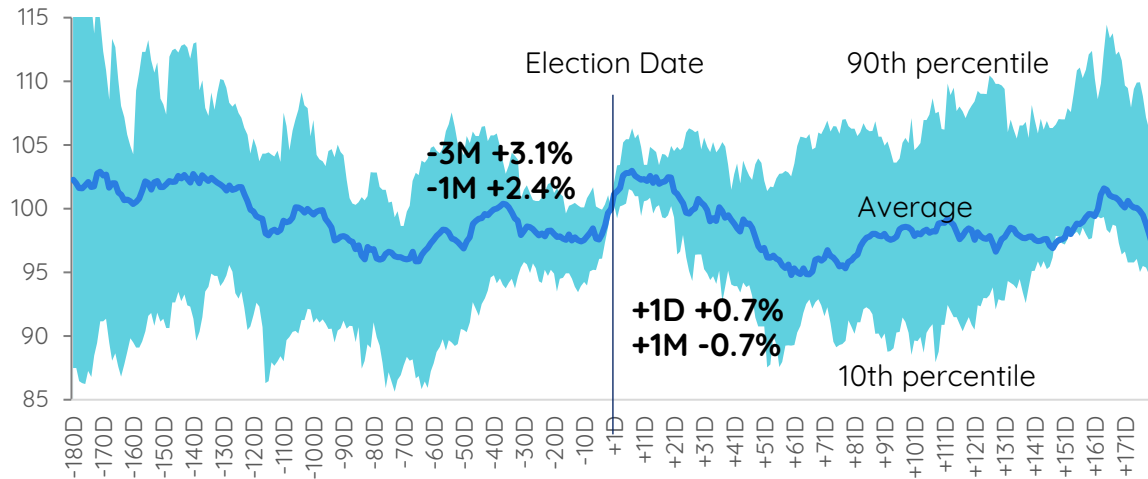
According to our data, ERP jumped higher immediately before the market made a low. ERP has always moved higher in the three months before a correction low.

Although Thailand has room to recover on the return of tourism and domestic consumption that could offer upside, economic growth will underwhelm and corporate profit will stay under pressure in 1Q23. Thai stock prices have diverged from the business cycle. They will likely converge on the downside in the first half of 2Q23. Thus, relatively high valuation keeps the institutional and foreign investors from a stronger allocation. Attractive investments can still be found, but on a very selective basis.

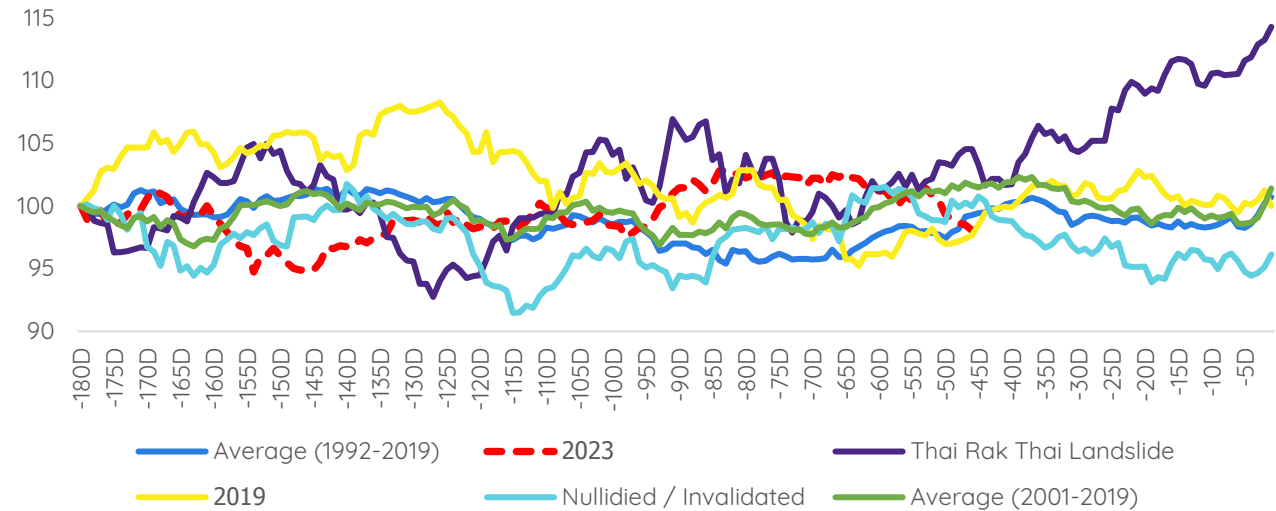
# Thailand general elections in 2Q23

## Will history repeat itself?

SET Index performance before and after election since 1992



SET Index movement before the general election



A general election is expected to be held on May 7, 2023 as scheduled by the Election Commission. The key rule differences from 2019 are: 1) no levelling seats, 2) use “mixed member majoritarian” representation, 4) constituency MPs increase 50 seats and party-list MPs decrease 50 seats. We take no view on the upcoming general election. Historically, 60% of SET-listed stocks react positively two months before an election with average returns of 2%; banking, ICT and media sectors showed the highest returns. We find that the SET Index performance in 2023 is underperforming relative to previous election periods.

Investors should not use this as an excuse to try to time the market. Elections have made essentially no difference when it comes to long-term investment returns. We are concerned about policies offering debt suspension. What companies would gain from political policies is uncertain given government budget limitations and high public debt.

