A RAY OF SUNSHINE

innovestX

4Q2023

InnovestX Research

4Q23 InnovestX Strategy – A ray of sunshine

Clouded global sky. We expect the global economy in 4Q23 to slow down significantly, with three main themes: 1) synchronized slowdown, 2) restrictive for longer: we expect policy interest rate to remain constant at the current level of 5.4% until the end of the year, and 3) US and the rest: A chasm between the US, where the economy is still growing, and EU and China, where growth will slow significantly.

Fed pause playbook. Hiking cycles are likely to be paused in 4Q23. Global equities, gold, treasuries tended to fare well overall in the 18 months following those halts. The performance of the dollar and commodities was mixed. It took 5-15 months before the central bank began to cut rates.

Sunshine for the Thai economy. Currently the economy is showing a material slowdown, but prospects are hopeful from political clarity and stimulus policies. Thai economic growth in 2024 will be better than in 2023 due to increased political stability. Stimulus from the new government will add 1% to economic growth. We expect the Thai economy in 2024 to expand by 4.1% (vs previous estimate of 3%) from 2023's expansion of 2.7%.

Bide your time. We think foreign flow will come back to the Thai market on: 1) China's improving growth outlook, 2) completion of credit rating, earnings and GDP downward revisions, 3) peak of FED hawkishness, 4) domestic and tourism stimulus.

Destocking may continue. Inventory destocking cycle may continue a bit in 4Q23 in EU and China but the drag on activity will be smaller than in 1H23 and fading. The inventory to shipment ratio ratios have largely normalized.

Hope for the best in 4Q23. The US' avoidance of a recession could limit downside in 4Q23. If the Fed pauses interest rate in Nov 2023, it would support the market along with earnings recovery. Thai earnings in 2H23 should be better than 1H23. Although the China economy is facing challenges, we see an early sign of inventory drying up and positive impact from stimulus. Semiconductor sales cycle bottoming could lead to a global restocking cycle starting slowly in 4Q23.

Two key risks hard to ignore. 1) With a low water levels and harvest season for key crops, a strong El Nino could damage output, hurting farmer spending. 2) Given budget limitations, we believe the government will borrow more to support stimulus, which is negative for fiscal strength and would break the limit of current credit rating level.

Focusing on earnings quality. Market uncertainty is high. We see a chance to add to stocks with high recovery visibility and gainers from stimulus. Our top picks in 4Q23 are AOT, BCH, CRC, KCE, KTB.

4Q23 Economic Outlook

Global and Thai Econ in 4Q23 and 2024: Clouded global sky

- Global economy: We expect the global economy in 4Q23 to slow down significantly, with three main themes.

  1) Synchronized slowdown

  2) Higher for longer: we expect policy interest rate to remain constant at the current level of 5.4% until the end of the year, and

  3) US and the rest: A chasm between the United States, where the economy is still growing, compared to other countries, especially Europe and China, where growth will slow significantly.

- At the same time, we see three main areas of risk for the US economy: 1) commercial real estate, 2) fiscal and financial sectors due to credit downgrades and 3) household finance.

- The European economy is at risk of entering recession due to continued tightening of monetary policy, while the Chinese economy in the short term Looks like it is going through a cyclical low point. However, in the long run, there is risk of a “deflationary cycle”. This leads us to expect a sharp slowing in the world economy in 4Q23, while in 2024 some countries may enter recession.

Global and Thai Econ in 4Q23 and 2024: Sunshine for the Thai economy

- Thai Economy: Currently the economy is showing a material slowdown, but prospects are hopeful from political clarity and stimulus policies.

- The current Thai economic picture is as we and the NESDC expected, though we view that Thai economic growth in 2024 will be better than in 2023 due to increased political stability. At the same time, we believe the government faces three risks.

  1) Political issues within the cabinet (since the PM has no "political base")

  2) Difficult and challenging economic policy implementation amidst an increasingly risky global economy and

  3) a strong opposition party.

- Effects of the Pheu Thai government on the economy: preliminary calculations indicate that the economy will grow faster by 1%. We expect the Thai economy in 2024 to expand by 4.1% from 2023's expansion of 2.7% on four factors:

  1) Economic stimulus measures, especially the "digital wallet", which will stimulate consumption;

  2) Efficient public administration, especially accelerating the disbursement of government capital budgets;

  3) Increased confidence, which will generate more private investment, but

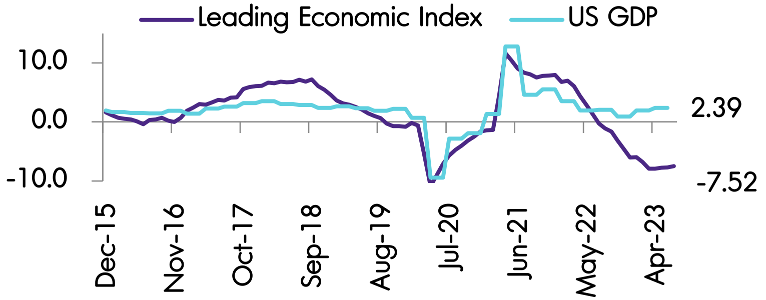
  4) Increased inflation and a weak baht will cause the BoT to increase interest rates(from 2.25% currently to 2.75%. We expect the baht to average 35 baht per dollar in 2023 and 36 baht in 2024, while tourist arrivals are expected to be 28mn in 2023 and 35mn in 2024.

World economy: currently better than expected, but the future is gloomier.

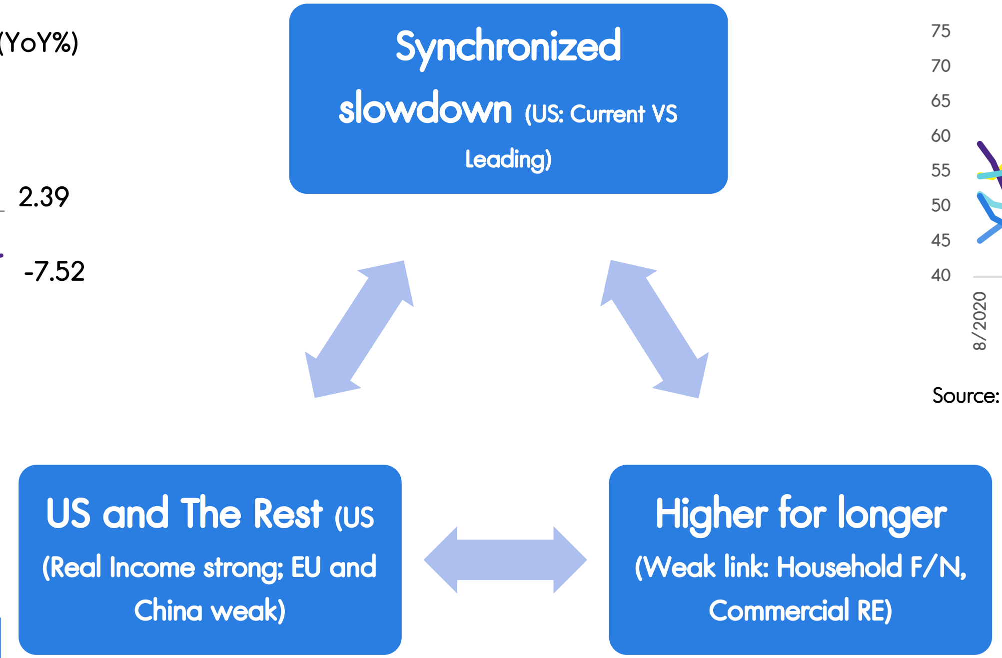
The global economy has three main themes.

The current US economy is better than expected. The future is more risky

US Leading Economic Indicator VS GDP Growth (YoY%)

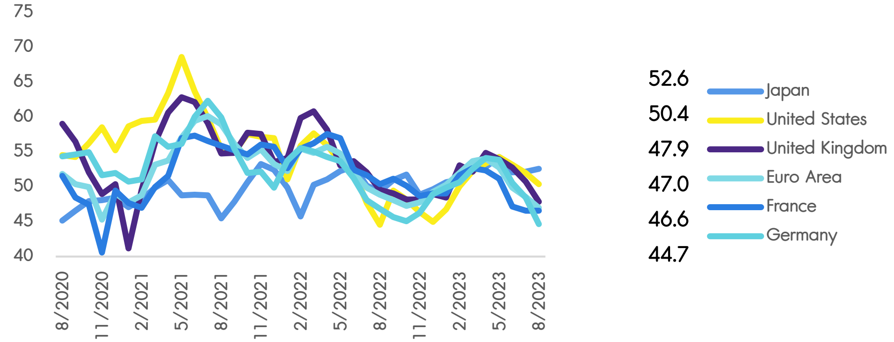


Source: CEIC



Developed Economy PMIs have contracted for three months

August 2023 Composite PMI: Selected Economies



Source: CEIC

US and the rest: revising US GDP upward while downgrading EMs such as China and Thailand.

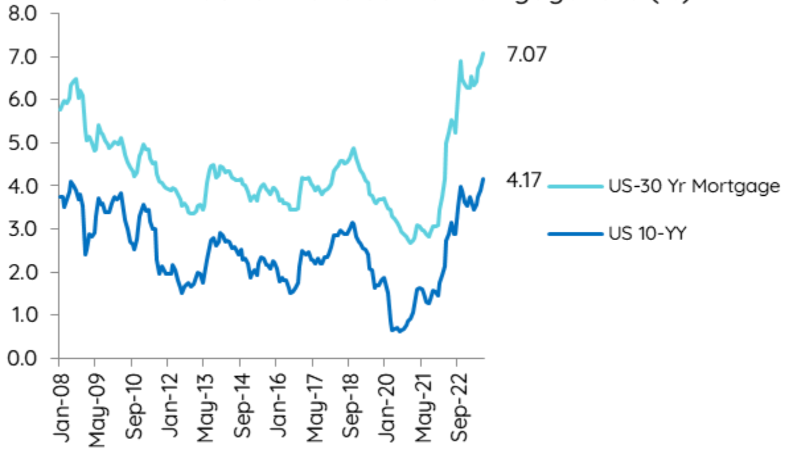
INVX 2023 GDP forecast (%)

Forecast at	1Q23	4Q23	%Chg (pp.)
US	0.6	1.7	+1.1
EZ	0.2	0.3	+0.1
JP	1.1	1.1	0.0
CN	5.3	5.0	-0.3
TH	3.0	2.7	-0.3

Source: INVX

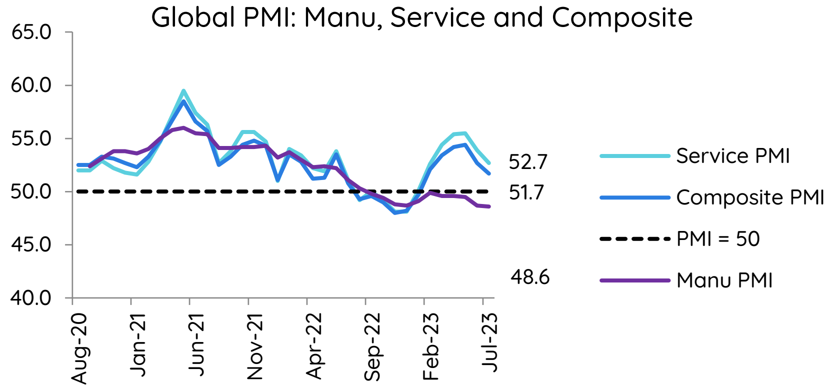
Jackson Hole signalled higher for longer

US 10YY and 30 Yrs mortgage rate (%)



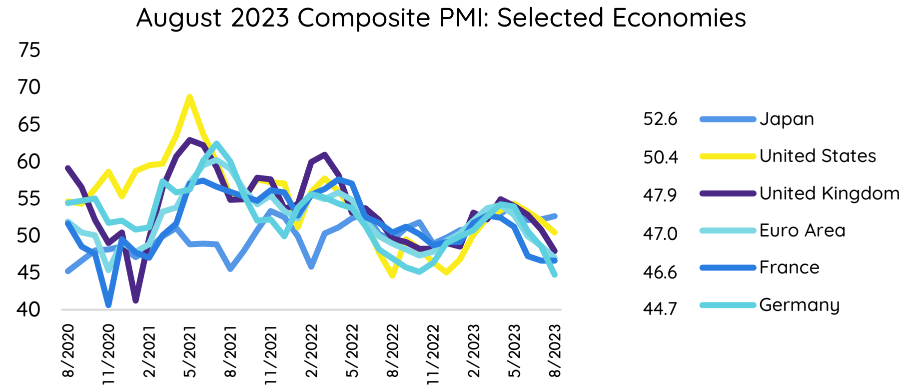
In 2H23, the global economy has begun to show signs of a synchronized slowdown

The world economy's service sector PMI has begun to slow, and the manufacturing sector has contracted even more strongly.



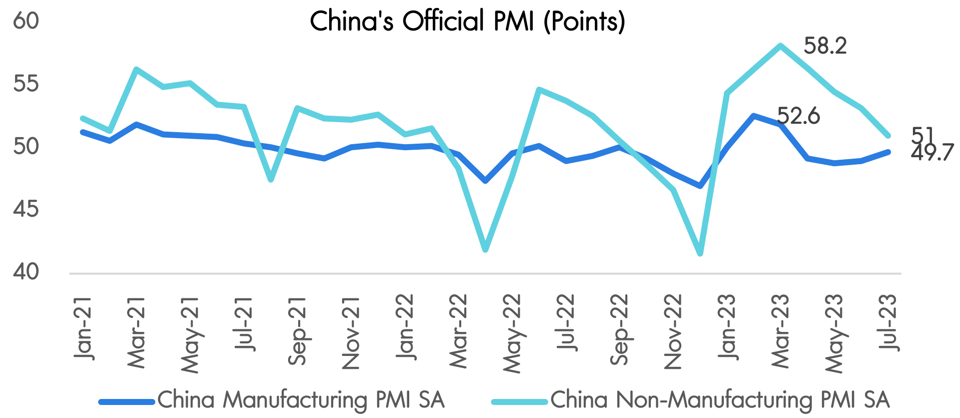
Source: CEIC

Flash PMIs of large economies around the world signal a concerted slowdown.



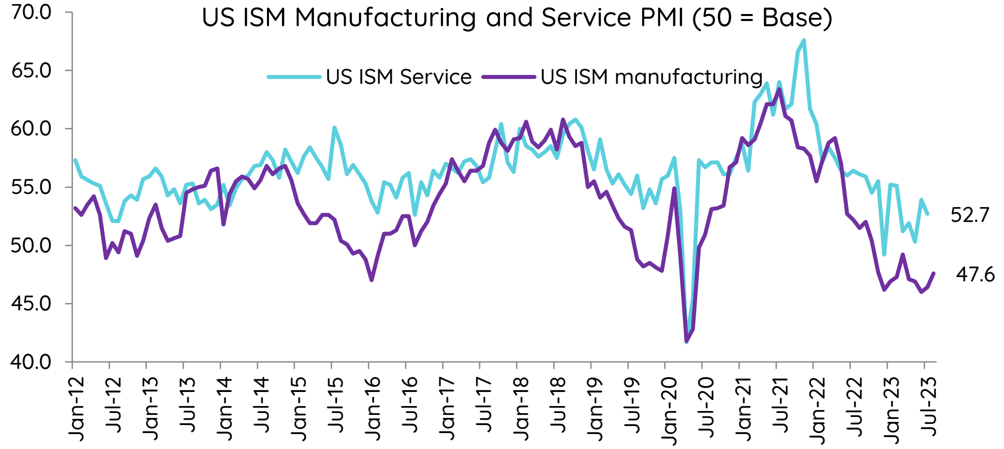
Source: CEIC

China's official PMI indicates the service sector continues to slow. while the manufacturing sector is still below 50 points.



Source: CEIC

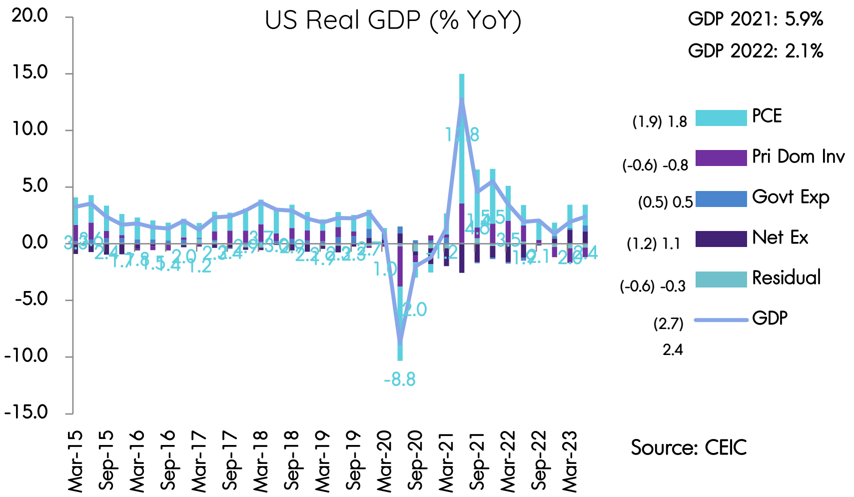
The ISM PMI for services still strong, while the manufacturing sector is still below 50



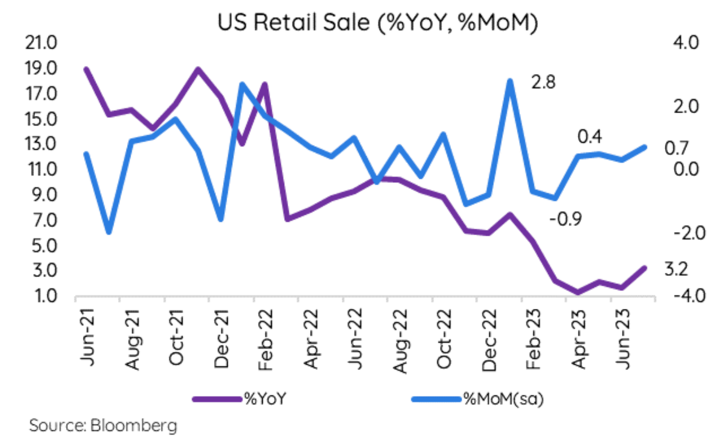
Source: CEIC

United States: Current economic numbers are better than expected, But leading economic indicators signal more risk

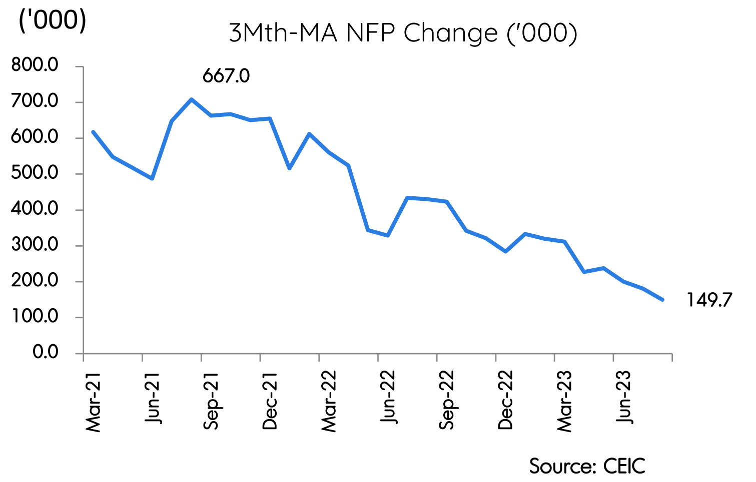
2QGDP second estimate slowed more than the first



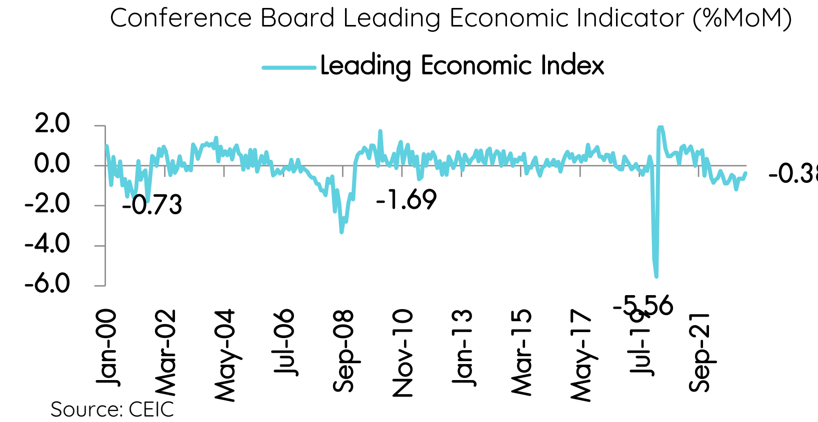
US retail sales rebound for the fourth month in a row



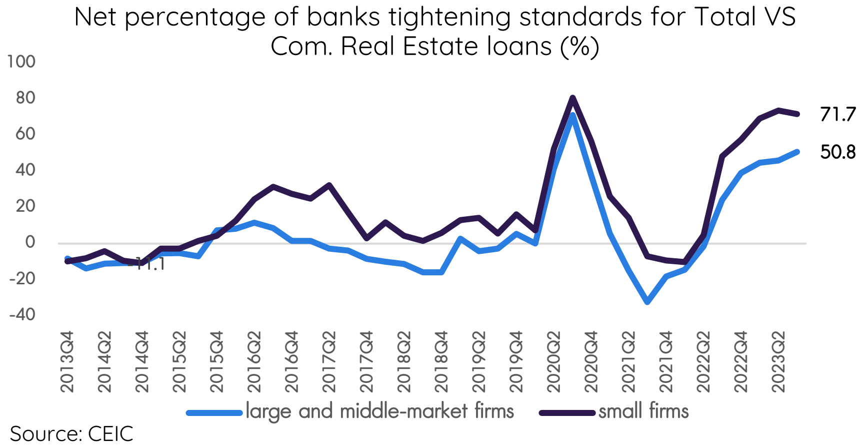
The labor market is slowing down.