# Sector and earnings outlook

# Sector outlook for 2Q23

## Stable inside, Fragile outside

Air Transportation	Automotive	Bank	Commerce	Construction Materials
<p>For AOT, positive factors in 2Q23 are accelerating international passenger and ends of concessionaire assistance (on March 31) and it will resume the minimum guarantee per passenger scheme on April 1, onward. With this, we expect AOT's core earnings to improve YoY and QoQ. We expect AAV's operations to improve YoY but drop QoQ on seasonality. However, the lower season may be supported by growing China market as AAV plans to increase flight frequency to 40 flights/week in 1Q23, 100 flights/week in 2Q23 and 110 flights/week in 3Q-4Q23 (vs. 140 flights/week in 2019).</p>	<p>We expect sales and earnings of auto parts suppliers in 2Q23 to increase YoY but drop QoQ on seasonality (long holiday), aligning with Thai auto production. The pressure on gross margin comes from rising electricity price. We flag concerns on economic uncertainty, increasing cost of living and rising interest rates that may derail auto demand.</p>	<p>For 2Q23F, we expect earnings to rise YoY (better NII from higher NIM) and stable QoQ (stable topline and provision).</p>	<p>Sector earnings to grow YoY in 2Q23F, backed by better SSS growth and margin from revived economic activities, more tourists, better market sentiment and more spending before/during election. Rental income recovery will add to earnings growth.</p>	<p>We expect sector earnings to drop YoY, eroded by high energy and utilities costs. More price rises to cover higher costs amid slightly better demand will be a factor to monitor. However, the sector's earnings are expected to increase QoQ on seasonality.</p>
Electronics	Energy	Finance	Food & Beverage	Healthcare
<p>We expect the sector's earnings to recover in 2Q23, supported by more stable forex exchange rates and a better market situation after China reopened and expectation that inventory levels will return to normal levels. EV-related and data center products will continue to be the sector's growth drivers.</p>	<p><b>Oil &amp; Gas:</b> Oil price could be stable from 1Q23 given a similar demand-supply gap before demand exceeds supply in 2H23. Oil refiners will benefit from strong crack spread for gasoline and jet fuel as demand for transport fuel continues to recover from China's reopening. <b>Utilities:</b> Lower imported LNG price and volume and more domestic gas supply will reduce cost pressure on power producers. Electricity tariff will be kept at the current level until the new government takes office, to alleviate EGAT's debt burden. SPP operators will benefit from better energy efficiency of new power plants under the SPP Replacement scheme.</p>	<p>We expect most finance companies to see 2Q23F earnings fall YoY (larger provision) but stable QoQ (Robust loan growth to be offset with falling NIM and higher provision).</p>	<p><b>Food:</b> We expect 2Q23F sector earnings to rise QoQ from seasonality but drop YoY, hit by weaker margin from lower local livestock prices from additional supply (led by illegally import pigs and swine meat in 2023TD), potentially drop in broiler export selling prices from the drop in freight costs amid higher feed costs. <b>Beverage:</b> We expect sector earnings to grow QoQ but drop YoY from improving gross margin mainly from aluminum and natural gas. While volume is expecting to grow QoQ from seasonality.</p>	<p>2Q is a normal low season for hospital operators. However, we expect the low season in 2Q23 for BDMS and BH will be supported by rising international patient traffic. For BCH and CHG, we maintain our view that their earnings downturn with a YoY fall (and also a QoQ drop on seasonality) will continue in 2Q23 off the high base from COVID-19 services in 1H22. Upside for BCH and CHG is an SC rate hike: Our sensitivity analysis suggests a 1% increase in SC rate would add 1.5% to BCH's earnings in 2023 and 1.2% to CHG's earnings in 2023.</p>
Hotel	ICT	Land Transportation	Petrochemicals	Property
<p>For AWC, CENTEL and ERW, whose hotels are primarily situated in Thailand, we expect 2Q23 earnings to improve YoY but drop QoQ on seasonality. However, the lower season may be supported by a flow of tourists from China. MINT is the exception because of its exposure to Europe, where 2Q is a high season, with QoQ earnings increasing in 2Q23. We believe hoteliers will continue to focus on raising ARR. Monitor staffing plan post amalgamation. - whether levels are sufficient as 2H23 brings more tourists.</p>	<p>Sector earnings should continue to improve QoQ and YoY. We expect mobile revenue to improve further, driven by higher roaming revenue (from rising number of tourists) and ongoing improvement in economic activities. Key focus for investors will be TRUE's business</p>	<p>Strong earnings recovery driven by improving traffic and ridership will continue in 1Q23 as the number has not reached pre-COVID level yet. However, we believe this should not be enough to drive share price further. We see sector lack of positive catalyst.</p>	<p>Demand recovery is expected to continue especially in Asia due to China's reopening while fears of economic recession in Europe could hold back product restocking at full stream. Pressure from feedstock cost could return somewhat as demand for gasoline blend stock increases which causes lower naphtha supply. Product spread could remain sober until market sentiment improves at the stronger pace to offset new supply, mainly in Asia.</p>	<p>2Q23 presales are expected to rise QoQ but slip YoY on the expiration of the LTV easing at end-2022. 2Q23 earnings will tend to be flat YoY off a high base but up QoQ from backlog recognition.</p>

# Earnings outlook in 2023

## Low base effect; growth normalization expected in 2024

	Net Profit (Btm)			Growth (%)		
	22A	23F	24F	22A	23F	24F
Agribusiness	2,044	1,826	1,928	876.6	(10.7)	5.6
Automotive	4,404	4,636	5,032	25.9	5.3	8.6
Banking	201,271	238,778	260,855	9.1	18.6	9.2
Commerce	42,858	52,807	62,671	9.6	23.2	18.7
Construction Materials	26,056	32,563	38,572	(52.4)	25.0	18.5
Energy & Utilities	232,485	273,419	276,088	10.8	17.6	1.0
Finance & Securities	30,071	31,820	35,754	6.2	5.8	12.4
Food & Beverage	37,990	35,369	39,394	150.8	(6.9)	11.4
Health Care Services	24,391	22,949	24,803	15.0	(5.9)	8.1
ICT	20,098	30,498	36,015	(47.3)	51.7	18.1
Insurance	13,245	16,779	17,468	8.4	26.7	4.1
Packaging	5,801	7,045	8,107	(30.1)	21.4	15.1
Personal Products & Pharma	124	174	215	4.0	40.8	23.7
Petrochemicals & Chemicals	23,207	49,246	57,998	(67.6)	112.2	17.8
Property Development	36,277	35,174	36,991	40.9	(3.0)	5.2
Tourism & Leisure	174	1,996	2,899	(104.6)	1,047.7	45.2
Transportation & Logistics	(16,994)	19,486	34,963	(6.1)	214.7	79.4
<b>InnovestX Universe</b>	<b>683,502</b>	<b>854,564</b>	<b>939,754</b>	<b>(1.0)</b>	<b>25.0</b>	<b>10.0</b>

Thailand's economy is set to benefit from China's reopening through trade and tourism channels. In addition, a slew of infrastructure projects valued at US\$15bn will fuel growth in 2023, shielding the economy from weaker exports and manufacturing activities and any delay in budget approval due to elections.

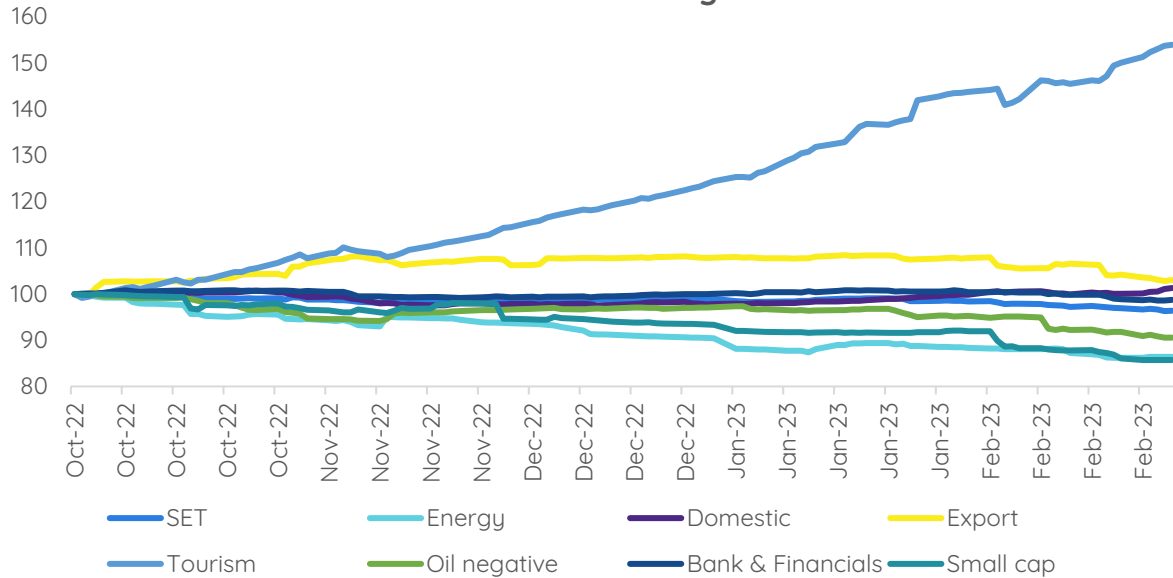
Although we believe growth target is achievable in 2023, key concerns in 1H23 are weakening demand and margin pressure, which is expected to subside in 2H23.

On this basis, we expect earnings for companies under InnovestX coverage to grow 25% YoY in 2023 (vs consensus of +18%) despite a global slowdown. Most sectors will report solid EPS growth in 2023, driven by Commerce, Construction Materials, Telecom, Insurance, Petrochem, Tourism and Transportation. However, Healthcare, Food and Property are expected to slow down in 2023.