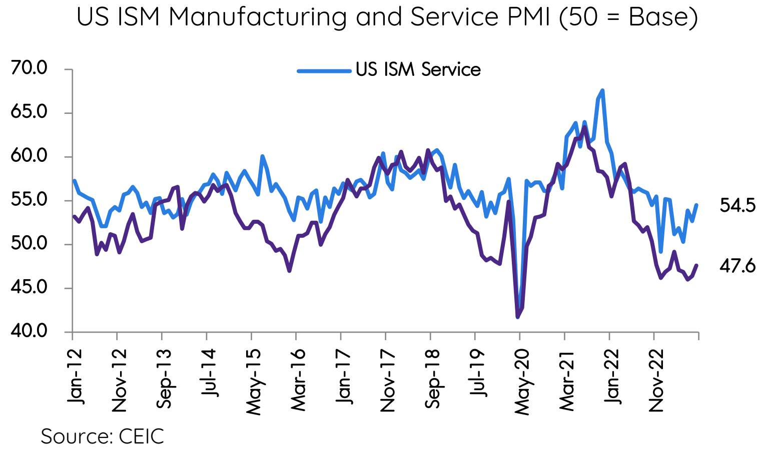
Leading US economic indicator Has contracted continuously for 16 months



Banks are more stringent in granting loans, especially for the commercial real estate sector



ISM PMI trending downward



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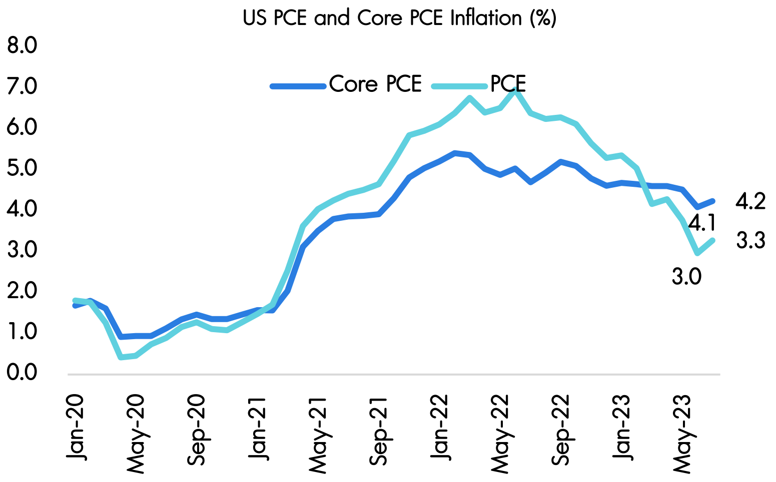
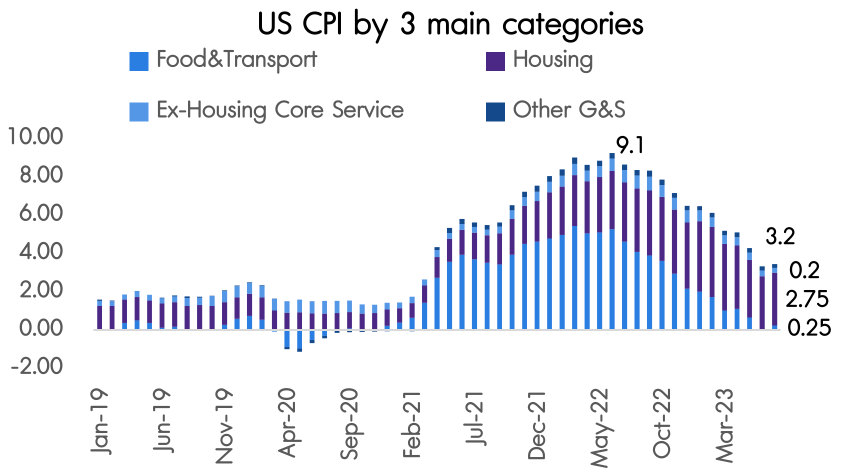
The Fed's Jackson Hole meeting signals that the "job is not done"

Inflation has decreased but it is not over yet.



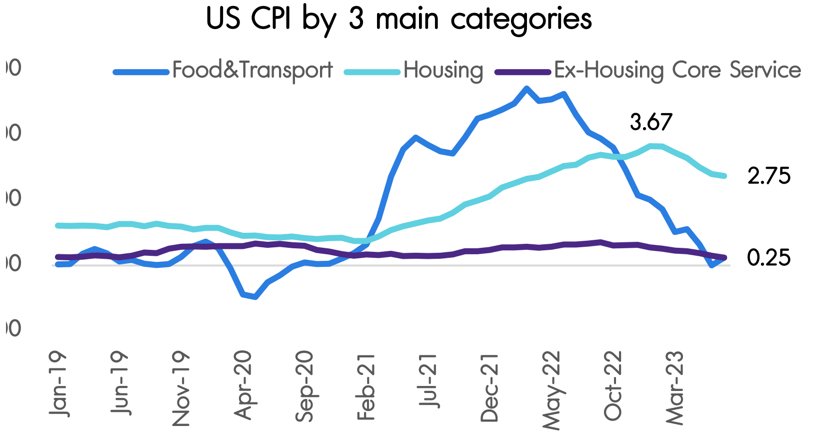
Source: CEIC

Inflation's 3 main components



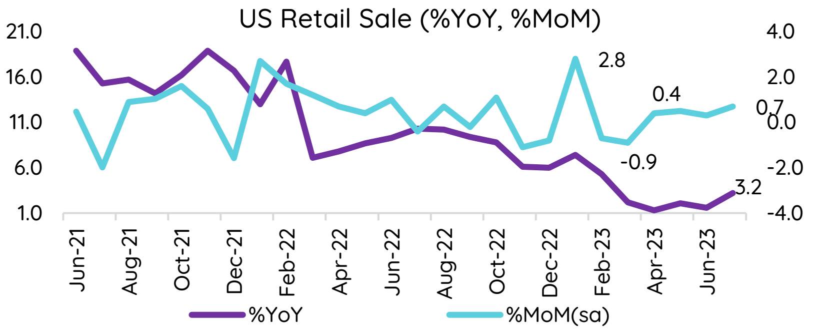
Source: CEIC

Food and energy inflation are declining, but the rent and wage component are stickier; therefore, interest rates must be kept elevated



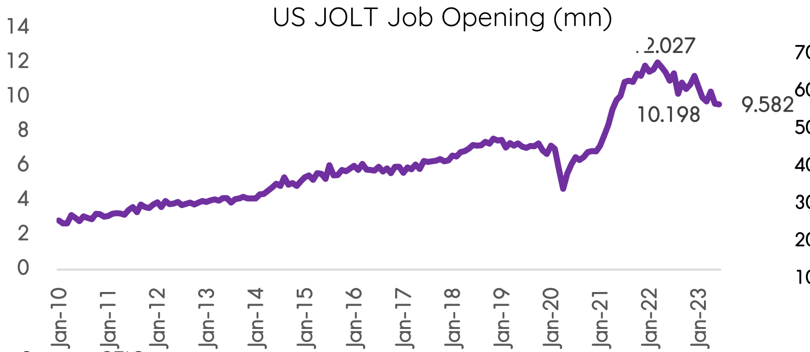
Source: CEIC

US retail sales rebound for the fourth month in a row



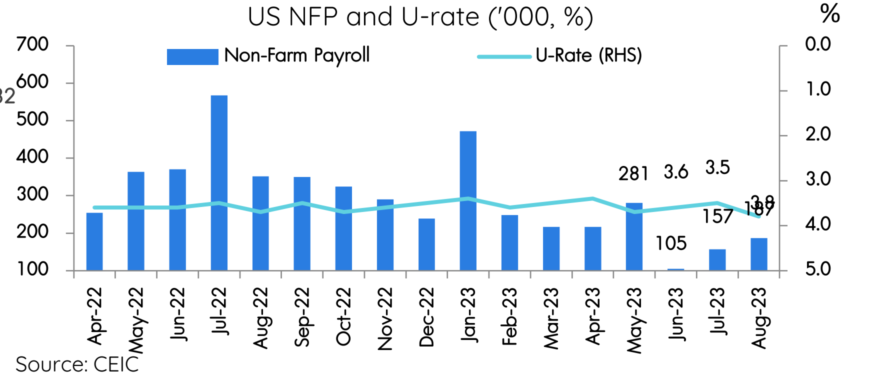
Source: Bloomberg

New job openings continue to decline
This indicates that the labor market is coming into balance



Source: CEIC

Non-Farm Payroll expanded by less than 200,000 jobs for the third month, while there was a downward revision of 110,000 jobs in the past two months



Source: CEIC

Projections for the US economy, inflation and interest rates in 2023-2024

EP 3: 22Q1-...	01/2023	02/2023	03/2023	04/2023	05/2023	06/2023	07/2023	08/2023	09/2023	10/2023	11/2023	12/2023	01/2024	02/2024	03/2024	04/2024	05/2024	06/2024	07/2024	08/2024	09/2024	10/2024	11/2024	12/2024
FFR	4.4	4.6	4.88	4.88	5.13	5.13	5.38	5.38	5.38	5.38	5.38	5.38	5.13	4.63	4.88	4.88	4.63	4.38	4.13	4.13	4.13	4.13	4.13	4.13
CPI	6.4	6.0	5.0	4.9	4.0	3.0	3.0	3.1	3.2	3.0	3.0	3.1	2.8	2.8	2.7	2.7	2.6	2.6	2.5	2.5	2.5	2.5	2.4	2.4
GDP	2.0	2.0	2.0	2.4	2.4	2.4	1.6	1.6	1.6	0.6	0.6	0.6	-0.5	-0.5	-0.5	-0.4	-0.4	-0.4	0.2	0.2	0.2	0.7	0.7	0.7
ISM Manu	47.4	47.7	46.3	47.1	46.9	46.0	46.4	47.6	45.6	45.5	45.3	45.2	48.8	48.6	48.7	48.8	48.9	48.9	49.4	49.8	50.6	51.0	51.4	52.2
ISM Service	55.2	55.1	51.2	51.9	50.3	53.9	52.7	50.6	49.5	49.3	48.9	48.7	48.9	49.0	49.1	49.2	49.2	49.3	49.8	50.1	50.4	50.6	50.8	51.3
NFP	472.0	248.0	217.0	217.0	281.0	105.0	157.0	187.0	135.7	85.0	44.3	38.7	-10.9	-85.9	-135.9	-120.7	-105.6	-75.2	-46.8	-18.3	38.7	64.5	90.4	142.0
U-rate	3.4	3.6	3.5	3.4	3.7	3.6	3.5	3.8	3.8	3.8	4.0	4.0	4.1	4.3	4.5	4.7	4.8	4.7	4.7	4.4	4.2	3.9	3.6	3.1
Retail Sales	7.4	5.3	2.2	1.3	2.1	1.6	3.2	1.2	1.032	0.8	0.4	0.248	-0.34	-0.84	-1.34	-1.242	-1.144	-2.144	-0.306	1.532	2.032	2.522	3.012	4.012
Core K-Goods shipment	7.1	3.8	0.7	-2.5	-1.2	-1.36	-1.7	-2.2	-2.524	-2.9	-3.7	-4.076	-5.21	-5.113	-5.016	-4.822	-3.822	-2.822	-2.494	-1.494	-0.494	-0.554	0.446	1.446

Source: CEIC, INVX

Real **Forecast**

- With economic numbers expanding well at the beginning of the third quarter, especially labor market indicators (in the last two months), and a rebound in retail sales and the ISM manufacturing sector index, we therefore adjust our outlook on the US economy, inflation and interest rates. We view that

1) The Fed will maintain interest rates at 5.38% until the end of the year.

2) The US economy will not enter a recession this year. We expect that GDP in 3Q20 and 4Q20 will expand at approximately 1.6% per year and 0.6% per year, up from 0.1% and -0.4% previously forecast.

3) We still believe the US economy will slow down further in 4Q23 and enter a recession in 2024, which will require the Fed to cut interest rates by 1.25% from the current level. This is a reduction in the first half of the year.

- In this regard, we view that risks to the US economy remain high from three factors:

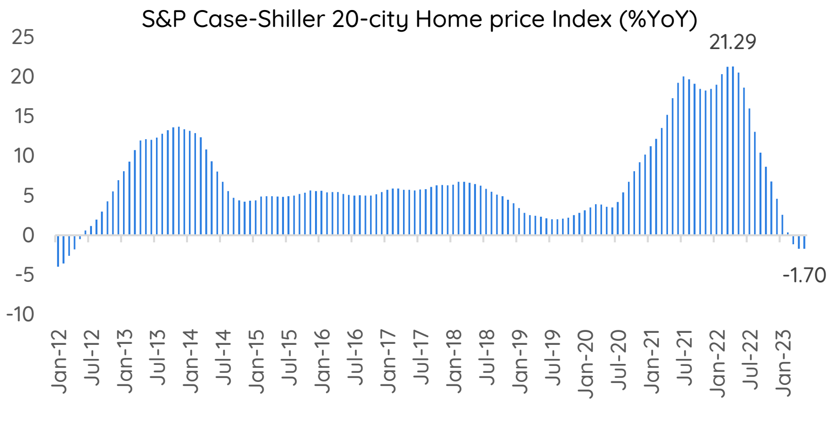
1) Liquidity tightening in the financial sector, both from rising bond interest rates, resulting in other interest rates rising as well, such as 30-year mortgage interest rates and credit card interest rates and interest on debentures, increasing the financial burden . Currently, US households have an average interest expense burden of 9.6% of their total income. In addition, from Oct 2023, the student loan payment that was halted during COVID will expire. This will cause households with educational debt to have an additional burden of approximately 4.5% (bachelor's degree) or 9.4% (master's degree) of their income amid the exhaustion of excess savings.

2) Increased risk in the banking sector, especially small and medium-sized banks that have had their credit ratings downgraded by various institutions, causing them to be more stringent in lending. Meanwhile, companies with high debt are at risk of defaulting on their debt.

3) The world economy is beginning to slow down more severely amid global financial tightness, affecting the US economy through the export and financial sectors.

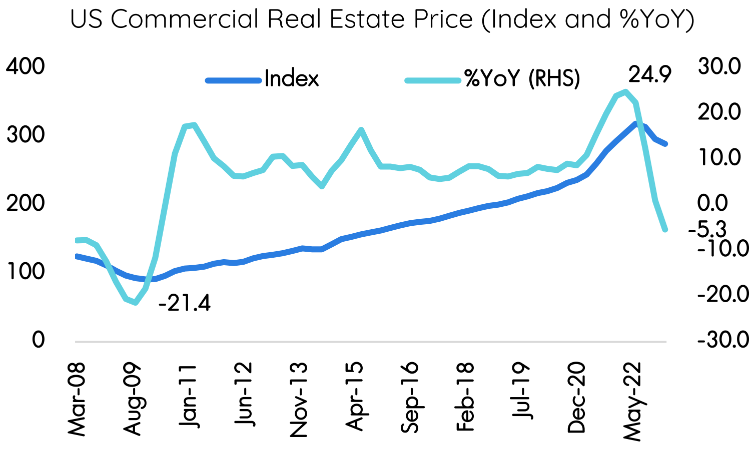
First risk: commercial real estate

House prices began to decrease



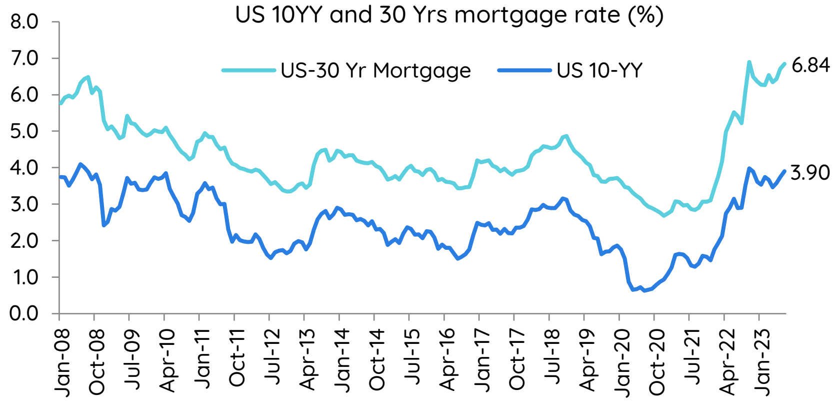
Source: Bloomberg

But commercial real estate (CRE) shrank more



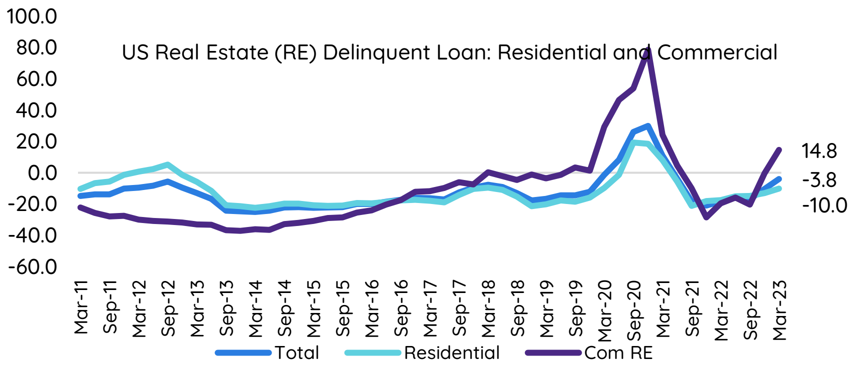
Source: CEIC

This is partly a result of rising interest rates



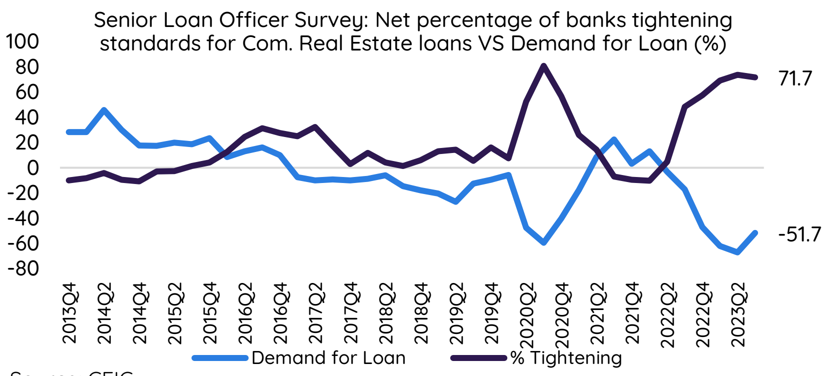
Source: CEIC

Also, WFH led to a slump in demand for CRE in the city, causing prices to drop and more debt defaults .