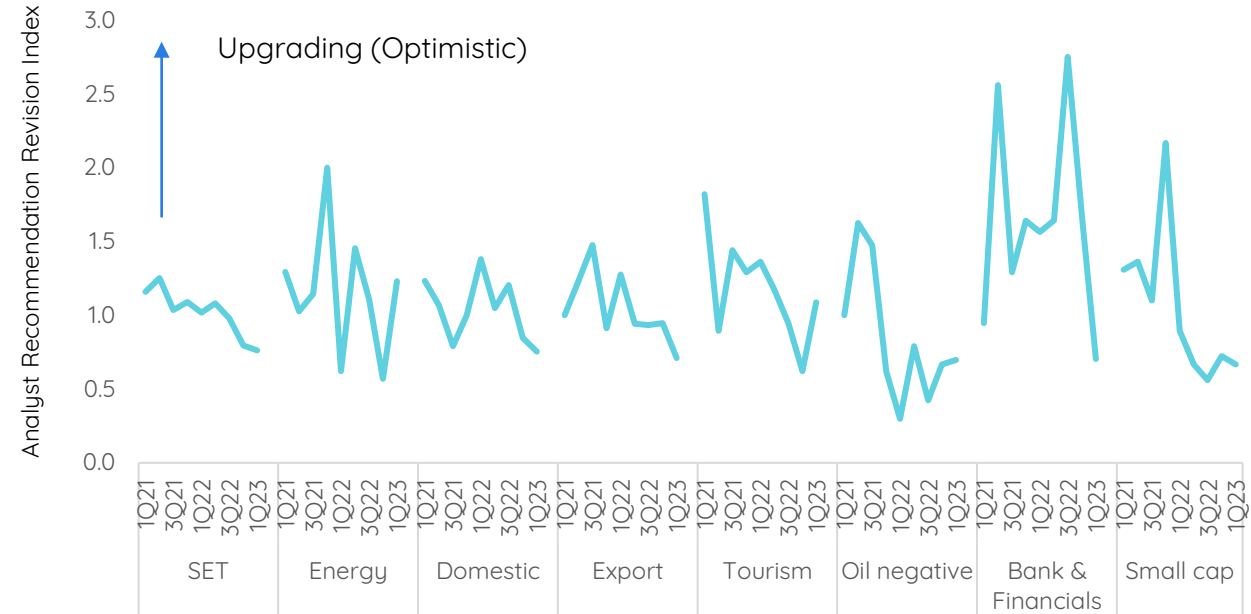
# Earnings outlook in 2023

## Downgrading?

Thai market - Earnings revision



Analysts are downgrading their recommendation



Consensus 2023 EPS estimates have been downgraded 3% after weaker-than-expected growth in 4Q22 on easing in pent-up demand and weakness in manufacturing and exporting sectors. High contributors in downward revisions are: 1) Energy, on the back of falling oil price (6% QoQ, 15% YoY), 2) financials, from expected rises in NPLs and 3) small-cap, from cost pressure and growth picture. At the same time, domestic and tourism-related sectors were upgraded 4% and 24% thanks to robust demand growth and China's reopening. We are concerned about export related sectors that have not seen downgrades, but whose exports are slowing. On the other hand, as more than 30% of earnings by weight benefit from lower oil price, there could be a round of earnings upgrades after the large 7% downgrade in 1Q23. Overall, we expect the market to see further downgrades, as the growth outlook is weakening.

# Summary of 2023 sector outlook

	2Q22	3Q22	4Q22	1Q23	2Q23	Catalysts	Risks
Commerce	8	7	7	8	8	Revived economic activities, more tourists, better sentiment and more spending before/during election	Key risks are changes in purchasing power, higher costs from inflationary pressure and higher interest rate.
Energy (Oil & Gas)	8	7	8	8	8	Higher seasonal demand, mainly gasoline, and recovery of jet fuel demand on recovering air travel. This will support GRM in 2Q23, though this could be weaker YoY from the peak in 2Q22 on the Russian invasion of Ukraine.	Wider crude premium and weaker demand growth than expected due to fears of an economic slowdown.
Tourism	7	8	8	8	8	Pent-up demand of tourists from China. Government stimulus for domestic travel.	Economic slowdown. Cost inflation that would damage profitability
Utilities	8	7	8	8	8	SPP operators will continue to enjoy higher Ft rate YoY in May, though it is expected that ERC will gradually reduce Ft to reflect lower fuel cost. Ft rate in 1H23 should remain better YoY. Gas cost will be lower due to more domestic gas supply.	Lower electricity demand from industrial users from a global economic slowdown, higher fuel cost than expected and lag from Ft rate adjustment.
Beverage	5	7	7.5	6	7	Cost of major raw material lower than 2022, competition and market share of major players.	Intense competition in energy drink market with cost fluctuation and higher marketing expenses.
Electronics	5	5	5	6	7	Expect earnings to soften QoQ in 1Q23 on the baht appreciation in the quarter but expect earnings recovery from 2Q23, especially companies related to EV products	The economic recession is expected to impact overall electronic demand and forex fluctuations.
Healthcare	7	7	7	7	7	Flow of international patients after Thailand's reopening. Stronger EBITDA margin from higher revenue mix from international patients. Possible SC rate hike	Unpredictable events that will interrupt patient traffic. Intense competition. Staffing shortages
Bank	6	6	6	6	6	Upside on NIM from interest rate hikes, attractive valuation.	Asset quality risk from the global economic slowdown.
Insurance	6	6	7	7	6	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, volatile capital market
Property	6	7	7.5	6	6	Back to normal LTV will slow down demand with softer presales growth.	Higher interest rate with higher rejections.
Automotive	5	5	5	5	5	Specific factors e.g. new orders, easing chip shortage	Economic uncertainty, rising cost of living and higher interest rates that may derail auto demand. Rising operating cost, e.g. electricity cost
Chemical	5	5	4	4	5	China's reopening will continue to boost demand, but naphtha cost will be higher as refineries shift production yield to gasoline instead.	Weaker than expected demand growth from China's reopening and capacity additions, mainly from China will increase pressure on supply. Product margin could be capped by higher operating rate at existing plants.
Con Mat	4	4	4	6	5	Fuel costs (coal and natural gas) are gradually decreasing, while demand and ASP are rising moderately. However, this is partially offset by higher utilities cost.	Key risks: changes in purchasing power and higher costs from inflationary pressure
ICT	6	6	6	4	5	Easing competition on mobile and FBB	ARPU impact since TRUE has to reduce weighted average price by 12% post amalgamation.
Land Transport	5	7	6	6	4	Strong earnings improvement QoQ and YoY from rising traffic and ridership	Rising regulatory risk
Finance	5	5	5	4	3	Slower but still robust loan growth	Asset quality risk from inflation headwinds and the global economic slowdown, rising cost of funds and rising competition from banks
Food	6	7	6	6	3	Lower local livestock prices amid higher feed costs	Key risks are weaker product prices from additional supply, fragile purchasing power caused by inflationary pressure, higher feed costs and interest rate.



# Navigating the positive earnings momentum

SECTOR	1Q23		2Q23		Reason
	YoY	QoQ	YoY	QoQ	
Energy (Oil & Gas)	-	+	-	+	Energy – core profit to improve QoQ in 1Q23 and further in 2Q23 on higher demand for transport fuel driven by China’s reopening. Lower impact from inventory loss will also support profit QoQ. Market GRM will be driven by gasoline in 2Q23 although this will be lower than its peak in 2Q22.
Utilities	+	+	+	+	Utilities – lower pressure from fuel cost will continue to support core earnings. Ft rate is expected to stay at current level despite lower fuel cost given EGAT’s debt burden caused by high energy cost in 2022.
Tourism	+	+	+	-	YoY better earnings is supported by growing international tourist arrivals, bringing higher RevPar. However, the QoQ lower season in 2Q23 may be supported by a stronger flow of tourists from China.
Insurance	+	+	+	+	Better combined ratio (from a shift in product mix and PAD release on matured policies), recovering new business premium growth and benefit from rising bond yield on ROI, EV and VNB
Petrochemicals	-	+	-	=	China’s reopening is the key catalyst for margin while oil price volatility and global economic uncertainties could delay inventory restocking. New supply will hinder product spread recovery. Raw material costs are expected to soften in 1Q23 before rising in 2Q23 due to higher demand for gasoline blend stock.
Commerce	+	-	+	-	Revived economic activities, more tourists, more spending before/during election are key catalysts.
Automotive	+	+	+	-	YoY better earnings in 2Q23 supported by growing auto production and new orders with a QoQ earnings drop on seasonality (long holiday).
Healthcare	+/-	+/-	+/-	-	2Q is a lower season for the healthcare sector. For BDMS and BH, we expect earnings to grow YoY from growing international patients. For BCH and CHG, we expect earnings to drop YoY off the high base from COVID-19 services.
ICT	+	+	+	+	Earnings should start to improve in 1Q23 from rising tourist-related income and stable competition.
Land Transport	+	+	+	+	Benefits from returning domestic activities.
Food	-	-	-	+	Lower local livestock prices amid higher feed costs.
Property	0	-	-	+	Slower demand expected in 1Q23 while backlog booked will back 2Q23 earnings.
Bank	+	+	+	=	In 1Q23F, we expect earnings to grow both YoY (better NII from higher NIM) and QoQ (lower opex). In 2Q23F, we expect earnings to rise YoY (better NII from higher NIM) and be stable QoQ (stable topline and provisions).
Electronics	+	-	+	+	Earnings are expected to soften in 1Q23 on the impact from baht appreciation but then improve in 2Q23 on better backlog orders, especially from EV-related products.
Conmat	-	+	-	-	We expect 1Q23 core earnings to grow QoQ on seasonality, but weaken YoY on higher energy and utilities costs.
Finance	-	=	-	=	We expect earnings in 1H23 to be pressured by rising credit cost and cost of funds with slower but still strong loan growth.

# Sector weightings and valuations in 2Q23

Sector	Recommended sector weighting	Current SET weight	2022 returns	YTD returns	Growth		Net profit CAGR 22-24	P/E		P/B		Dividend yield		Ev/Ebitda (x)	
					23F	24F		23F	24F	23F	24F	23F	24F	23F	24F
Building Materials	Overweight	3.30%	-8%	-6%	25%	18%	22%	14.8	12.5	0.9	0.9	2.9	3.3	10.7	8.7
Commerce	Overweight	10.20%	5%	-5%	23%	19%	21%	31.7	26.7	2	1.9	1.5	1.6	12.9	11.7
Electronics	Overweight	7.10%	57%	16%	115%	-4%	11%	58.9	51.1	7	6.1	0	0	45.5	39.7
Petrochemical	Overweight	2.50%	-11%	-4%	112%	18%	58%	8.9	7.6	0.8	0.8	3.2	4.5	6.2	5.4
Air Transportation	Neutral	5.40%	23%	-4%	-27%	2%	16%	n.m.	75.9	8.6	7.4	0	0	29.8	19.5
Automotive	Neutral	0.40%	-2%	-2%	5%	9%	7%	7.3	6.7	0.8	0.8	5.6	6	3.4	2.8
Bank	Neutral	9.20%	-6%	-2%	19%	9%	14%	7.3	6.7	0.6	0.6	4.1	4.6	-	-
Energy	Neutral	20.20%	2%	-9%	18%	1%	9%	9.9	9.8	0.9	0.9	4.5	4.8	4.5	4.2
Food & beverage	Neutral	6.60%	-5%	-1%	-7%	11%	2%	20	17.9	1.3	1.2	2.4	1.7	9.7	9.4
Healthcare	Neutral	4.90%	25%	-3%	-6%	8%	1%	30.6	28.3	4.8	4.4	2.4	1.8	17.2	15.9
Hotel	Neutral	0.80%	36%	9%	1048%	45%	308%	48.6	33.4	3.8	3.4	-	0.8	14.5	12.2
REITs / PF / IF	Neutral	1.70%	-10%	1%	-28%	-9%	30%	9.6	9.6	0.8	0.8	0.1	0.1	8.8	7.8
Utilities	Neutral	4.60%	9%	-7%	21%	-34%	70%	31.1	25	2.9	2.7	0	0	19.2	15.1
Agribusiness	Underweight	0.50%	-20%	5%	-11%	6%	-3%	8.3	7.9	0.8	0.8	1.7	2.4	6.3	5.8
Land Transportation	Underweight	1.20%	5%	-5%	-27%	2%	16%	49	40	2	2	0	0	27.5	26.4
Residential/IE	Underweight	6.00%	14%	-3%	-3%	5%	1%	13.6	12.9	1.3	1.3	3.8	4	14	13
Telecoms	Underweight	8.00%	-14%	1%	52%	18%	34%	29	24.6	5.1	4.8	10.4	2.8	6.5	6

# SET Index scenario & picks

# Year-end 2023 top-down SET Index target is 1,750

## Keeping our target unchanged

	Book value (2023)	Target P/B		Market Cap	
		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
<b>Implied target</b>				<b>1,924</b>	<b>1,750</b>

# SET Index scenario for 2023

## Conditions for a trough will likely be clearer in 2Q23

1Q23

“Bad news is good news”. Earnings are slowing and financial stability risks rising globally. Although economic indicators show diminished growth momentum, the global economy is not at imminent risk of sliding into recession. A Fed pivot is not around the corner amid sticky inflation. EU and China are in better shape.

2Q23

We expect to see some signs of economic and earnings bottoms with full impact of China’s reopening and limited chance of an EU recession. Elements in 2Q23 that could trigger market bottoming include: 1) peak of hawkishness or Fed pivot, 2) a bottom for earnings. Cyclical conditions for a trough will likely be clearer this quarter. A weak dollar is positive for risk assets, especially in EM markets.