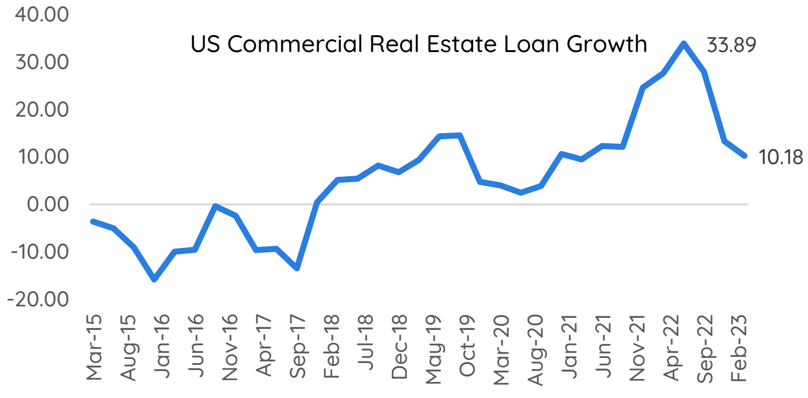
Source: CEIC

Regional bank crisis and CRE risks make banks tighten credit standard



Source: CEIC

and thus, CRE loan expansion continued to decline



Source: CEIC

Risk 2: Fiscal and financial sector: Three ratings agencies downgrading the creditworthiness of government and US banks.

FitchRatings

- Fitch downgraded the US government's bond rating from AAA to AA+, putting it at the same level as New Zealand, Austria and Canada, France, Ireland and the Czech Republic.
- The adjustment is a result of

  1) "Erosion of Good governance" for more than 20 years (most recently by the debt ceiling drama in June).

  2) Lack of a medium-term fiscal plan

  3) The fiscal deficit increased from 3.7% of GDP last year to 6.3% this year, 6.6% in 2024, and 6.9% in 2025. Reducing government spending was too little (according to the Fiscal Discipline Act, which is 15% of the total budget excluding the defense budget)

  4) Higher interest expenses (a result of high interest rates), the cost-to-tax income ratio increased to 10% (compared to an average of 2.8% in AA and 1% in AAA.
- Recently, the US Treasury Department raised its third quarter borrowing forecast from $700bn to $1trn.

Moody's

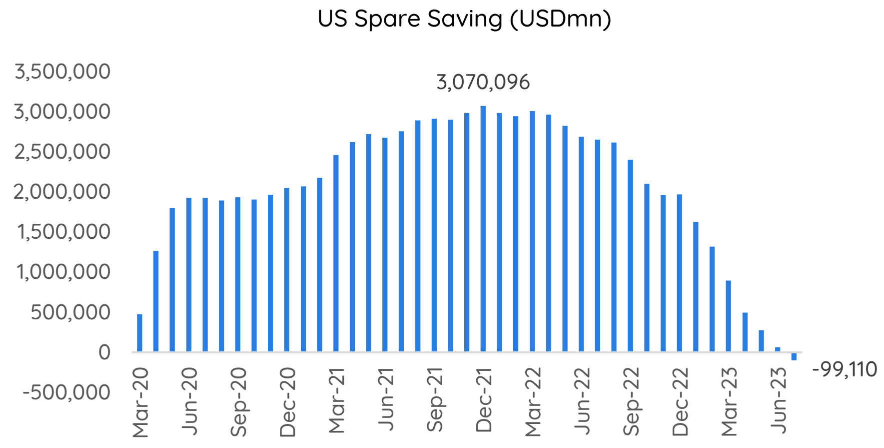
- Moody's Investors Service downgraded the ratings of 10 small and medium-sized lenders and said it may downgrade major banks, including U.S. Bancorp, Bank of New York Mellon Corp., State Street Corp. and Truist Financial Corp. .
- Moody's also gave a "negative" outlook for 11 lenders, including PNC Financial Services Group, Capital One Financial Corp. and Citizens Financial Group Inc.
- Moody's said rising interest rates while income is falling will erode bank profitability and put them at risk of losses. Moody's also sees that asset quality risks are increasing, especially for small and medium sized banks that offer commercial real estate loans.

S&P Global Ratings

- S&P downgraded the credit ratings of KeyCorp, Comerica Inc Valley National Bancorp, UMB Financial Corp and Associated Banc Corp by one notch, saying the banks were hurt by higher interest rates and deposit outflows.
- S&P also lowered the outlook for River City Bank and S&T Bank to negative and said Zions Bancorp's outlook remains negative.
- Many depositors have moved their deposits into higher-interest accounts. As a result, the bank's financial costs will increase.
- The drop in deposits has tightened the liquidity of many banks. Meanwhile, the value of securities, which make up the bulk of liquidity, has fallen.

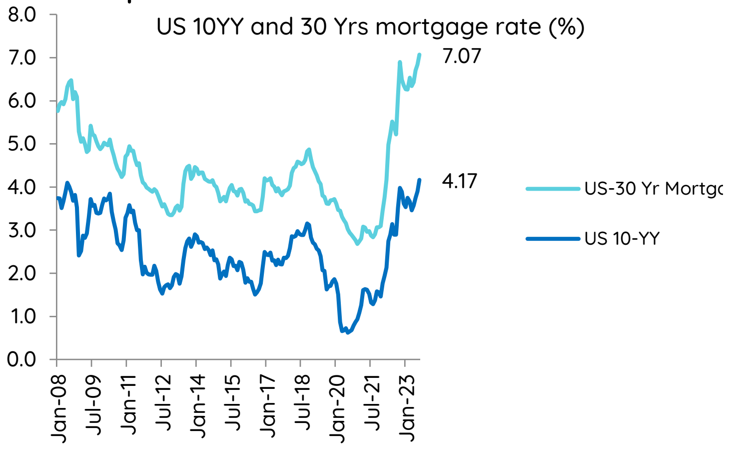
Risk 3: Household finance

Excess savings depleted



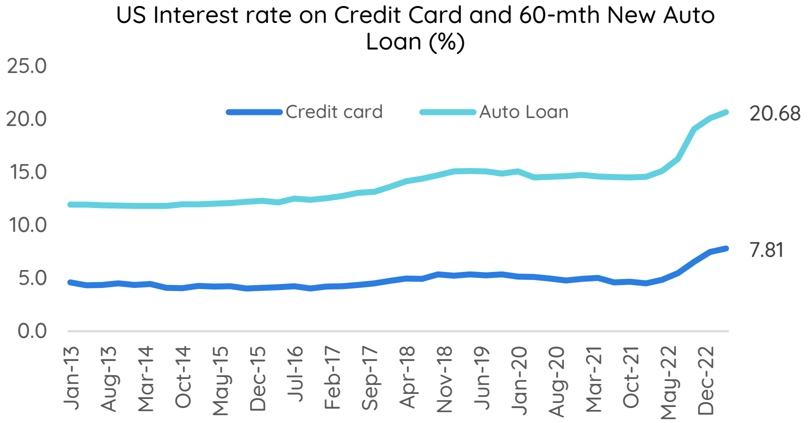
Source: CEIC

Continuously rising interest rates, which has a negative impact on new home borrowers and banks.



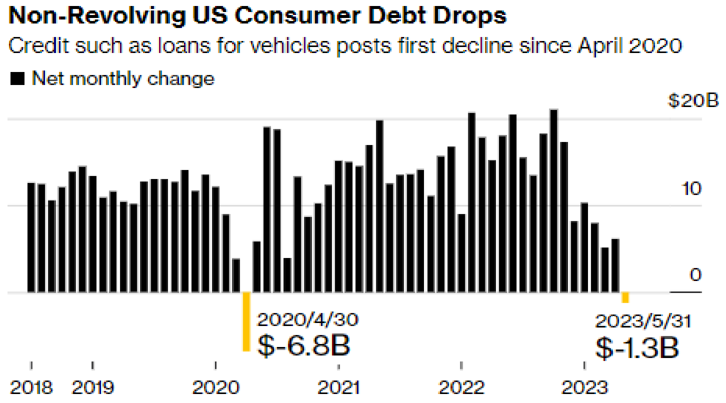
Source: CEIC

Highest leasing interest rates in a decade, while credit card interest rates are at an all-time high, amidst an increasina student debt burden



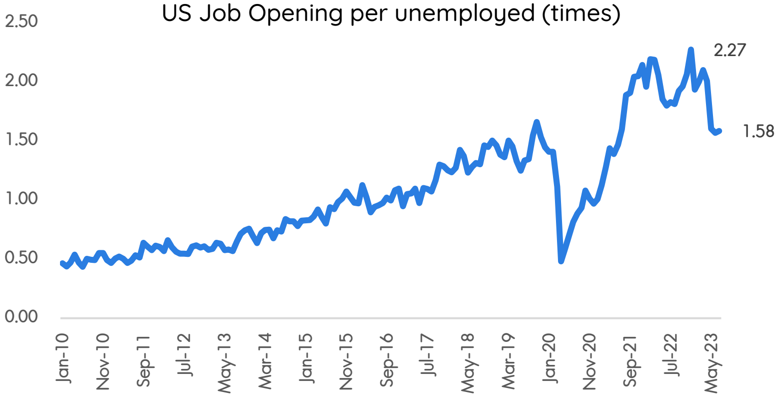
Source: CEIC

Non-revolving consumer loans (with installation) decreased for the first time since COVID.



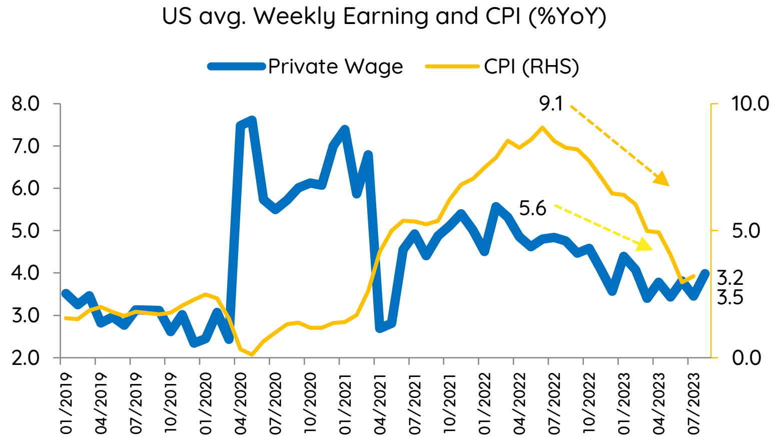
Source: Federal Reserve

The labor market is rapidly becoming tighter



Source: CEIC

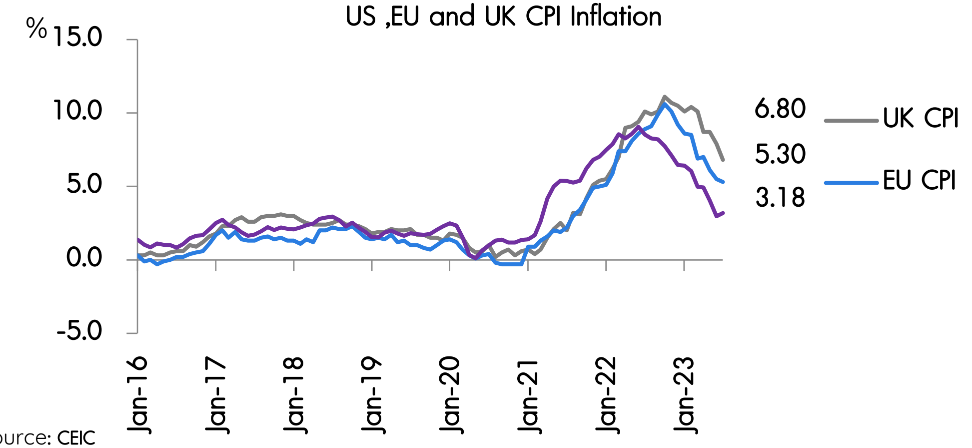
As a result, wages will not grow much in the next period.



Source: CEIC

Europe's economy risks entering recession

European inflation is higher than the US' amidst lower interest rates, making it possible that interest still needs to be raised. This makes the economy more vulnerable to recession.



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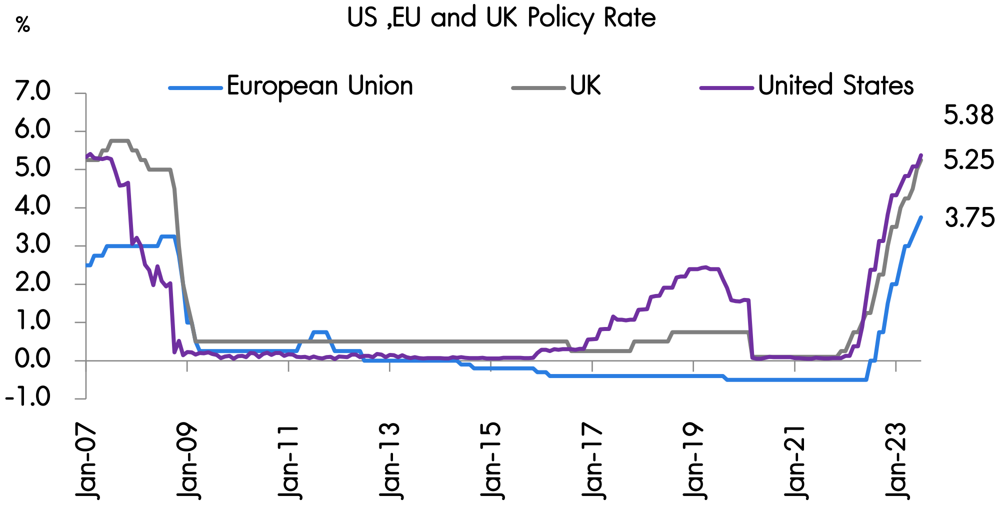
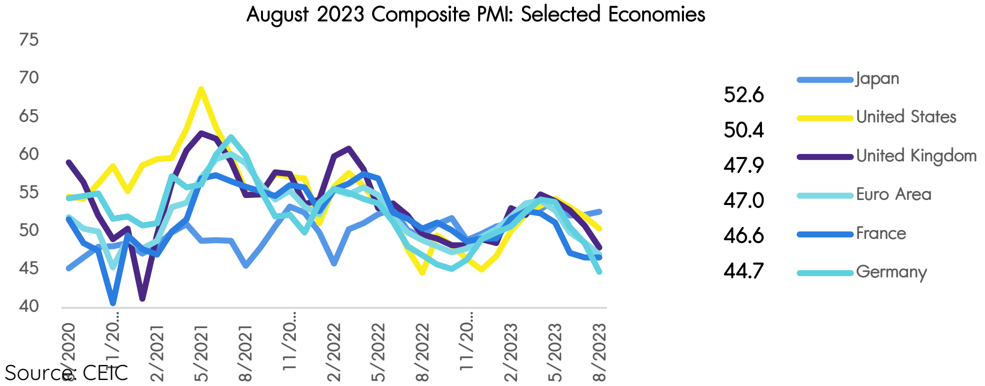


Source: CEIC

The Eurozone Economic Heatmap indicates that the economy will soon enter a recession.

Indicator	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Real GDP (QoQ%)	0.6	0.9	0.4	-0.1	0.0	0.3
Real GDP (YoY%)	5.5	4.4	2.4	1.7	1.1	0.6
Household Consumption	7.9	5.5	2.7	1.5	0.8	0.1
Government Consumptio	3.1	0.8	0.6	0.8	-1.0	-0.5
Gross Fixed Investment	3.6	2.8	4.7	0.8	1.9	0.9
Exports (YoY%)	8.7	7.9	7.6	4.2	2.7	1.1
Imports (YoY%)	9.3	8.5	10.5	3.1	1.8	0.4
Industrial Production (YoY%)	0.2	0.3	0.5	0.4	0.8	-1.1
CPI (YoY%)*	6.1	8.0	9.3	10.0	8.0	6.2

Source: Bloomberg



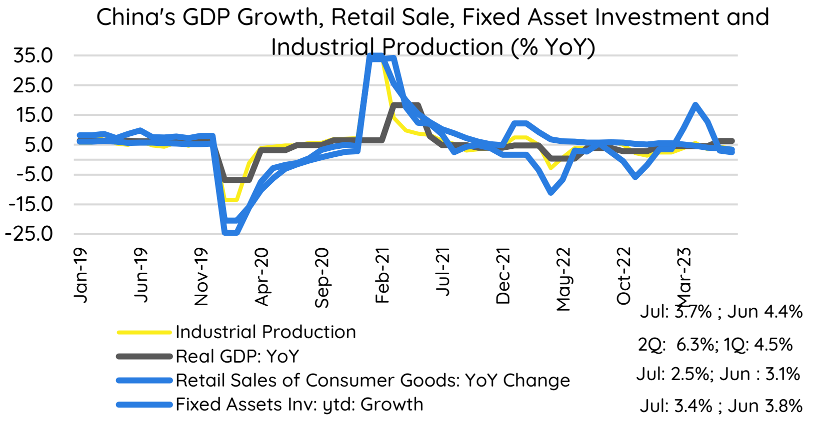
Source: CEIC

- Europe's most important risk is monetary policy, which should remain stable at a high level from rising wages. The increase in interest rates has already affected the funding of the business sector and the public; and has contributed to some reduction in inflation amid a slower economy. We believe that the European economy is more at risk of entering a recession than the United States due to weaker economic fundamentals and greater reliance on China.

In the short term, the Chinese economy appears to be bottoming out.

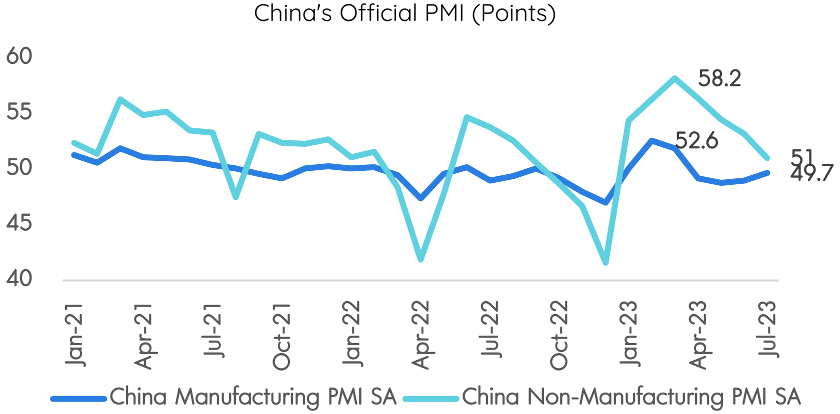
Latest Chinese economic figures indicates that the production sector may begin to bottoming out, but the service sector remains weak. Part of the reason for the recovery may reflect stimulus measures.