3Q23

We expect the market rally to continue. Positive momentum is mostly priced in. Earnings for Tech will start to recover. The degree of market rally will be driven by the micro level. It may not as good as previously expected due to weaker growth than expected. However, the macro will shift focus to global credit events and recession shadows. EM and AEJ market growth normalization is expected.

4Q23

Market returns seem limited because growth in 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 a recession could limit downside. We think that equities are likely to still have significant downside if a full recession takes place in 2H23.

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

# Key entry level and profit-taking level

Trading range is between 1,550-1,650 in 2Q23

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	15.7	17.4	1,783	11%	18.8	1,926	20%	14.4	1,475	-8%
P/B and ROE	1.5	1.7	1,774	10%	1.9	2,004	25%	1.4	1,477	-8%
Equity Risk Premium	ERP 7% / Rf 1%	ERP 7% / Rf 1.5%	1,798	12%	ERP 6% / Rf 1.75%	1,863	16%	ERP 7.5% / Rf 1%	1,464	-9%
Earnings Yield Gap	383	313	1,836	14%	239	2,080	29%	373	1,515	-6%
Hopes and Dreams	17%	25%	1,735	8%	33% (Percentile 90%)	1,863	16%	15% (Percentile 10%)	1,535	-4%
		<b>Average</b>	<b>1,785</b>	<b>11%</b>		<b>1,947</b>	<b>21%</b>		<b>1,493</b>	<b>-7%</b>
		<b>Median</b>	<b>1,783</b>	<b>11%</b>		<b>1,926</b>	<b>20%</b>		<b>1,477</b>	<b>-8%</b>

Yield Gap	EPS FY2023				
	-5%	-1%	Base (EPS 103)	+1%	5%
2.90%	1,757	1,831	1,850	1,868	1,942
3.60%	1,564	1,630	1,647	1,663	1,729
4.30%	1,419	1,478	1,493	1,508	1,568
4.90%	1,282	1,336	1,350	1,363	1,417
Forward P/E					
-2SD (11.5x)	1,122	1,170	1,181	1,193	1,240
-1SD (14.4x)	1,406	1,465	1,480	1,494	1,553
Avd (17.4x)	1,689	1,760	1,778	1,795	1,867
+1SD (20.3x)	1,972	2,055	2,076	2,096	2,180

Combining various approaches points to limited valuation upside even in the bull case scenario. We quantify potential base and bear case scenarios which point to median 11% valuation upside and 8% 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 5% margin of safety from current level or 1,550-1,600. In 2Q23, 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 the bottoming out of new manufacturing orders, earnings recovery and Fed pivot could pull the SET Index below 1,550 in 2Q23. On the other hand, the peak of hawkishness, steady recovery in China's growth, a "no landing" scenario, bottom for earnings and a general election in Thailand may put market sentiment in the upper bound of 1,750 in 2H23.

# Our top picks in 2Q23 - AU, CPALL, KCE, PTTGC, SCGP

## High recovery visibility

Based on our analysis, there are four stock characteristics that can outperform the market in 2Q23. We look at stocks that have:

- 1) Good balance sheets that will cushion in a highly uncertain environment and external risks
- 2) Domestic demand appeal/reopening benefits from China's reopening.
- 3) Earnings momentum/visibility in 2H23 from demand recovery with easing cost pressure.
- 4) Under-owned by foreign investors.

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 as domestic is somewhat more resilient on domestic consumption and tourism. Our view is still more consistent with slow disinflation amid some improvement in global growth that could support a global cyclical basket. Cyclical conditions for a trough will likely be clearer by mid to late 2Q23. Thus, our top picks in 2Q23 are AU (strong earnings growth, reopening), CPALL (domestic consumption, strong operating performance), KCE (earnings bottom, industry recovery), PTTGC (indirect benefits from China's reopening), SCGP (easing cost pressure, demand recovery).

### Top picks valuation table

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
					22A	23F	24F	22A	23F	24F	22A	23F	24F	22A	23F	24F	22A	23F	24F	22A	23F	24F
AU	Outperform	11.1	13.0	19.2	76.4	47.6	38.2	2,565	60	25	9.8	9.1	8.7	14	20	23	1.4	2.1	2.6	29.3	22.1	19.0
CPALL	Outperform	62.0	78.0	27.3	44.1	34.1	28.0	64	29	22	1.9	1.9	1.8	5	6	7	1.2	1.5	1.8	12.7	11.5	10.4
KCE	Outperform	47.0	61.0	32.0	22.9	22.6	21.4	115	2	5	9.1	4.0	3.7	17	17	17	2.2	2.2	2.3	18.5	14.8	13.3
PTTGC	Neutral	48.0	56.0	21.5	15.7	10.4	8.8	(57)	51	19	0.7	0.7	0.7	4	7	8	2.1	4.8	5.6	9.9	7.5	6.9
SCGP	Outperform	53.3	65.0	23.2	39.6	32.4	28.2	(23)	22	15	1.9	1.8	1.7	5	6	6	1.1	1.1	1.1	13.6	11.8	10.7
<b>Average</b>					<b>39.7</b>	<b>29.4</b>	<b>24.9</b>	<b>533</b>	<b>33</b>	<b>17</b>	<b>4.7</b>	<b>3.5</b>	<b>3.3</b>	<b>9</b>	<b>11</b>	<b>12</b>	<b>1.6</b>	<b>2.3</b>	<b>2.7</b>	<b>16.8</b>	<b>13.5</b>	<b>12.1</b>

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ข้อมูลในรายงานนี้เป็นข้อมูลที่มีการเปิดเผยต่อสาธารณะ ซึ่งนักลงทุนสามารถเข้าถึงได้โดยทั่วไป และเป็นข้อมูลที่เชื่อว่าน่าเชื่อถือได้ แต่ทั้งนี้ บริษัทหลักทรัพย์ อินโนเวสต์ เอกซ์ จำกัด (“บริษัท”) มิได้ยืนยันหรือรับรองถึงความถูกต้อง หรือสมบูรณ์ของข้อมูลดังกล่าวแต่อย่างใด ความคิดเห็นที่ปรากฏอยู่ในรายงานนี้เป็นเพียงการนำเสนอในมุมมองของบริษัท และเป็นความคิดเห็น ณ วันที่ที่ปรากฏในรายงานเท่านั้น ซึ่งอาจเปลี่ยนแปลงได้ภายหลังวันดังกล่าว โดยบริษัทไม่จำเป็นต้องแจ้งให้สาธารณชน หรือนักลงทุนทราบ รายงานนี้จัดทำขึ้นเพื่อเผยแพร่ข้อมูลให้แก่นักลงทุนเท่านั้น บริษัทไม่รับผิดชอบต่อการนำข้อมูลหรือความคิดเห็นใดๆ ไปใช้ในทุกระณ ดังนั้นนักลงทุนจึงควรใช้ดุลพินิจในการพิจารณาตัดสินใจก่อนการลงทุน นอกจากนี้ บริษัท และ/หรือ บริษัทในเครือของบริษัทอาจมีส่วนเกี่ยวข้องหรือผลประโยชน์ใดๆ กับบริษัทใดๆ ที่ถูกกล่าวถึงในรายงานนี้ก็ได้

บริษัทหลักทรัพย์ อินโนเวสต์ เอกซ์ จำกัด (INVX) เป็นบริษัทย่อยที่ธนาคารไทยพาณิชย์ จำกัด (มหาชน) (SCB) ถือหุ้นทั้งหมด ข้อมูลใดๆ ที่เกี่ยวข้อง กับ SCB มีวัตถุประสงค์เพื่อใช้ในการเปรียบเทียบเท่านั้น

เอกสารฉบับนี้จัดทำโดย บริษัทหลักทรัพย์ อินโนเวสต์ เอกซ์ จำกัด (INVX) ซึ่งมีธนาคารไทยพาณิชย์ จำกัด (มหาชน) (“ธนาคาร”) เป็นผู้ถือหุ้นรายใหญ่แต่เพียงผู้เดียว โดยธนาคารฯ เป็นที่ปรึกษาทางการเงินสำหรับธุรกรรมใด ๆ ของบริษัท เอสซีจี เคมิคอลส์ จำกัด (มหาชน) ความเห็น ชั่ว บทวิจย บทวิเคราะห์ ราคา ข้อความ การคาดการณ์ การประเมิน และ/หรือ ข้อมูลอื่นที่ระบุในเอกสารฉบับนี้ (“ข้อมูล”) มีวัตถุประสงค์เพื่อใช้เป็นข้อมูลทั่วไปเท่านั้น และไม่อาจตีความได้ว่าเป็นการให้คำแนะนำแก่บุคคลใดๆ หรือเป็นการเสนอซื้อ หรือเสนอขาย หรือชักชวนให้เสนอซื้อหรือเสนอขายหลักทรัพย์ โดย INVX และ/หรือกรรมการ พนักงาน และลูกจ้างของ INVX ย่อมไม่ต้องรับผิดชอบต่อความเสียหายใดๆ ทั้งความเสียหายทางตรง ความเสียหายทางอ้อม ความเสียหายจากการผิดสัญญา หรือความเสียหายอันสืบเนื่อง อันเป็นผลมาจากการใช้หรือการเชื่อถือต่อการใช้ข้อมูล ทั้งนี้ รวมถึงแต่ไม่จำกัดเพียงการสูญเสียผลกำไร นักลงทุนพึงใช้ข้อมูลในเอกสารฉบับนี้ประกอบข้อมูลและความเห็นอื่นๆ รวมถึงพิจารณาคุณลักษณะในการตัดสินใจลงทุน ข้อมูลในเอกสารฉบับนี้จัดทำขึ้นจากแหล่งข้อมูลที่ INVX เห็นว่าน่าเชื่อถือ โดย INVX ไม่รับรองถึงความถูกต้อง สมบูรณ์ และ/หรือ ครบถ้วนของข้อมูลดังกล่าว

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การซื้อขายฟิวเจอร์สและออปชั่น (Futures and Options) มีความเสี่ยงสูงที่อาจก่อให้เกิดผลขาดทุนอย่างมีนัยสำคัญ จึงไม่เหมาะสมกับบุคคลทุกคน ทั้งนี้ ก่อนการตัดสินใจซื้อขายฟิวเจอร์สและออปชั่น ท่านควรพิจารณาถึงฐานะทางการเงิน วัตถุประสงค์ในการลงทุน ประสบการณ์ในการลงทุนของท่าน ตลอดจนความเสี่ยงที่ท่านสามารถยอมรับได้อย่างรอบคอบ เนื่องจากมีความเป็นไปได้ที่ท่านอาจสูญเสียเงินลงทุนมากกว่าเงินลงทุนเริ่มแรก ท่านควรพิจารณาถึงความเสี่ยงทั้งหมดที่อาจเกิดขึ้นจากการซื้อขายฟิวเจอร์สและออปชั่น และท่านควรตัดสินใจลงทุนด้วยตนเอง และ/หรือ ในกรณีที่มีข้อสงสัย ท่านควรขอคำแนะนำจากที่ปรึกษาทางการเงิน

เอกสารฉบับนี้จัดส่งให้บุคคลที่กำหนด (intended recipient) เท่านั้น และห้ามมิให้ผู้ใดนำข้อมูลในเอกสารฉบับนี้ไปทำซ้ำ ส่งต่อ เผยแพร่ ขาย จำหน่าย คัดลอก นำออกแสดง หรือนำไปแสวงหาประโยชน์ในเชิงพาณิชย์ ไม่ว่าด้วยวิธีการใด ๆ โดยมิได้รับอนุญาตเป็นลายลักษณ์อักษรจาก INVX เป็นการล่วงหน้า

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## 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, AUCTION, 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, MCO, 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, SEAOL, SE-ED, SELIC, SENA, SENAJ, SGF, SHR, SICT, SIRI, SIS, SITHAI, SMP, SNC, SONIC, SORKON, SPALI, SPI, SPRC, SPVI, SSC, SSSC, SST, STA, STEC, STGT, STI, SUN, SUSCO, SUTHA, SVI, SYMC, SYNTEC, TACC, TASCOT, 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, TV, 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, KYE, 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, WIJK, WIN, WINMED, WORK, WP, XO, YUASA, ZIGA

## Companies with Good CG Scoring

A, A5, AI, ALL, ALPHA, 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, TCSS, 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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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. InnovestX Securities Company Limited does not conform nor certify the accuracy of such survey result.