China's economy in July expanded lower than expected in

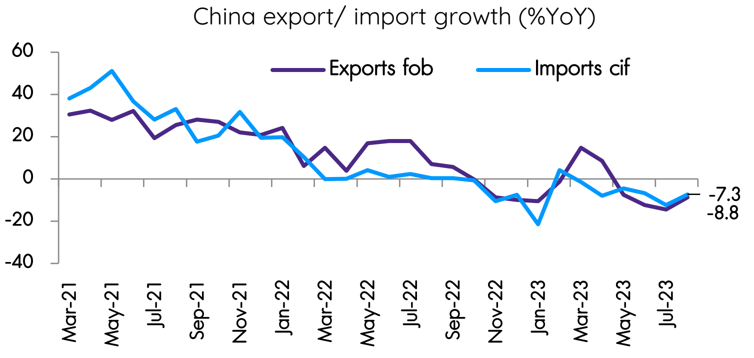


Source: CEIC

Official manufacturing PMI recovered slightly but still contracted. The service sector is continuously poor.

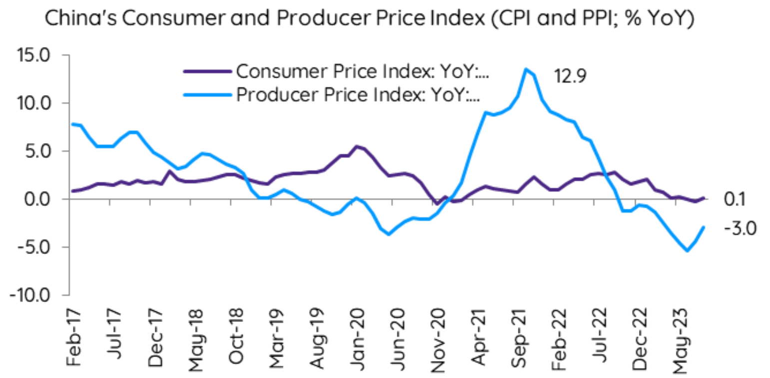


Chinese exports began to shrink less. This indicates that global demand is starting to recover



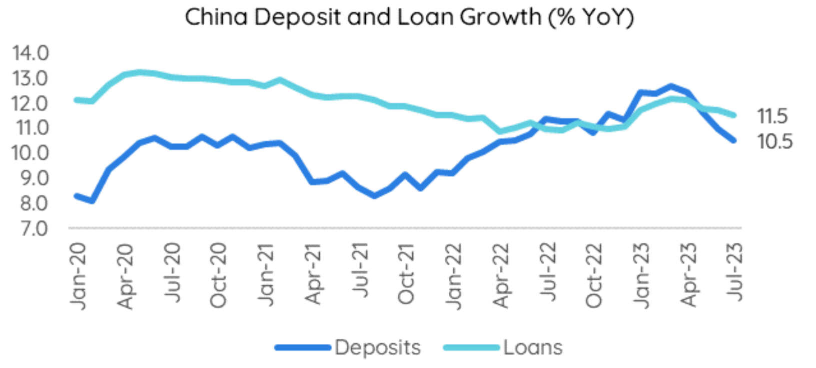
Source: CEIC

Chinese inflation returned to positive in August as a result of tourism in the country and government measures



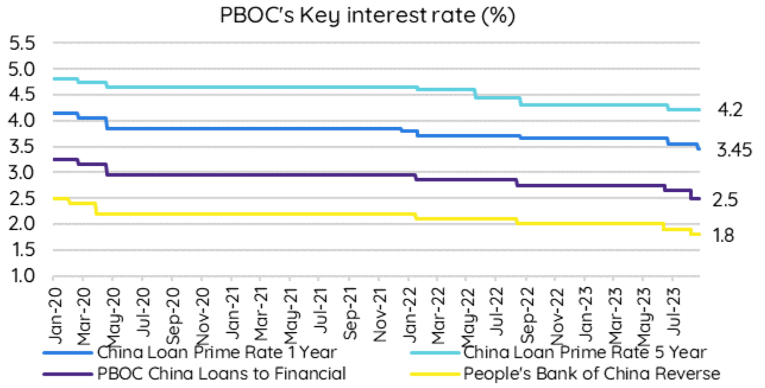
Source: CEIC

Deposits began to expand lower than loans, indicating that monetary policy is starting to help support (but both are still trending down)



Source: CEIC

The Central Bank has cut interest rates over the past month



Source: Bloomberg

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In the long run, the real estate crisis, Inward-oriented policy and the cold war put China at risk of a "deflationary cycle".

China's real estate crisis is partly a result of the three red line measures

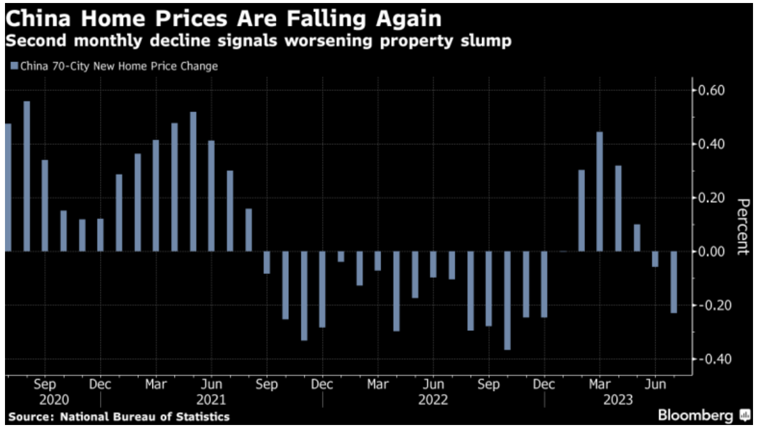
China's three red lines policy

1) 70% ceiling on the debt to asset ratio after excluding advance receipts
2) 100% cap on net debt ratio
3) 100% cap on the short-term debt/cash ratio

No. of lines violated	Debt growth permitted
0	15%
1	10%
2	5%
3	0%

Source: Fitch

House prices continued to fall after the bubble burst



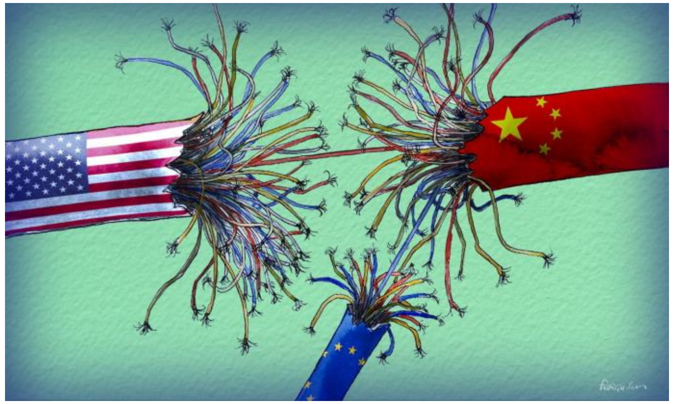
Source: Bloomberg

Real estate bubble burst

US-China cold war

Inward-oriented policy

De-risking policy makes the economy worse



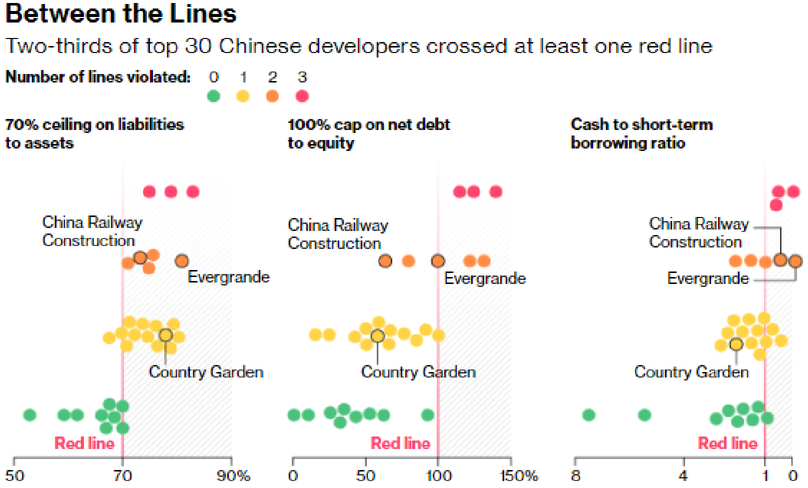
Source: FT

Inward-oriented policy leads to slower economy

Source: Global Times

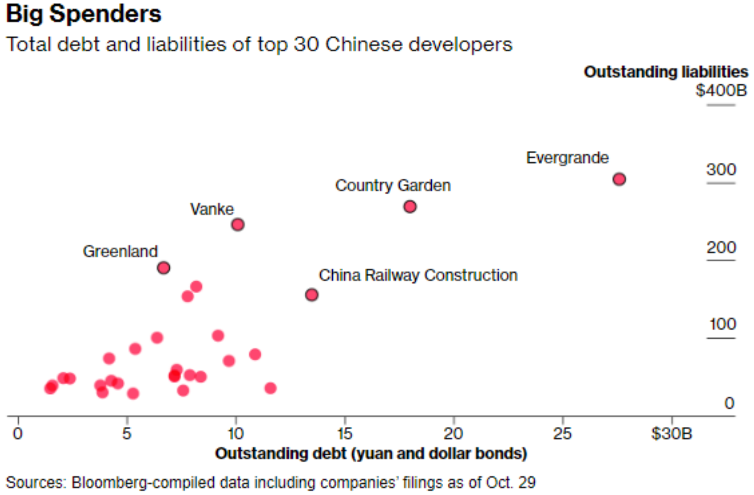
In the long run, the real estate crisis, inward-oriented policy and the cold war put China at risk of a "deflationary cycle".

China's real estate crisis is partly a result of the three red line measures

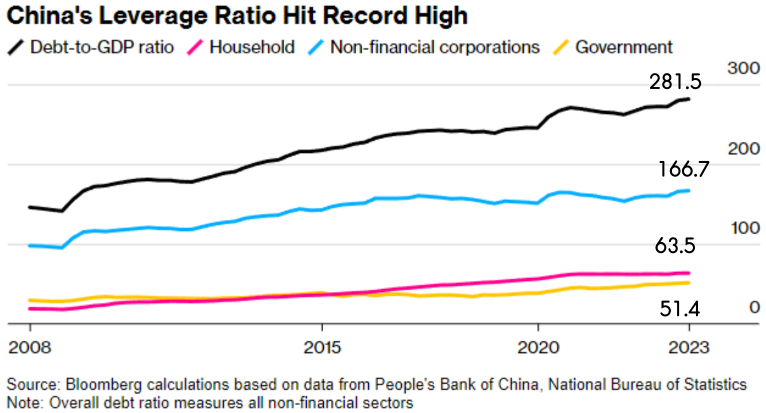


Source: Two Thirds of China's Top Developers Breach a 'Red Line' on Debt (Bloomberg: October 31, 2021)

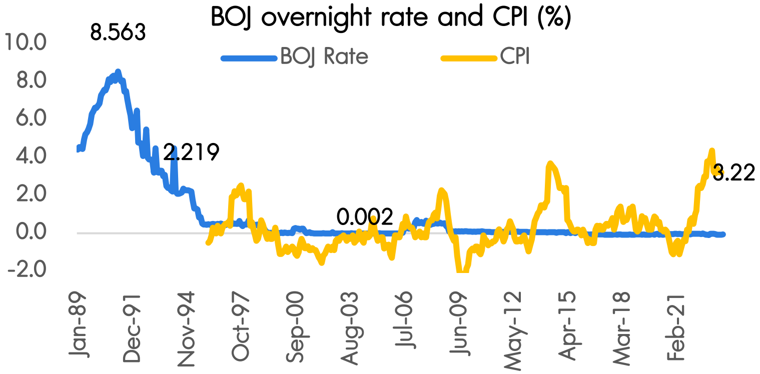
Chinese real estate risks spreading to the wider economy because of its long supply chain



One solution is to cut the interest rate, but China's national debt is very high.

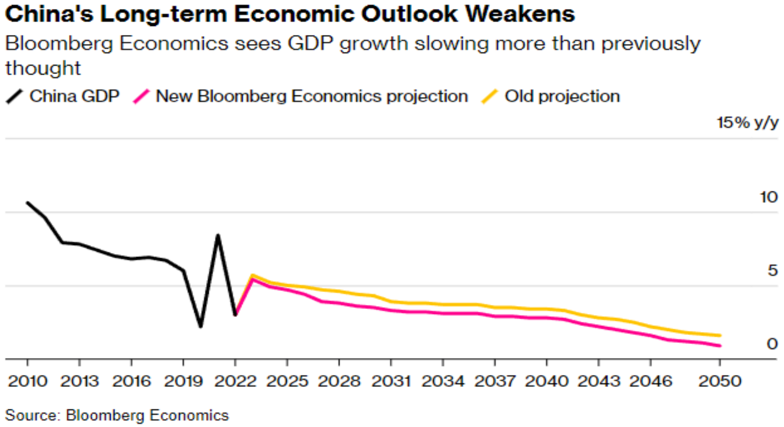


Japan's Interest rate cuts were too slow, causing Japan to enter the Lost Decade



Source: CEIC

The cold war, inward-oriented economic policy and the real estate crisis lead Bloomberg to view that China's economy will not be able to replace the US as the #1 economy



Bloomberg Economics lowered its forecast for China's economy by 0.3% (p.p.) from now until 2050, while we take a more cautious view.

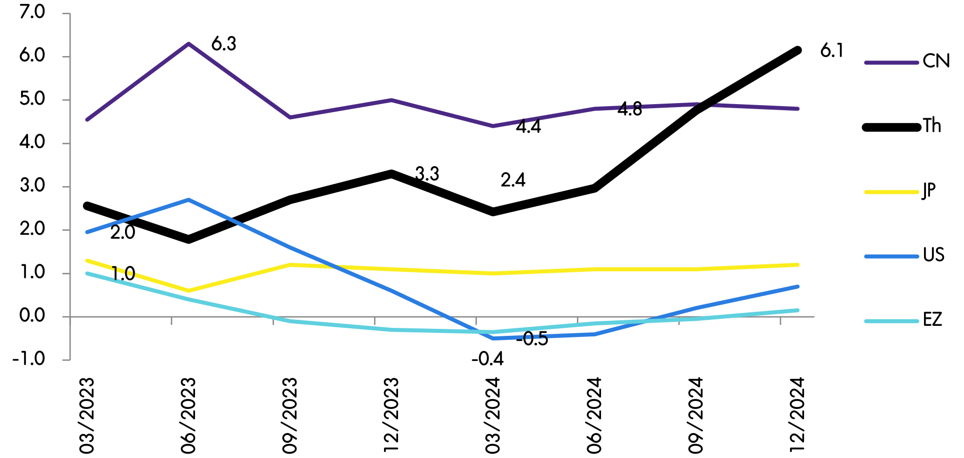
Proj.	2023	2024	2025	2030	2050
BB New	5.4	4.9	4.7	3.5	0.9
BB Old	5.7	5.2	5.0	4.3	1.6
INVX	5.0	4.7	4.5	N/A	N/A

Source: Bloomberg, INVX

Global economy in 4Q23 will slow down sharply, while some may enter a recession in 2024

- The global economy in 3Q23 slowed down as we expected.
- Looking forward, even though the US economy expanded better than expected, it will slow down in 4Q23 and enter a recession in early 2024, while Europe is at risk of recession in 2H23.
- We maintain our estimate for Japan, and revise the forecast for China in 2023 down to 5%, while in 2024 we believe Japan will be stable, while China's will accelerate
- The Thai economy will recover strongly next year as a result of the Pheu Thai government's policies

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



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

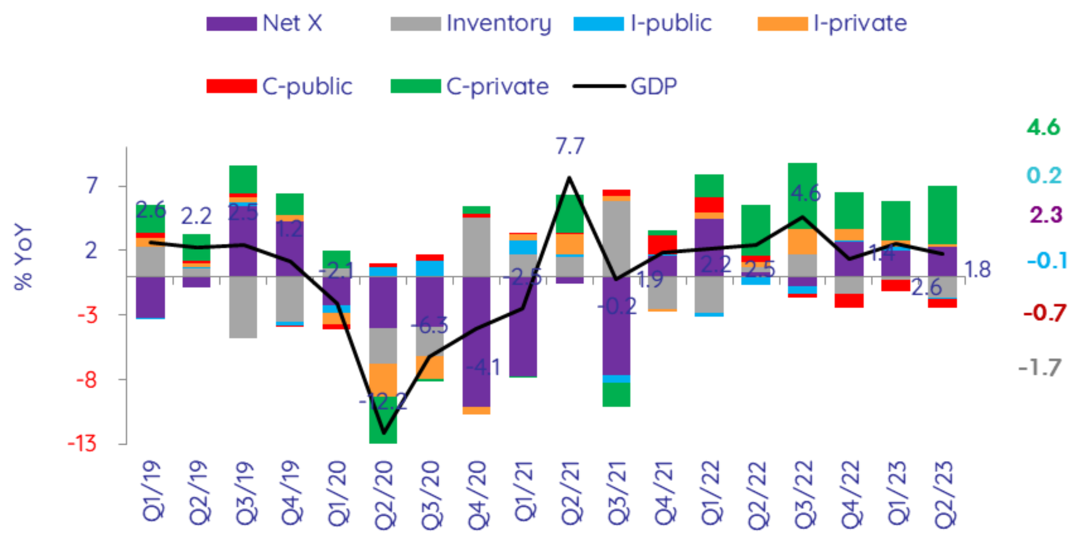
	Actual		Forecast							
	03/2023	06/2023	09/2023	12/2023	03/2024	06/2024	09/2024	12/2024	yr 2023f	yr 2024f
US	2.0	2.7	1.6	0.6	-0.5	-0.4	0.2	0.7	1.7	0.0
EZ	1.0	0.4	-0.1	-0.3	-0.4	-0.2	-0.1	0.2	0.3	-0.1
CN	4.5	6.3	4.6	5.0	4.4	4.8	4.9	4.8	5.1	4.7
JP	1.3	0.6	1.2	1.1	1.0	1.1	1.1	1.2	1.1	1.1
Thai	2.6	1.8	2.7	3.3	2.4	3.0	4.8	6.1	2.7	4.1
Avg. 5	2.3	2.4	2.0	1.9	1.4	1.7	2.2	2.6	2.2	2.0

Source: Bloomberg, CEIC, INVX

Thai Economy: Currently the economy slowing, but the future is bright due to political clarity and stimulus policies

Current Thai economic picture and economic outlook of NESDB and INVX

Contribution to Thailand's GDP Growth



Source: NESDC

The Thai economy in 2Q23 expanded by 1.8%, lower than our expectations of 2.5% and the market's 3.0%, on: 1) contraction in government spending, both consumption and investment as the acting government did not have full authority in public administration. causing government disbursement to decrease and causing the economy to slow down. 2) Exports of goods continued to shrink at 5.7%, while exports of services (tourism) slowed down from 78.2% to 54.6% in the second quarter,
3) Inventories shrank and accounted for 1.7% (contribution to GDP). This indicates that the production sector contracted more than the consumption sector, causing inventory to shrink. The biggest inventory contractions were in paddy rice, computers and components and frozen chicken.

Macro growth projection	NESDC (May'23) 2023f	NESDC (Aug'23) 2023f	InnovestX (Sep'23) 2023f
GDP growth	3.2	2.8	2.7
Private investment	1.9	1.5	0.5
Public investment	2.7	2.0	-0.1
Private consumption	3.7	5.0	3.2
Public consumption	-2.6	-3.1	-2.7
Export value in US$ terms (%)	-1.6	-1.8	-2.0
Import value in US$ terms (%)	-1.9	-1.1	0.0
Current account to GDP (%)	1.4	1.2	0.0
Headline inflation (%)	3.0	1.9	1.6
USD/THB	33.3	34.0	35.0
Policy rate (%)	N/A	N/A	2.25
No. of inbound tourists (mn)	28.0	28.0	28.0

Source: NESDC, INVX

The NESDC has revised down this year's economic forecast from 3.2% to 2.8% (median of 2.5-3.0%), closer to ours. It maintains its tourist forecast at 28mn, but reduced expenditure per trip from approximately Bt47,000 per person per trip to Bt37,000 per person per trip. The export sector drop is put at 1.8%, close to our estimate of 2.0%. On the other hand, domestic demand is still growing respectably. Private consumption and investment will still expand at 5.0% and 1.5%, but public consumption and investment will be reduced.