To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition (Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2021 to 27 October 2022) is publicized.

\* บริษัทหรือกรรมการหรือผู้บริหารของบริษัทที่มีส่วนดำเนินการทำบัญชีการเงิน เช่น การกระทำผิดเกี่ยวกับหลักธรรมาภิบาล การทุจริต คอร์รัปชัน เป็นต้น ซึ่งการใช้ข้อมูล CGR ควรระมัดระวังถึงข้อจำกัดที่เกี่ยวข้อง

## Anti-corruption Progress Indicator

## Certified (ได้รับรับรอง)

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, 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, KGEN, KGI, KKP, KSL, KTB, KTC, KWI, L&E, LANNA, LH, LHFG, LHK, LPN, LRH, M, MAJOR, MAKRO, MALEE, MATCH, MBAX, MBK, MC, MCO, META, MFC, MFEC, MILE, MINT, MONO, MOONG, MSC, MST, MTC, MTI, 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, RABBIT, RATCH, RML, RWI, S&J, SAAM, SABINA, SAPPE, SAT, SC, SCB, SCC, SCCC, SCG, SCGP, SCM, SCN, SEAOL, SE-ED, SELIC, SENA, SGP, SINGER, SIRI, SITHAI, SKR, SMIT, SMK, SMP, SNC, SNP, SORKON, SPACK, SPALI, SPC, SPI, SPRC, SRICHA, SSF, SSP, SSSC, SST, STA, STGT, STOWER, SUSCO, SVI, SYMC, SYNTEC, TAE, TAKUNI, TASCOT, 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, TSC, TSTE, TSTH, TTA, TTB, TTCL, TU, TVDH, TVI, TVO, TWPC, UBE, UBIS, UEC, UKEM, UOBKH, UPF, UV, VGI, VIH, WACOAL, WHA, WHAUP, WICE, WIJK, XO, YUASA, ZEN, ZIGA

## Declared (ได้ประกาศเจตจำนง)

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, ABM, ACAP, ACC, ACE, ACG, ADB, ADD, AEONTS, AFC, AGE, AHC, AIT, AUA, AKR, ALL, ALLA, ALPHA, ALUCON, AMAR, AMARIN, AMC, AMR, ANAN, AOT, APEX, APP, APURE, AQ, AQUA, ARIN, ARIP, ARROW, ASAP, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCTION, AURA, BA, BBIK, BBIK, BCT, BDMS, BEAUTY, BEM, BGT, BH, BIG, BIOTECH, BIS, BIZ, BJC, BJCHI, BKD, BLAND, BLESS, BLISS, BM, BOL, BR, BRI, BROCK, BSM, BTG, BTNC, BTW, BUI, BVG, BYD, CAZ, CBG, CCET, CCP, CEYE, CGD, CH, CHARAN, CHASE, 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, DTCENT, DTCT, 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, GTV, GYT, HFT, HL, HPT, HTECH, HUMAN, HYDRO, ICN, IFEC, IHL, IIG, IMH, IND, INGRS, INSET, IP, IRCP, IT, ITC, ITD, ITNS, JAK, JAS, JCK, JCKH, JCT, JDF, JSP, JUBILE, KAMART, KC, KCC, KCM, KDH, KIAT, KISS, KJL, KK, KKC, KLINIQ, KOOL, KTIS, KTMS, KUN, KWC, KWM, KYE, LALIN, LEE, LEO, LIT, LOXLEY, LPH, LST, MACO, MANRIN, MASTER, MATI, MAX, M-CHAI, MCS, MDX, MEB, MENA, METCO, MGT, MICRO, MIDA, MITSIB, MJD, MK, ML, MODERN, MORE, MOSHI, MPIC, MTW, MUD, MVP, NATION, NC, NCH, NCL, NDR, NER, NETBAY, NEW, NEWS, NEX, NFC, NNCL, NPK, NSL, NTSC, 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, PQS, PRAKIT, PRAPAT, PRECHA, PRI, PRIME, PRIN, PRO, PROEN, PROUD, PSG, PTC, PTECH, PTL, RAM, RBF, RCL, READY, RICHY, RJH, ROCK, ROH, ROJNA, RP, RPC, RPH, RSP, RT, S, S11, SA, SABUY, SAF, SAFARI, SALEE, SAM, SAMART, SAMCO, SAMTEL, SANKO, SAUCE, SAWAD, SAWANG, SCAP, SCI, SCP, SDC, SE, SEAFCO, SECURE, SENAJ, SFLEX, SFP, SFT, SGC, SGF, SHANG, SHR, SIAM, SICT, SIMAT, SISB, SJWD, SK, SKE, SKN, SKY, SLM, SLP, SM, 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, SVOA, SVR, 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, TRUE, TRV, TSE, TSF, TSR, TTI, TTT, TTW, TVT, TWP, TWZ, TYCN, UAC, UBA, UMI, UMS, UNIQ, UP, UPOIC, UREKA, UTP, UVAN, VL, VNG, VPO, VRANDA, WARRIX, 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.