Easing Risk factors for the Thai economy: politics

- We view the Parliament's vote for the Prime Minister on September 22 as a new context for Thai politics as it indicates that the elite of Thai society and the Pheu Thai Party have returned to join hands and chose Mr. Settha as Prime Minister. As for Mr. Settha himself, he appears to intend to govern the country with an especial emphasis on economic recovery. This leads us to see this government's stability as quite strong, likely to stay in power for two years or more and able to push the Settha government policies to success.
- But there are three risks faced by this government:

  1) Because Mr. Settha does not have his own voting base, we must therefore keep an eye on whether he can manage the Cabinet or not. He is also holding the position of Minister of Finance. Both positions require a substantial amount of management, giving less time to oversee other ministries

  2) This government has important drawbacks in faith and confidence. The main focus of this government is the economy and thus important economic ministries must be brought into the administration with their own direct powers. Various policies, however, carry inherent risks, such as the "digital wallet". There is risk in the source of the money, in a possible Thailand credit rating downgrade and in the operating system.

  3) Even though we believe past issues that bring risk, such as a coup d'état, violent protests or the use of state power to deal with protests do not pose great danger at this time, we see politics inside the Parliament as potentially more serious because the main opposition party, the Move Forward Party, has the knowledge and ability to question the government and also have approximately one-third of the number of MPs.

Urgent policies of the Pheu Thai government
Urgent policies of the Pheu Thai government
Digital wallet Bt10,000/person
Reduce consumer costs for energy, gas and electricity.
Adjust the energy structure with a focus on finding new energy sources.
Exemption from visas for target group tourists
Aims to host world-class festivals Amend the constitution

Source: Thai Parliament

Analyze the impact of Pheu Thai Party policies on the economy

Policy	Budget	Impact on Economy	Source of budget	Cost to public debt	Start
Digital wallet Bt10,000/person	Bt500bn	+0.7% GDP	Budget/ issue bonds/ reduce other budgets*	2.9% GDP	1H24
Increase wages to not less than Bt600/day	600 baht/day ((400-354)*13 mn = 160bn baht/yr (260 working day)	+0.2% GDP	Private	-	2H24
Raise the monthly salary of bachelor's degree graduates to Bt25,000 or more (increase the salary of civil servants)	Bt 6,500/mth (650,000 *(25,000-15,000)) = Bt78/year	Nil.	Budget/Issue bonds	0.4% GDP	2H24
Suspend debt and interest payment on farmer debt for 3 years* (Assumption: 50% of accommodation money goes to expenses)	Bt13bn	+0.1% GDP	Budget/Issue bonds	0.8% GDP	Jan 24
Immediately reduce energy prices	N/A	TBC	-	TBC	4Q23

Effects on the economy of the Pheu Thai government

Source: Various Sources, INVX Research

- Digital wallet policy of Bt10,000/person with a credit limit of over Bt500bn. There will be fiscal costs of approximately 2.9% of GDP while it will increase the economic expansion by approximately 0.7% of GDP.
- The policy to increase wages and raise salaries for bachelor's degree graduates yields approximately 0.2% of GDP.
- The policy to suspend farmers' debt and interest for 3 years assumes that farmers will use 50% of their money to continue spending. It will have an effect on the economy at approximately +0.1% of GDP.

Therefore, if we combine the four policies that are positive for the economy, preliminary calculations indicate that this will add 1% to economic recovery from the base case.

The possible Bt10,000 digital wallet policy in practice

- Where does the budget come from?
- Platform performance supports
- Coupon exchange available for cash
- Determining the spending radius
- Practical store usage process

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Questions over the Bt10,000 digital currency policy in practice

- In this project, all citizens aged 16 years and over will have a digital funds worth Bt10,000 through a digital wallet created by the Pheu Thai government. It has a blockchain system that facilitates a new form of payment, which brings us to five important questions.
- The first question is where does the budget come from? The basic answer is it will be obtained from four sources:

1. Government tax revenue in 2024 is estimated to increase by Bt260bn.
2. Tax collection is expected to go up by another Bt100bn from the economic stimulus policy .
3. Budget management (or shifting budgets from other ministries that are not urgent projects) in the amount of Bt110bn.
4. Managing a redundant welfare budget of Bt90bn

However, details are still unclear. For example, it is not specified which benefits will be reduced, nor does it say which budget will be transferred from which ministry. This will have an important effect on GDP creation as well.

- Due to the delay in the 2024 Budget Expenditure Act, the Budget Office expects it to be effective around May 2024. Therefore, in order to carry out the policy of distributing 10,000 baht via a digital wallet to meet its February 1, 2024 promise, quasi-fiscal measures must be used by borrowing money from state enterprises or government financial institutions to use first. The government will set a budget. Compensation will be given later.
- However, Section 28 of the State Financial and Fiscal Discipline Act 2018 specifies that the outstanding balance or obligation that the state must compensate for expenses or loss of income in carrying out activities, measures, or projects must not exceed 32% of the annual expenditure budget (2024 fiscal year is at Bt3.35trn, 32% = Bt1.1trn, but there are already obligations of approximately Bt1trn), there is a remaining usable limit of approximately Bt100-120bn. Therefore, it may be necessary to request an extension of the limit of Section 28 to 40-50%.
- Second question: Platform support: What platform will be used to support 50 million people? What management system will be used? Can the system support identity verification at the level of tens of millions of people? How can it support the trading volume each hour? We believe that this policy will ultimately use the E-money operating system of the "Paotang" application as the main focus.
- Third question: Exchanging coupons for cash after making transactions. When the merchant receives payment in this digital currency, can it be used further, for example to pay wages to employees or to buy raw materials? Will it be stuck with the restriction that it must be used within a limited radius or may it be exchanged for cash?
- The fourth question involves determining the spending radius. Although it is a good principle that the Pheu Thai Party wants people with digital money to use the money in businesses near their residences, in practice it is quite difficult, especially for those who are far from their original place of residence.
- The fifth question is the store's usage process in practice. How difficult will it be? Although the idea is good because it attracts small shops to register on the system, in practice there must be adequate support tools. Is it the same as the EDC (Electronic Data Capture) machine used for credit card transactions? (Especially for those who will use the digital wallet via their ID card)

Latest government projections of the Thai economy compared with InnovestX

- With a greater political stability, we have adjusted our economic forecast in 2024 from 3.0% to 4.1% from: 1) economic stimulus measures, especially the digital wallet, which will stimulate consumption, 2) efficient government management, especially the acceleration of investment budget disbursement, 3) increased confidence, which will lead to additional private investment, but 4) rising inflation and a weak baht will cause the BoT to increase interest rates (from the base case of cutting interest rates in line with world interest rates)

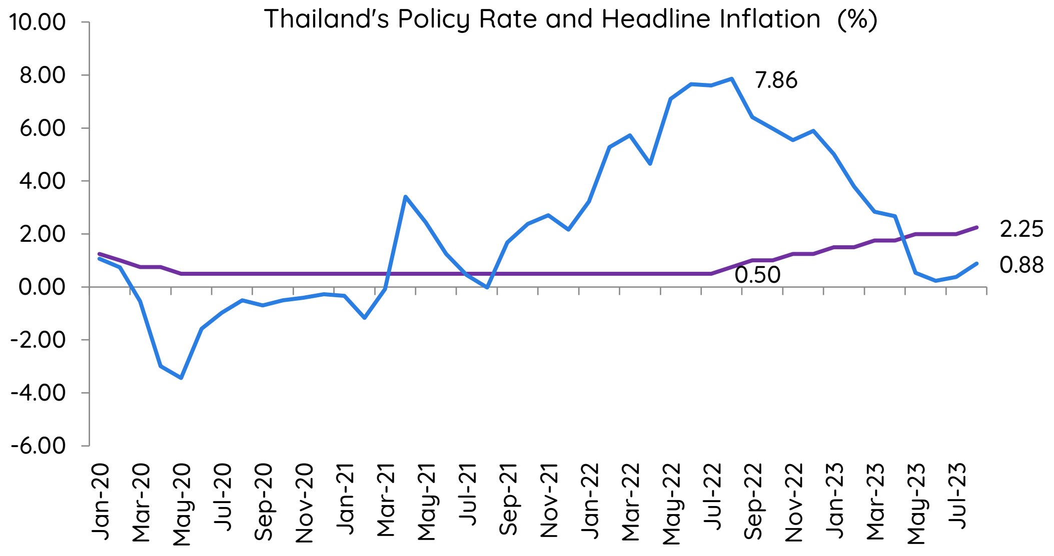
Macro growth projection	Actual 2021	Actual 2022	FPO (Apr 2023) 2023f	BOT (May 2023) 2023f	NESDC (Aug 2023) 2023f	InnovestX (Sep 2023) 2023f	InnovestX (Sep 2023) 2024f
GDP growth	1.5	2.6	3.6	3.6	2.8	2.7	4.1
Private investment	3.0	5.1	2.3	1.7	1.5	0.5	2.9
Public investment	3.4	-4.9	2.6	2.5	2.0	-0.1	7.6
Private consumption	0.6	6.3	4.1	4.4	5.0	3.2	6.6
Public consumption	3.7	0.0	-2.1	-2.8	-3.1	-2.7	2.1
Export value in US$ terms (%)	19.2	5.5	-0.5	-0.1	-1.8	-2.0	-0.1
Import value in US$ terms (%)	15.0	12.4	-0.2	0.7	-1.1	0.0	5.2
Current account to GDP (%)	-2.2	-3.4	0.8	1.2	1.2	0.0	-2.0
Headline inflation (%)	1.2	6.1	2.6	2.5	1.9	1.7	3.6
USD/THB	32.0	35.1	33.17	N/A	34.0	35.0	36.0
Policy rate (%)	0.50	1.25	N/A	N/A	N/A	2.25	2.75
No. of inbound tourists (mn)	0.43	11.2	29.5	29.0	28.0	28.0	35.0

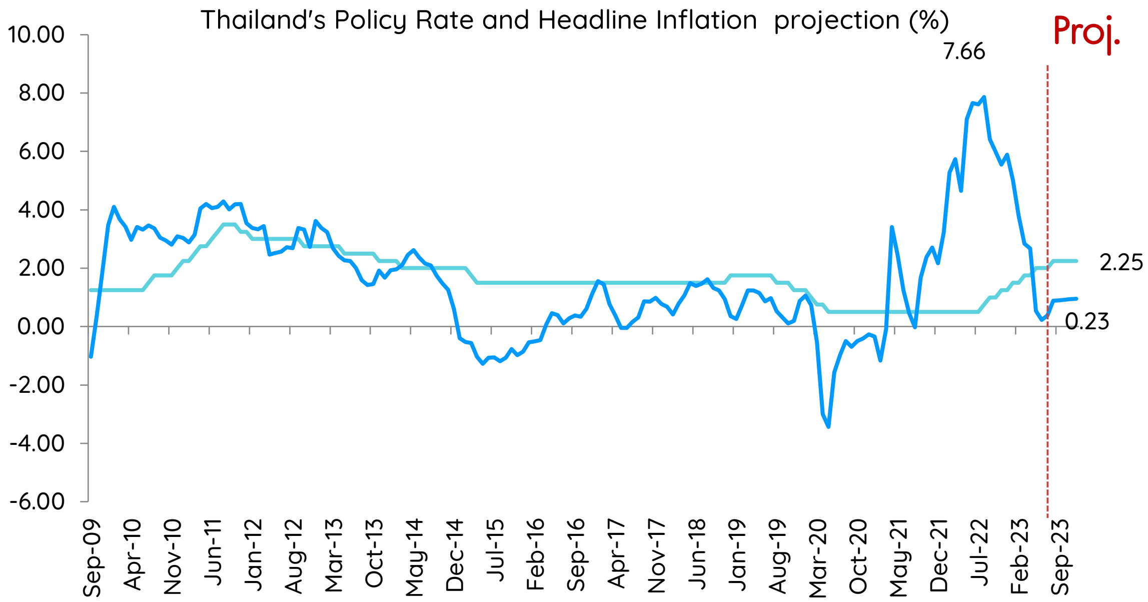
Source: CEIC, NESDC, BOT, FPO, INVX Research

(Extra) INVX estimates inflation at 1.7% in 2023 and 3.6% in 2024

• Inflation in August 2023 increased to 0.88%. However, we expect inflation to be stable at around 1.5-2.0% (average), leading the BoT to maintain interest rate at 2.25%, which will cause real policy rate to become positive in the second half of the year. In 2024 we expect interest rates to rise two more times in the second half of the year to 2.75% amid rising inflation off a low base and the return of commodity prices.

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug (f)	Sep (f)	Oct (f)	Nov (f)	Dec (f)	2023f	2024f
CPI	5.02	3.79	2.83	2.67	0.53	0.23	0.38	0.88	0.90	0.92	0.94	0.96	1.67	3.60
RP	1.50	1.50	1.75	1.75	2.00	2.00	2.00	2.25	2.25	2.25	2.25	2.25	2.25	2.75
Real RP	-3.52	-2.29	-1.08	-0.92	1.47	1.77	1.62	1.37	1.35	1.33	1.31	1.29	0.31	-0.85

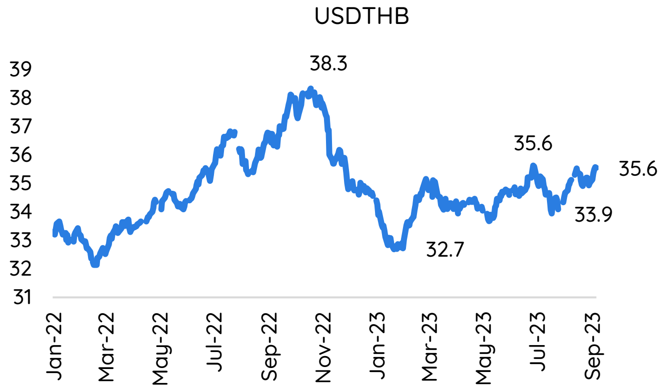




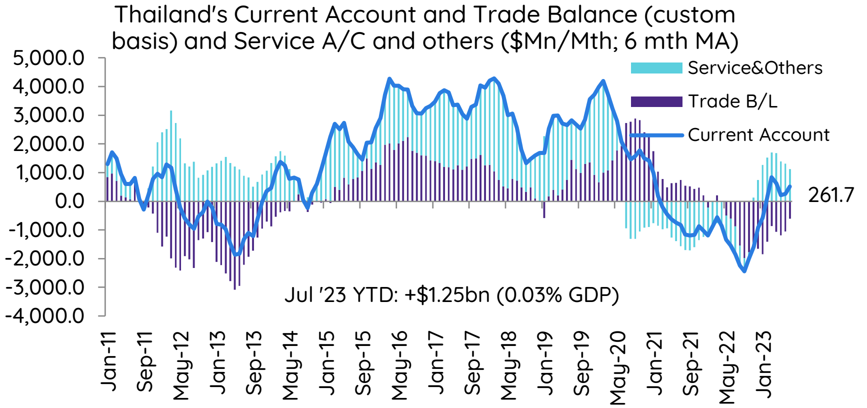
Source: CEIC, INVX

(Extra) INVX estimates the baht to average 35/$ in 2023 and 36/$ in 2024

In the past, the baht moved in the direction we expected, which is for a gradual depreciation over the past three quarters as a result of: 1) a balanced current account balance; (tourism income minus export income), 2) the dollar strengthens due to increased global economic risks and 3) the yuan and yen depreciate. This causes the baht to weaken. We view that the baht in 2023 will be on average around 35/$ and in 2024 it will average 36/$ as the current account balance will be in a larger deficit. from the global economic recession causing negative exports while imports are high in response to the recovering domestic economy. But there will be countervailing factors as the dollar will depreciate from the Fed's interest rate cut and the BoT is likely to raise interest rates to control rising inflation.



Source: CEIC



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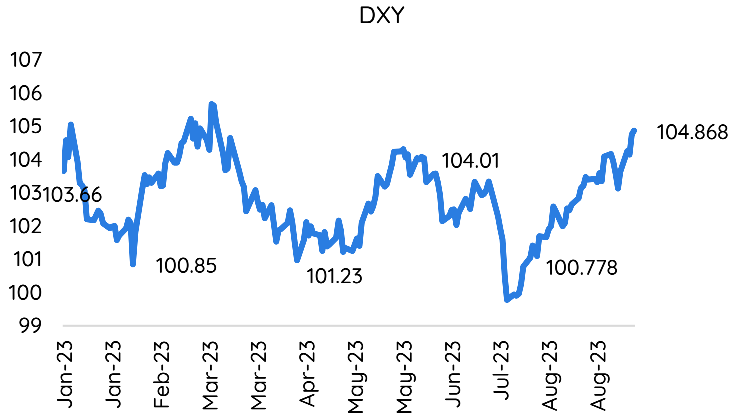

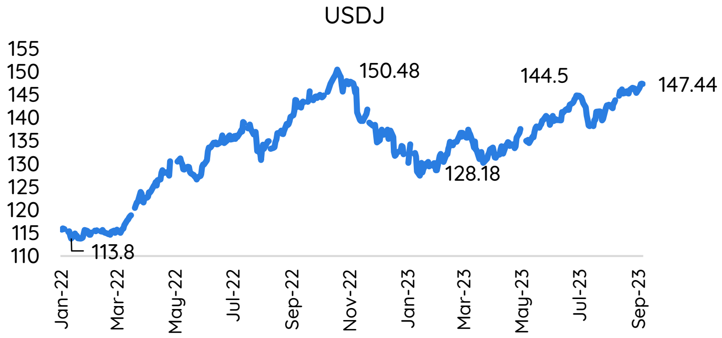

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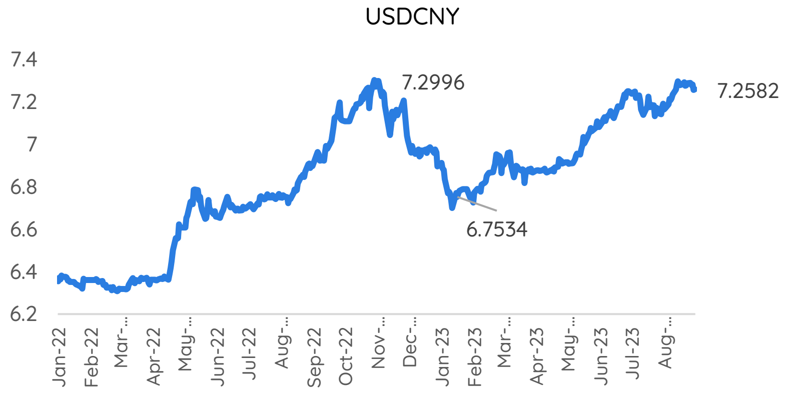
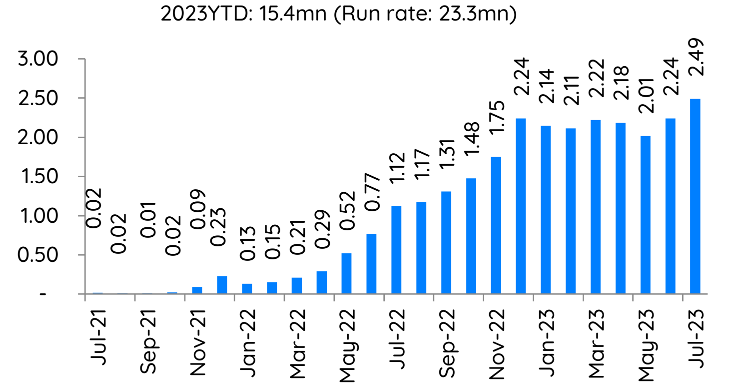


	1Q23	2Q23	3Q23f	4Q23f	23YTD	2023f	2024f
THB	33.9	34.5	34.8	35.0	34.4	35.0	36.0

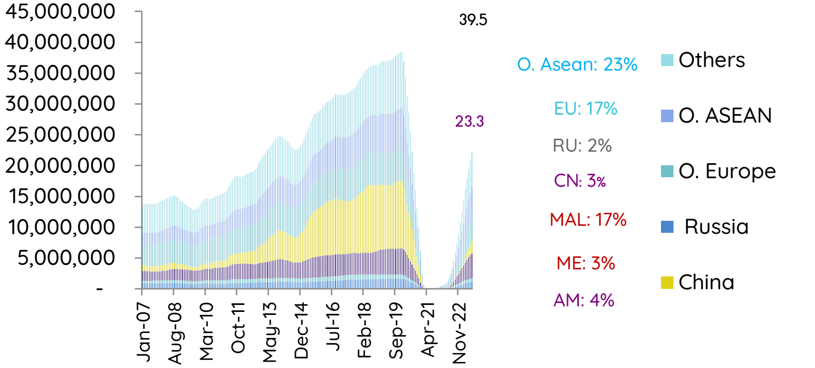
(Extra) INVX estimates 28mn tourists in 2023 and 35mn in 2024.

- In the past, there have usually been more than 200,000 tourists arriving per month. In the past seven months, 15.4mn tourists entered the country. However, the majority (over 70%) were tourists from neighboring regions such as Malaysia, India and the Middle East. This is close to the pre-COVID level (while China's entry is still only about 40% less than before COVID). We have adjusted our tourist forecast this year to 28mn, but tourist income decreased to approximately Bt1.1trn or 6.4% GDP (approximately Bt40,000 per capita) from Bt1.25trn or 7.4% GDP (approximately Bt50,000 per capita). In 2024, we expect 35mn tourists to enter the country, generating Bt1.65trn, or approximately 9.7% of GDP (approximately Bt47,000 per capita).

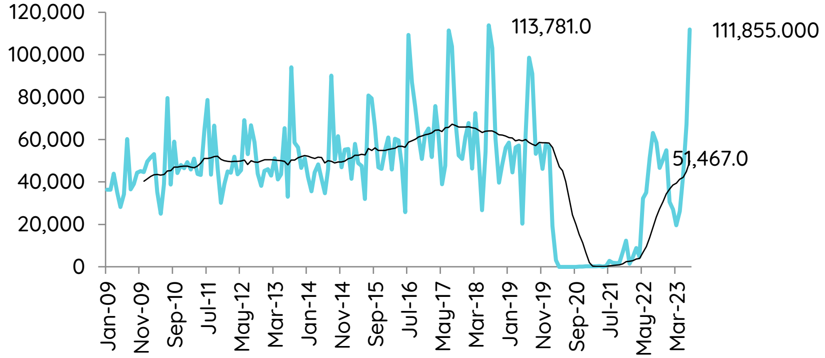
No. of Tourist arrival in 2023 (Mn; Persons)



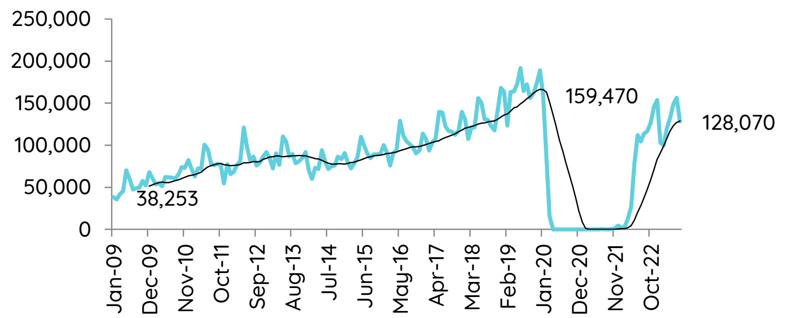
Tourist arrival (Acc.12 mths)



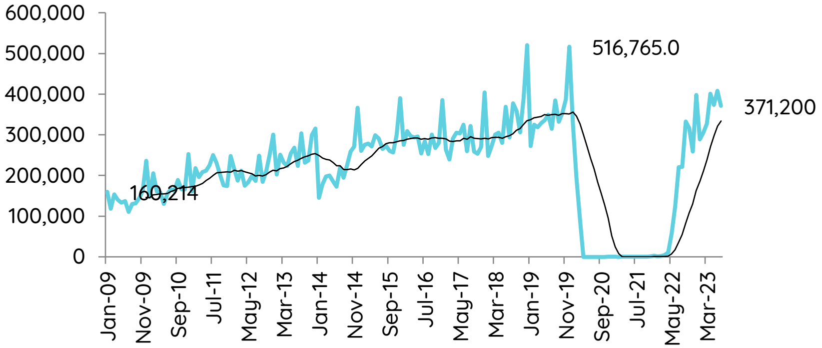
No. of Inbound Middle East Tourists (persons) (98% of pre-covid)



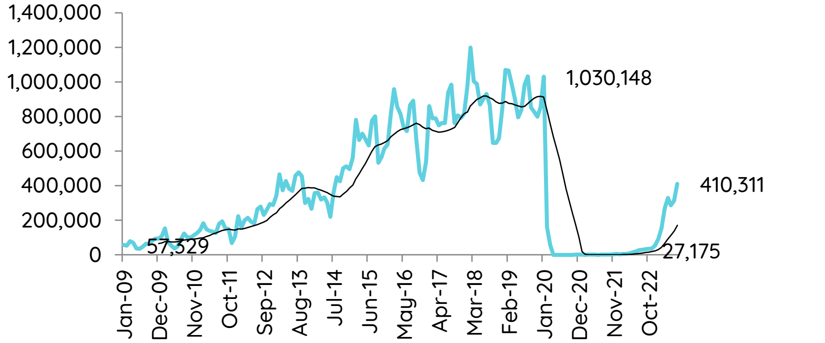
No. of Inbound India Tourists/mth (persons) (80% of pre-covid)



No. of Inbound Malaysia Tourists/mth (persons) (72% of pre-covid)



No. of Inbound China Tourists/mth (persons) (40% of pre-covid)



Source: CEIC, INVX

4Q23 Strategy

InnovestX Securities Co., Ltd.

Our 3Q23 recommendations
Outperformed the SET by 1%

We are nearing the end of 3Q23 and the Thai stock market is up 2.9%. In contrast to the previous three quarters, Thailand outperformed regional peers by 4-5% and the global market by 3.6% after Thailand's parliament voted Srettha Thavisin in as prime minister, bringing an end to three months of political stalemate. In addition, investors have become more optimistic about the outlook for corporate earnings in 2H23. However, China's investment and consumption momentum remain weak and the US government's credit downgrade weighed on market.

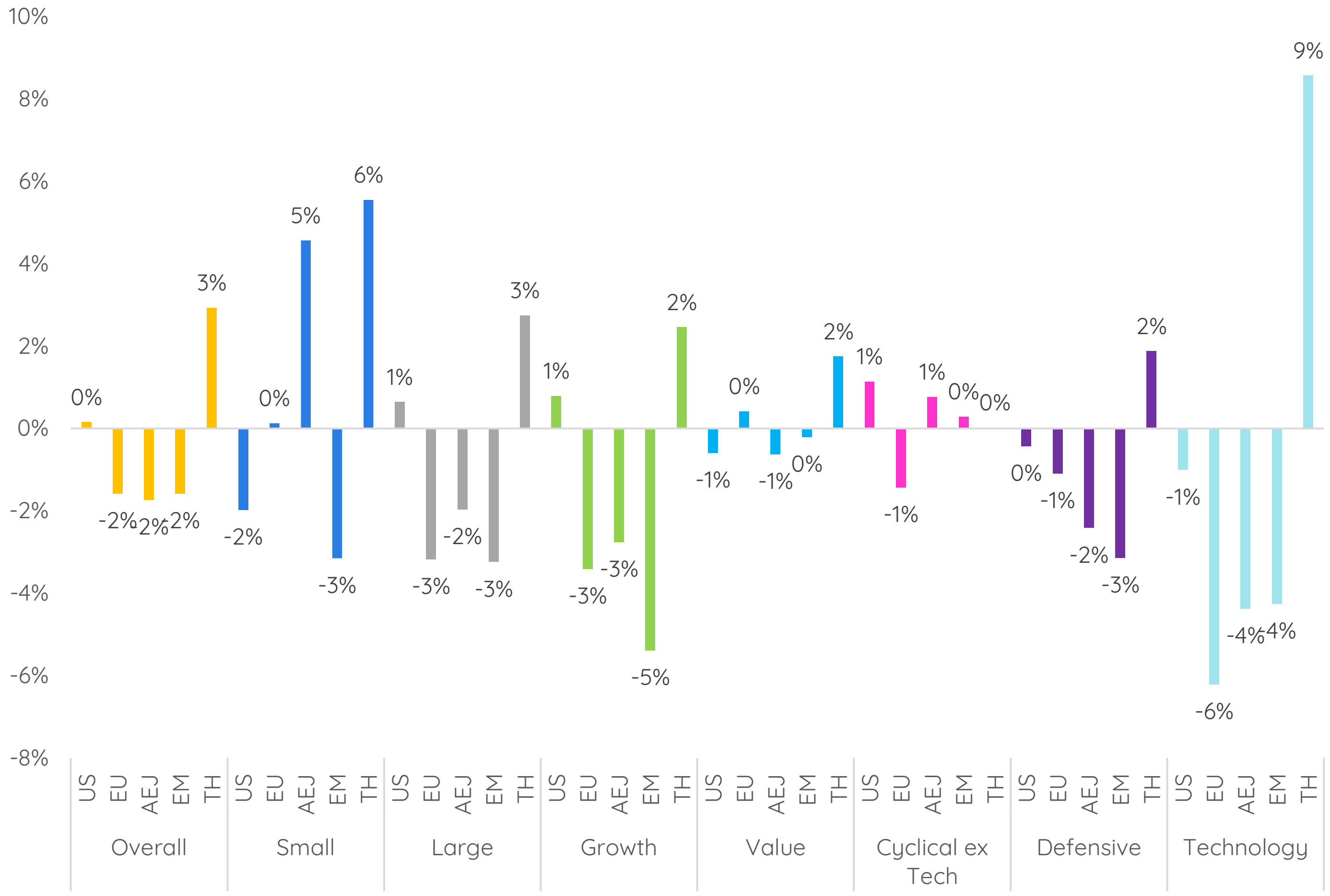
The Thai stock market has offered positive returns in 3QTD, reversing from being the worst performer during the global market rally in 2Q23. Index contribution has been concentrated in four sectors: Electronics (KCE, HANA, DELTA), Construction services (STEC, CK), Automotive (AH, NEX) and F&B (CBG, CPF), while Petrochemical (IVL, PTTGC), Tourism (MINT, CENTEL), Construction Materials (SCC, TASCO), and Transportation (AOT, BTS) disappointed. Foreign investors have sold a net US$995mn in Thai equities QTD, decelerating from an outflow in 2Q23 of US$1,462mn. Foreign flows have been similar in ASEAN peers: Indonesia with -US$1,209mn and Vietnam with –US$123mn, while foreign investment in Malaysia (+US$323mn) and the Philippines (+US$40mn) showed net inflow in 3Q23.

Our key theme in 3Q23 was China's slower-than-expected recovery, a strong El Nino, continuous inventory destocking and bottoming of the semiconductor sales cycle and this seems to have aligned with market reactions. Meanwhile, the US's stronger-than-expected earnings growth and near ending of the interest rate hiking cycle support the market.

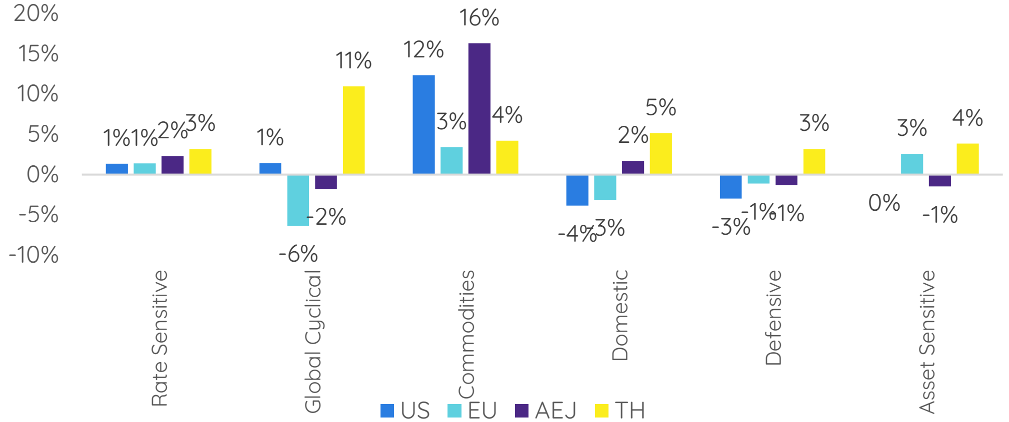
Our top picks that focused on defensive sectors, earnings recovery with limited impact from policies offered average returns of 1%, as BBL, BEM and OSP outperformed, while BDMS and HMPRO underperformed.

Price performance in 3Q23
Small cap, commodities, rate-sensitive outperformed

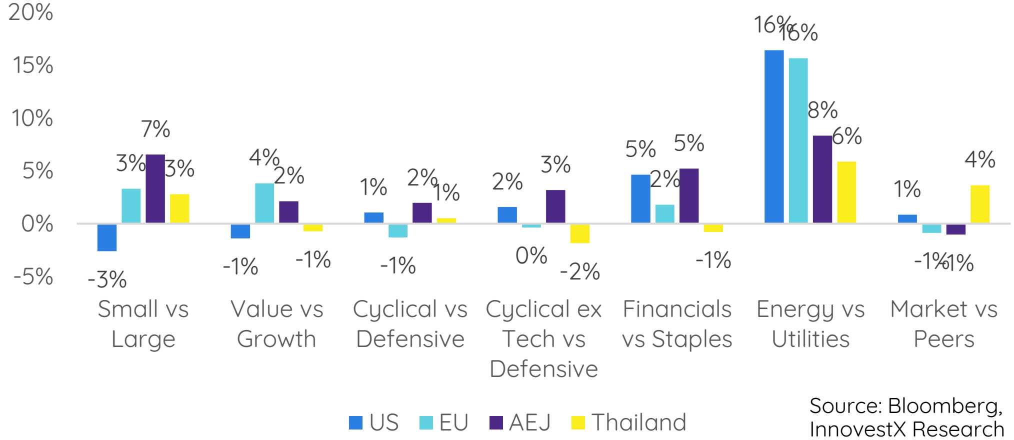
Performance comparison in 3Q23 (as of 8 September 2023)



3Q23 basket returns (as of 8 Sep 2023)



Relative performance in 3Q23 (as of 8 Sep 2023)

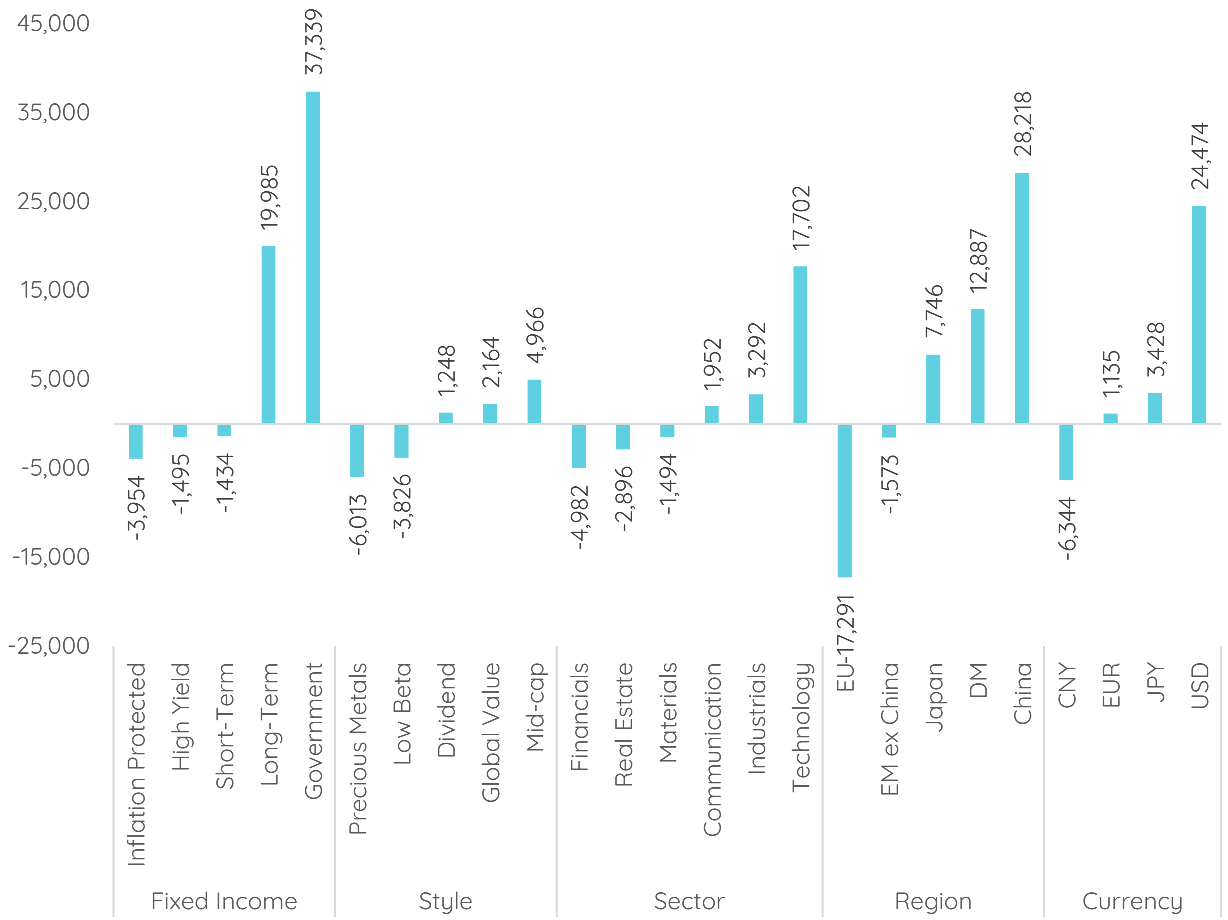


Source: Bloomberg, InnovestX Research

innovestX

Fund flow dynamics
LT Treasury, Tech and China

Fund Flows - 3QTD (as of 8 Sep 2023)



Source: EPFR, Haver Analytics

Flows into mutual funds and related investment products have been positive across bond, equity and currency funds in 3QTD, while flows into commodity and sector funds are mixed.

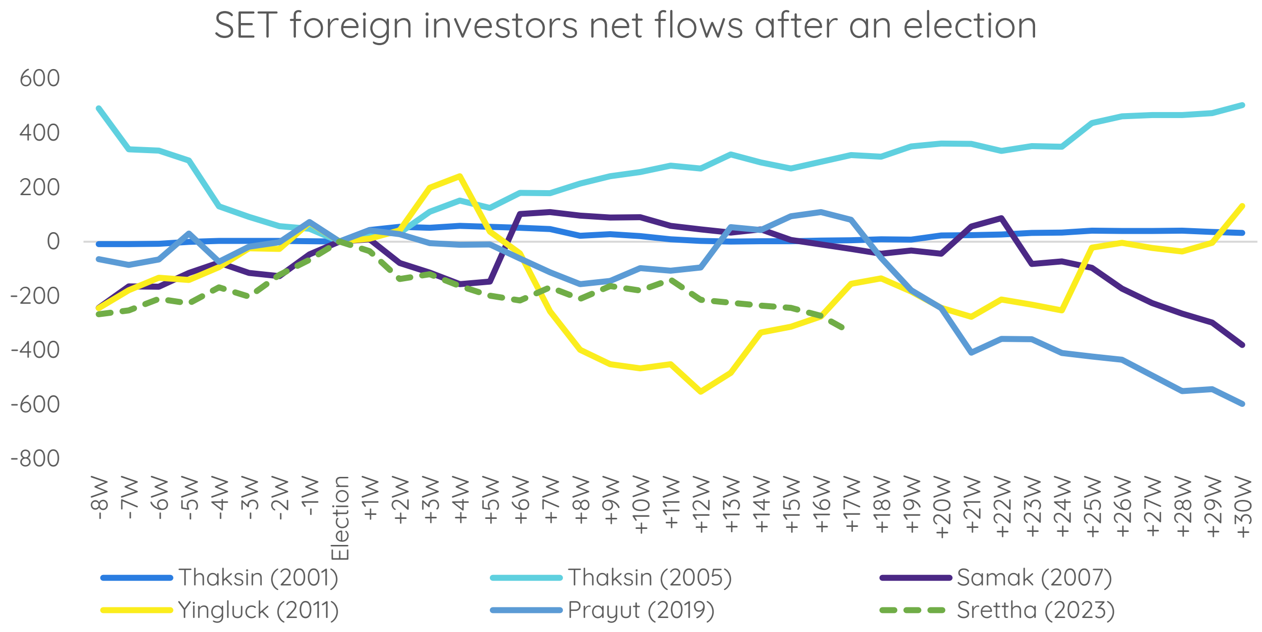
Within the fund flow patterns in 3Q23TD, we see:

1) A huge inflow in government and long duration bonds on the back of falling inflation, hoping for peak of the hike cycle and the need for protection from activity slowdown.
2) Despite a slower-than-expected recovery in China, equities are reviving on optimism about China's stimulus, bringing strong inflow into China markets, while the EU and EM are facing outflows due to vulnerability to China's growth.
3) Mid-cap and low valuation are the bright spots for inflow, while precious metals are seeing a large outflow.
4) Sectors linked to more economically sensitive sectors such as Financial and Materials registered outflows due to weak growth outlooks. Tech saw a huge inflow on 2H23 recovery.

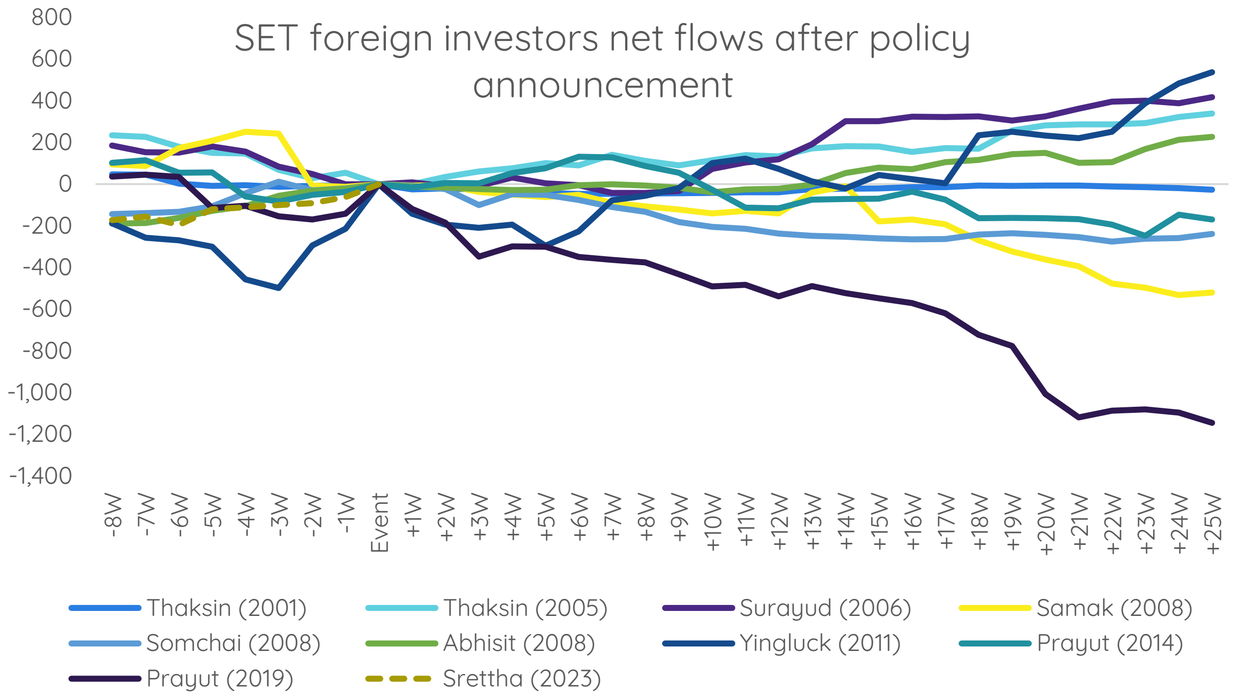
Market sentiment is neither hot nor cold. Despite headwinds, investors have become more selective and are bottom-fishing. Thus, we recommend investors accumulate more high quality stocks with high earnings growth visibility.

Dynamics of foreign fund flows in the Thai market

Bide your time



Source: SET, InnovestX Research



Source: SET, InnovestX Research

The foreign investor flow is muted in ASEAN markets as headwinds from China's economic slowdown, currency depreciation and El Nino are stronger than tailwinds from recovery in the service sectors and a resilient US economy. Based on our analysis, the Thai stock market faced the largest fund outflows after this election than in previous elections since 2000, missing our expectation of an inflow. The foreign flow trend was directionless after the policy announcement. We think foreign flow will come back to the Thai market on: 1) improving China growth outlook, 2) completion of credit rating, earnings and GDP downward revisions, 3) peak of FED hawkishness, 4) domestic and tourism stimulus delivering results in mid 4Q23.

Market outlook

Key points of our 4Q23 strategy

		Summary of our views
Macroeconomic outlook		We expect the global economy in 4Q23 to slow down significantly, with three main themes: 1) synchronized slowdown, 2) restrictive for longer: we expect policy interest rate to remain constant at the current level of 5.4% until the end of the year, and 3) US and the rest: a chasm between the US, where the economy is growing, and EU and China, where growth will slow. Thai economic growth in 2024 will be better than in 2023 due to increased political stability. New government stimulus will add 1% to economic growth. We expect the Thai economy in 2024 to expand by 4.1% from 2023's expansion of 2.7%.
Economic bright spots		Domestic consumption demand, beverage, tourism-related sectors, electronics products, refinery
Fed pause paybook		Hiking cycle is likely to be paused in 4Q23, though cycle extension risk appears underpriced, an easing shortly after the peak appears overpriced. Global equities, gold, treasuries tended to fare well overall in the 18 months following those halts. The performance of the dollar, commodities and SET Index was mixed. In addition, it took 5 to 15 months (average 8.8 months) before the central bank started cutting rates over the last 30 years.
Prepare for a spending slowdown		The return of student loan payments in the US in Oct 2023 will reduce consumer spending. China's economic slowdown is affecting Thailand's exports and travel spending. We are concerned about export growth as the global economic recovery remains sluggish. The starting of restocking would be a key growth catalyst from 4Q23. Thus, we like volume and traffic plays as safer than spending plays. Prefer budget hotels and the airport operator.
Destocking may continue, semiconductor cycle is turning		Semis overall inventory days in US and China declined but remains higher than normal by 12% and 28%. However, the drag on activity will be smaller in 1H23. Thailand's inventory to shipment is showing early signs of improvement in broader sectors but is still higher than normal. We expect inventory destocking may continue a bit in 2H23 in Europe and China but that the drag on activity will be smaller than in 1H23 and fading, and that growth contribution from changes in inventory investment should return to trend in 2024.
Impacts from El Nino is coming		The probability of El Niño occurring between Dec 2023 and Feb 2024 is at more than 95%. According to correlation of sea surface temperature and output, rice, sugarcane, palm oil, durian and cassava will fall by 7-20%. We are concerned about rising raw material cost sand slow consumption in provincial areas. Agribusiness, F&B, automotive and restaurant will suffer from strong El Nino and weak farm income.
Strategy (4Q23)		Slow economic growth and corporate profit in 3Q23TD are seeing positive developments. The chance of a severe US recession is small. A Fed pause in interest rate in Nov 2023 would support the market along with earnings recovery. Semiconductor sales cycle has bottomed and could lead to a slow restart of a global restocking cycle in 4Q23. Our strategy is to focus on stocks experiencing gradual earnings recovery or earnings bottoming with well-managed cost effectiveness. We stay selective on cyclical sectors with high domestic consumption exposure that could gain positive momentum on stimulus and earnings recovery.
SET Index target		Our 2023 SET Index target is 1,650. Next year's target is 1,750. In 4Q23, our key entry point is 1,500-1,550 with expected returns of 5-7%.
Sector weighting (4Q23)	**Overweight**	Air transportation (Airport), Bank, Commerce, Electronics, Healthcare
	Neutral	Energy, F&B, Hotel, Land Transportation, REIT, Telecommunication, Utilities
	Underweight	Agribusiness, Automotive, Building Materials, Petrochemical
Recommendations		We look at stocks that 1) have good balance sheets and cash flows, 2) are gaining momentum from China's re-stocking and reopening, 3) are showing bottoming earnings and steady recovery, 4) have limited impact from a global spending slowdown. Our top picks in 4Q23 are AOT, BCH, CRC, KCE, KTB

Investment roadmap from a macro perspective

<table>
<tr><th></th><th>4Q23</th><th>1Q24</th><th>2Q24</th><th>3Q24</th></tr>
<tr><td>US</td><td>1 Growth up, inflation down
Stocks over bonds
Style - Secular growth, high beta, mid-caps
Sector - Tech, Discretionary, Industrials, Telecom, Materials
Fixed Income - HY</td><td colspan="3">4 Growth down, inflation down
Bonds over stocks
Style - Low beta, quality, defensive, dividend yield
Sector - Consumer Staples, Utilities, REIT, Healthcare, Telecom
Fixed Income - Long duration, IG</td></tr>
<tr><td>EU</td><td colspan="2">4 Growth down, inflation down
Bonds over stocks
Style - Low beta, quality, defensive, dividend yield
Sector - Consumer Staples, Utilities, REIT, Healthcare, Telecom
Fixed Income - Long duration, IG</td><td colspan="2">1 Growth up, inflation down
Stocks over bonds
Style - Secular growth, high beta, mid-caps
Sector - Tech, Discretionary, Industrials, Telecom, Materials
Fixed Income - HY</td></tr>
<tr><td>China</td><td>1 Growth up, inflation up
Stocks over bonds
Style - Secular growth, high beta, mid-caps
Sector - Tech, Discretionary, Industrials, Telecom, Materials
Fixed Income - HY</td><td colspan="2">3 Growth down, inflation up
Bonds over stocks
Style - Secular growth, quality, low beta
Sector - Utilities, Tech, Energy
Fixed Income - Long duration, TIPS</td><td>2 Growth up, inflation up
Stocks, commodities over bonds
Style - Secular growth, high beta, small cap, cyclical growth
Sector - Tech, Discretionary, Industrials, Financials
Fixed Income - HY</td></tr>
<tr><td>Thailand</td><td colspan="2">1 Growth up, inflation down
Stocks over bonds
Style - Secular growth, high beta, mid-caps
Sector - Tech, Discretionary, Industrials, Telecom, Materials
Fixed Income - HY</td><td colspan="2">2 Growth up, inflation up
Stocks, commodities over bonds
Style - Secular growth, high beta, small cap, cyclical growth
Sector - Tech, Discretionary, Industrials, Financials
Fixed Income - HY</td></tr>
</table>

Source: InnovestX Research

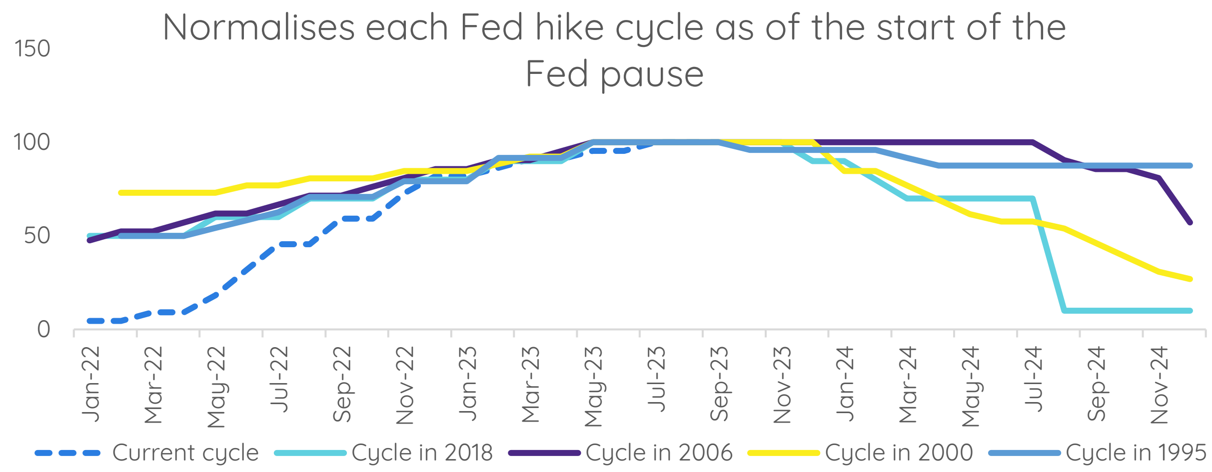
What are we looking for in 4Q23?
Relief on macro, stress on micro

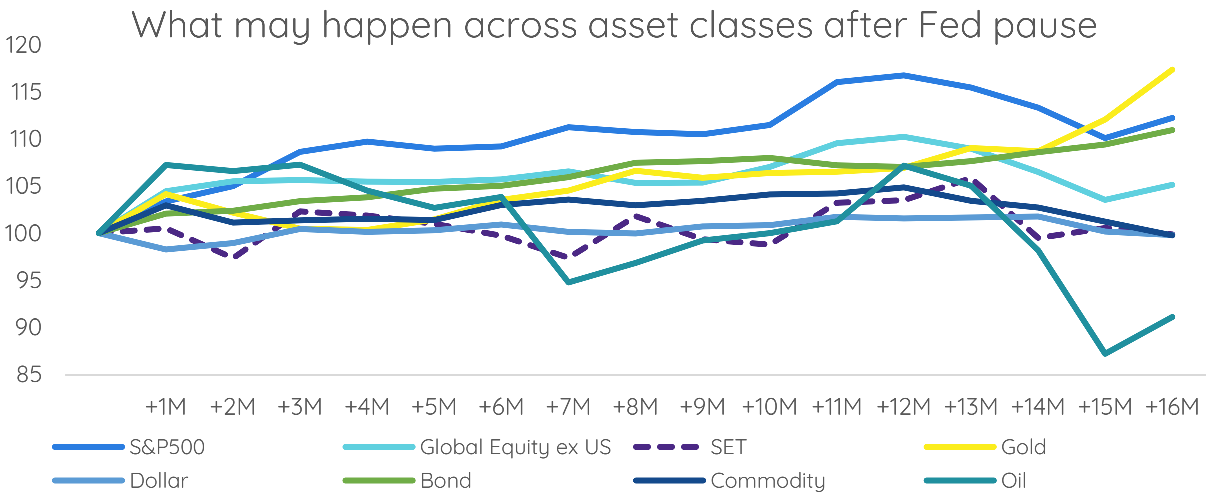
	Expectation	Action
Interest rate	1) Peak of hawkishness, 2) stay higher for longer, 3) cut during recession, 4) Fed rarely raises rate again after pausing	We prefer long duration government bonds and high-quality corporate bonds over equities. Waiting to buy Financials during uncontrollable risk and liquidity
Inflation	1) Peaked, falling but sticky, 2) it could reach central bank target in 2024, 3) depends on China's recovery, which is slow	Prefer companies with high pricing power such as staples, healthcare, consumer services. Concern on re-accelerating of inflation would be negative to the market
Recession	1) US economy is stronger than expected, 2) tight financial condition such as T-bill issuance, tight lending standards and QT, 3) rising credit spread	We prefer fixed income with 8-10% returns during the last recession. Avoid those with high yield and weak balance sheets. Chance of severe recession is low.
Student loans	1) Demand should fall as it create headwinds for consumers; 2) increase in payments in 4Q23 by 0.3% of disposal income	Resumption of student loan payments could reduce consumer spending US$200-300 per month. Prefer consumer staples such as food and beverages, pharmaceuticals, household products over discretionary products.
China slowdown	1) Stimulus is highly likely but not aggressive, 2) slower-than-expected earnings recovery, 3) rising default rate, 4) pricing competition	We are waiting for a destocking cycle to end in early 4Q23 before buying in the dip. Focus on domestic consumption and policy support.
Destocking / Inventory	Inventory destocking cycle may continue a bit in 4Q23 in EU and China. But the drag on activity will be smaller and fading from 1H23. Expected to return to normal trend in 2024.	The impact on the overall economy is limited. Destocking is nearly completed and turning into a restocking phase starting in mid-4Q23. Destocking will lead to supply chain disruption. Once done, China and semiconductors would see a strong recovery.
Semiconductor cycle	1) IT spending recovery, 2) improving inventory days, 3) hope for a strong recovery in 2H23, especially for PC and phones, 4) new product launches	The semiconductor sales cycle has bottomed out and showing early signs of recovery. U-shaped recovery is expected.
El Nino	1) Highly likely with more than 90% possibility, 2) agricultural prices for corn, cotton, wheat winter vegetables to increase	Avoid mining from a halt in production and transportation, avoid hydropower plants, negative to food industry, positive to debt collection. Consumption will be affected in 2Q24
Thai's stimulus	1) Digital wallet Bt10,000, 2) reduce electricity and energy cost, 3) debt moratorium, 4) visa free entry for Chinese tourists	Positive for domestic consumption such as retailers, department stores, F&B and tourism related sectors. Neutral to finance. Negative sentiment to energy
Tourism recovery	1) Easy parts of recovery passed, 2) China's outbound tourism recovering at a slow pace, 3) entering high season	Avoid tourism-related stocks whose price is above pre-COVID-19 level. Positive momentum of reopening is fading, traffic recovery remains strong. Slowed China outbound tourism from a clouded economy is our concern.
Geopolitical risks	1) Expect tension to continue, 2) mistrust remains, 3) unresolved any time soon	Hold cash or liquid assets for market correction. If tension is rising, we recommend reduce exposure in technology sectors.

Source: Bloomberg, InnovestX Research

Fed pause playbook

Gold, equities, treasuries tended to fare well





2H23 may go down in history as one of the toughest for the Fed's tightening cycle to end. Hiking cycles are likely to be paused in 4Q23, though cycle extension risk appears underpriced, easing shortly after the peak appears overpriced. In addition, it took 5 to 15 months (average 8.8 months) before the central bank started cutting rates over the last 30 years.

There were four episodes of a Fed halt in its rate increases over the past three decades. The key findings are:

i) Each of the four episodes witnessed a decline in 10-year yield. Bonds offered average 12m returns of 9%.

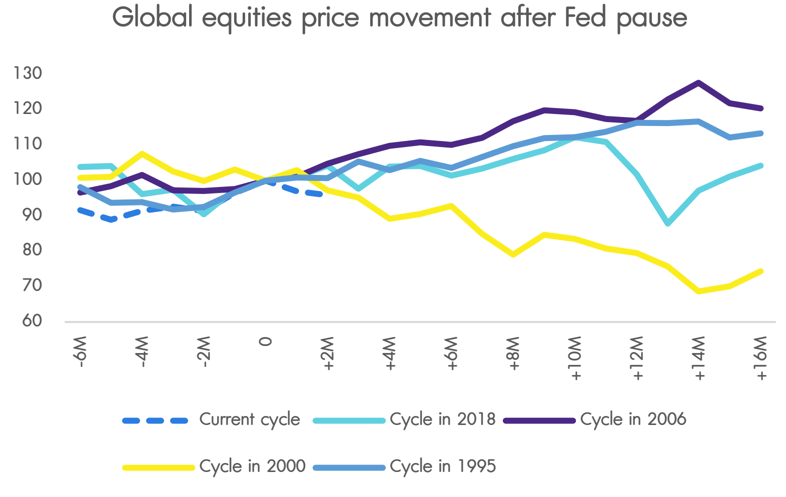
ii) Global equities, gold, treasuries tended to fare well overall in the 18 months following those halts.

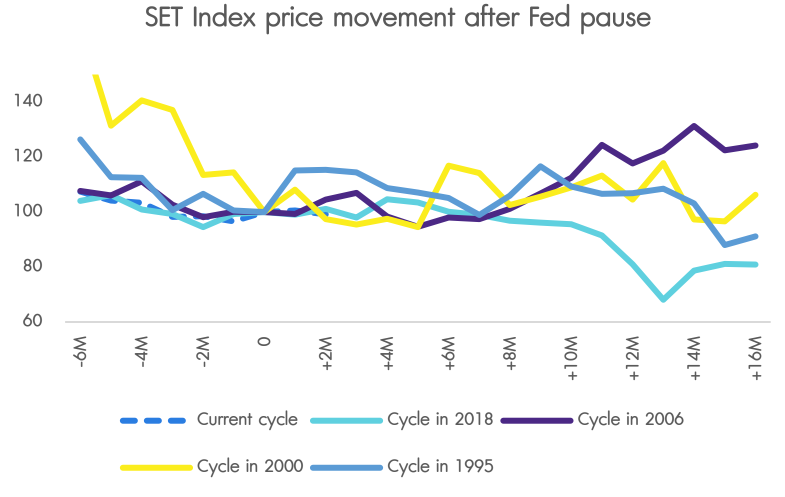
iii) The performance of the dollar, commodities and the SET Index were mixed.

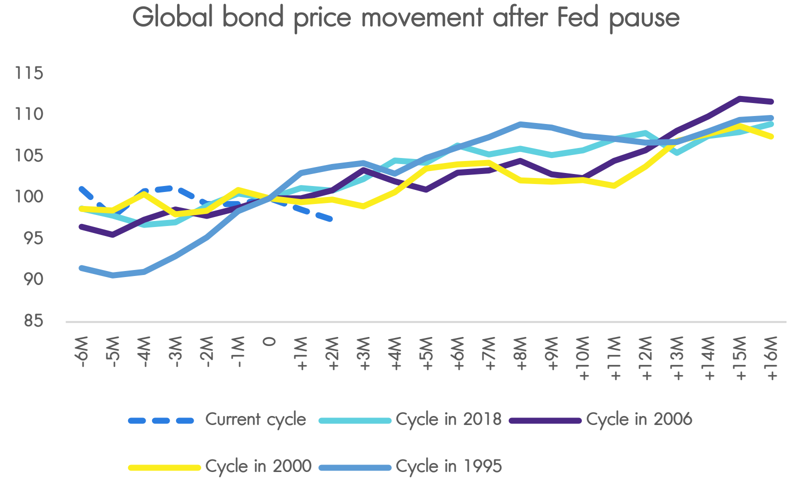
iv) The SET showed limited reaction to either a Fed pause or a BoT pause.

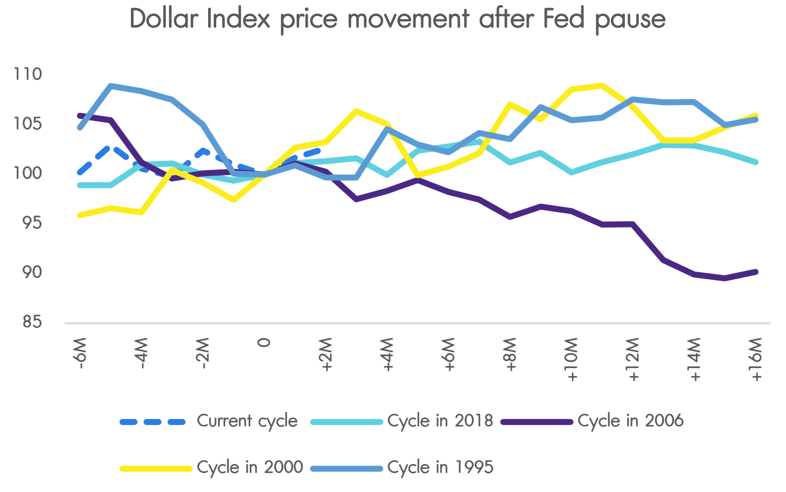
Source: CEIC, InnovestX Research

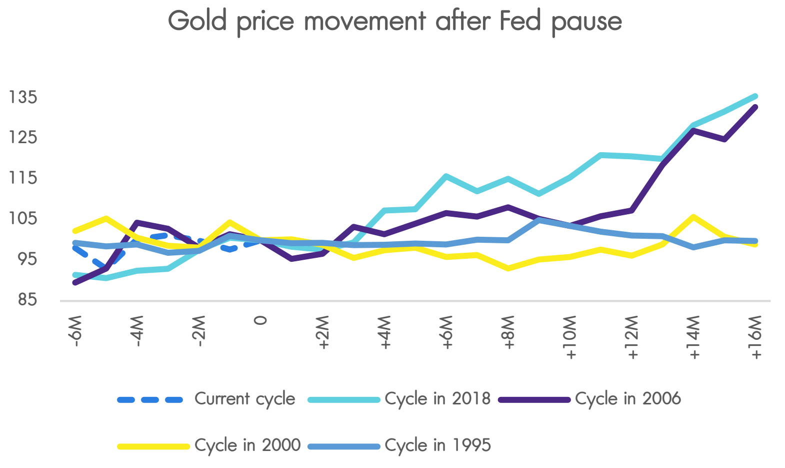
Impact of Fed pause on market
Based on previous four Fed pauses

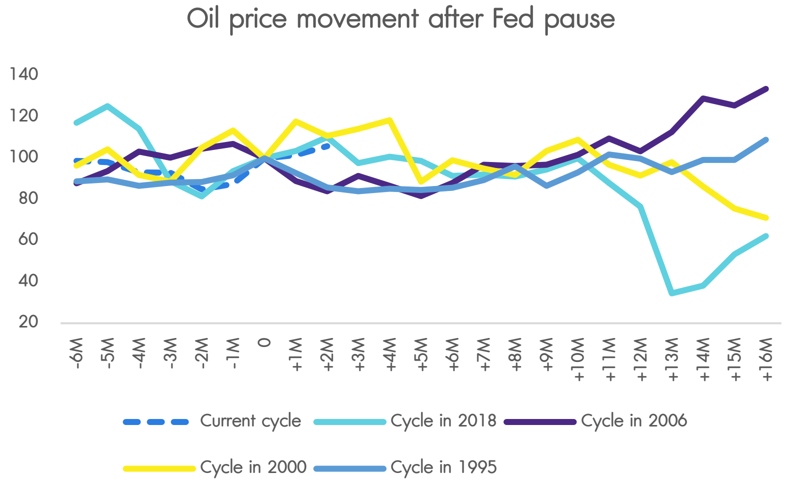








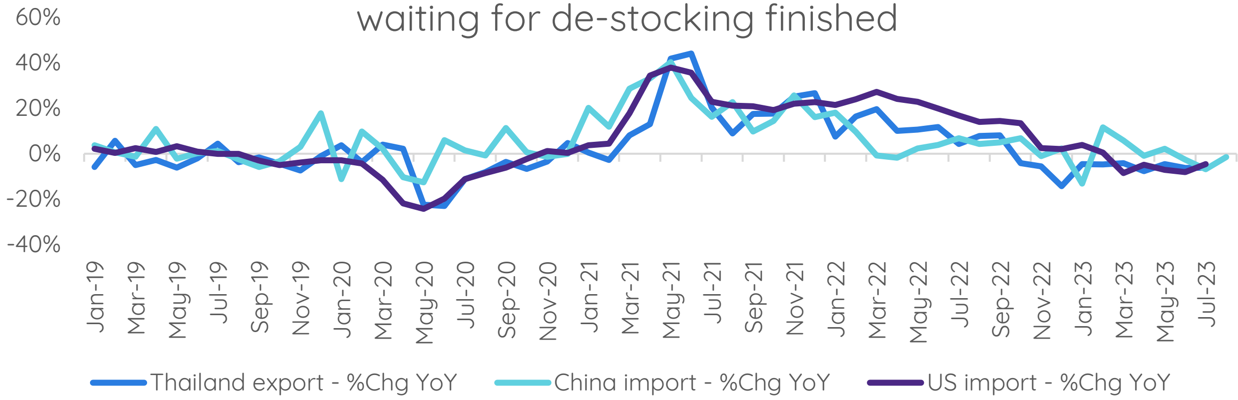




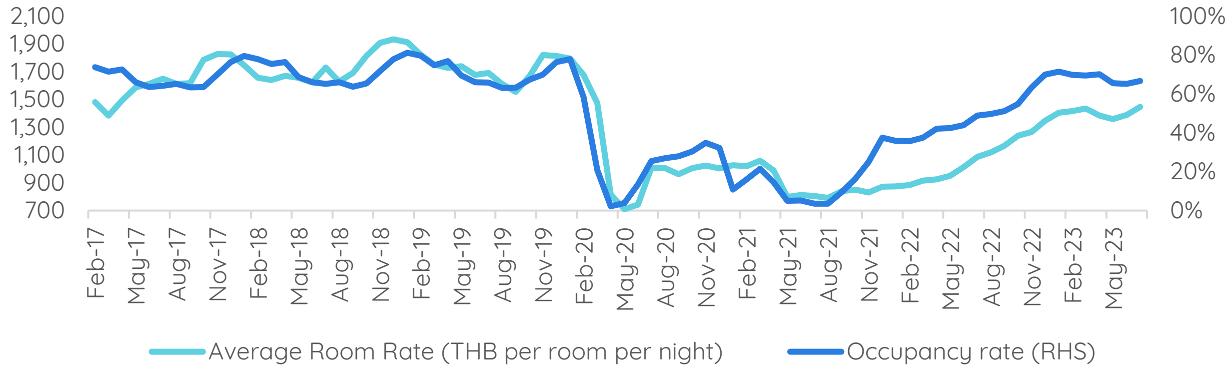
Source: CEIC, InnovestX Research

Prepare for a spending slowdown
Tighten your belt globally

Global trading activity shows signs of slow recovery, waiting for de-stocking finished



Traffic and occupancy are back to normal, while average room rate still lags pre-COVID level



Uncertainties in the wider macroeconomic environment, in addition to increased living costs are reasons for consumers to cut back on spending. The return of payment on student loans in the US in Oct 2023 will reduce consumer spending.

China's economic slowdown is affecting Thailand's exports, especially of chemical products. There are also potential cutbacks in travel spending, even as tourism related sectors continue to see strong demand.

We are concerned about export growth outlook as the global economic recovery remain sluggish. The starting of re-stocking could be a key growth catalyst from 4Q23 onward.

The recovery of tourism remains clear, although spending may not be much as expected, reflected by strong occupancy rate recovery, while average room rate is still below pre-COVID level. Thus, we see volume and traffic plays as safer than spending plays. In addition, budget hotels could be in a better position than mid-scale hotels. In this space, we like AOT and ERW as well as online travel agents. Electronic exports are expected to bottom out in 3Q23.

Source: Bloomberg, InnovestX Research

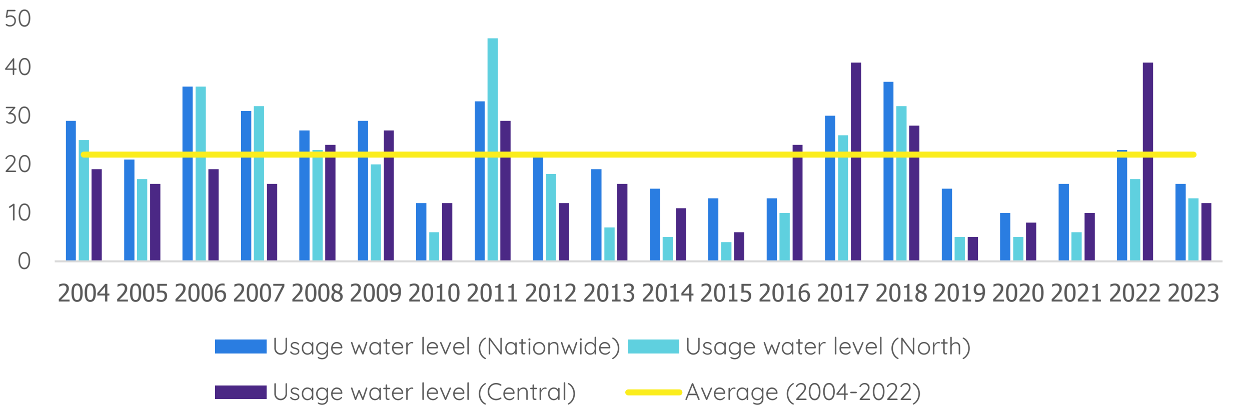
Take El Nino seriously , starting 4Q23

It could accelerate inflation and decelerate growth

Thai’s agricultural products are on blink

	Correlation SOI and output (1995-2022)	Percentage of output in a year (Higher mean high output)					
		3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Off-season rice	-15.6			43.4	52.5	4.1	
Sugarcane	-13.9		18.8	81			
Palm oil	-10.5			27.2	24.6	24	24.2
Durain	-7.4			8.2	57.3	28.3	6.3
Cassava	-5.6	2.6	11.2	59.1	14.2	6.1	
In-season rice	-2.3	14.2	83.2	2.2	0.3		
Chicken	-0.1			24.2	24.5	24.8	26.5
Rubber	0.1			22.6	16.1	28.6	32.8
Swine	0.7			25.1	24.8	25.2	25

Drought lowers water usage at major dams in 2023



Source: SCB EIC, Office of Agricultural Economics, Royal Irrigation Department, InnovestX Research

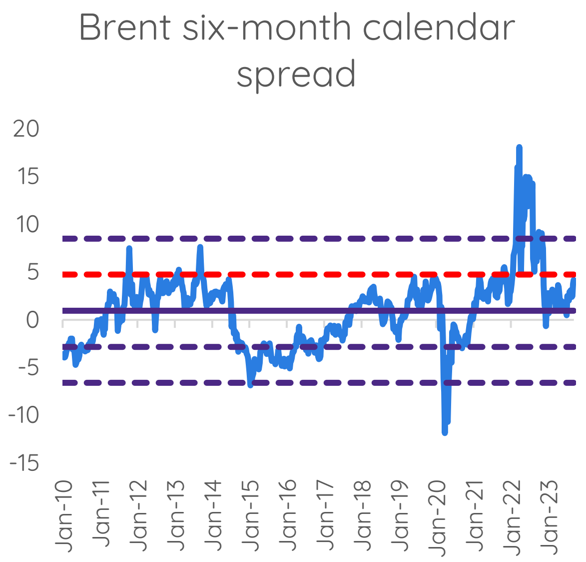
U.S. Climate Prediction Centre puts the probability of El Niño occurring between Dec 2023 and Feb 2024 at more than 95%. As El Nino progresses, additional heat is expected to be added to global temperatures, especially in its second year.

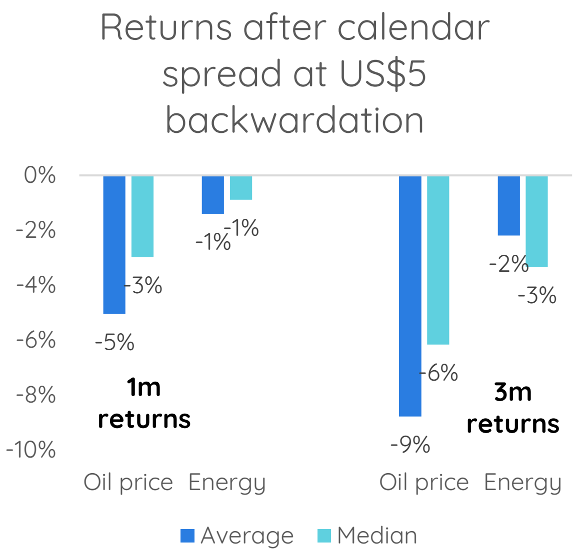
El Niño will hurt harvests. India imposed an export ban on rice following destructive rains. Many commodity prices are already elevated, with rice and sugar trading at multi-year highs. Food comprises about 36% of the inflation basket in Thailand, so this will boost inflation in 1H24.

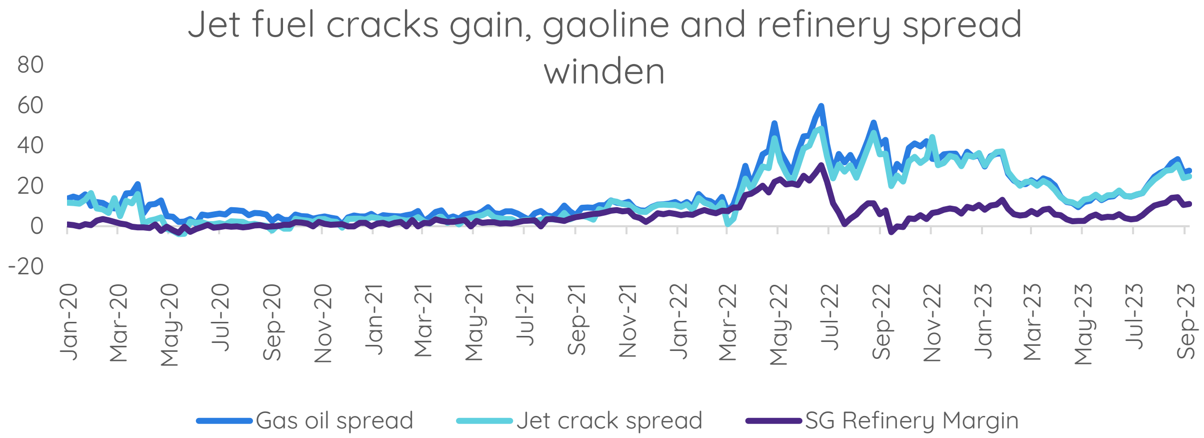
Agricultural products, contributing 81% weight in farm income, will enter the harvest season in 1H24 with a bottom range for water usage (16%) in major dams. A correlation of sea surface temperature and output shows rice, sugarcane, palm oil, durian and cassava harvest will fall by 7-20%. SCB EIC estimates the total damage from Bt40bn in the base case to Bt64bn in the worst case scenario. We are concerned about rising raw material costs and slow consumption in provincial areas. Agribusiness, F&B, Automotive and Restaurant sectors will suffer from a strong El Nino and weak farm income.

Oil price backwardation strengthens

In Energy , the bright spot is the refinery business







Crude oil price surged 21% in 3Q23 to its highest price since Nov 2022. We see a mismatch in demand and supply dynamics in the short term as the market has returned to a deficit on three rounds of OPEC+ production cuts. Saudi Arabia and Russia extended their voluntary supply cuts (1mb/d) to the end of 2023, worrying about potential shortages during peak winter demand amid stable China demand and high tourism season.

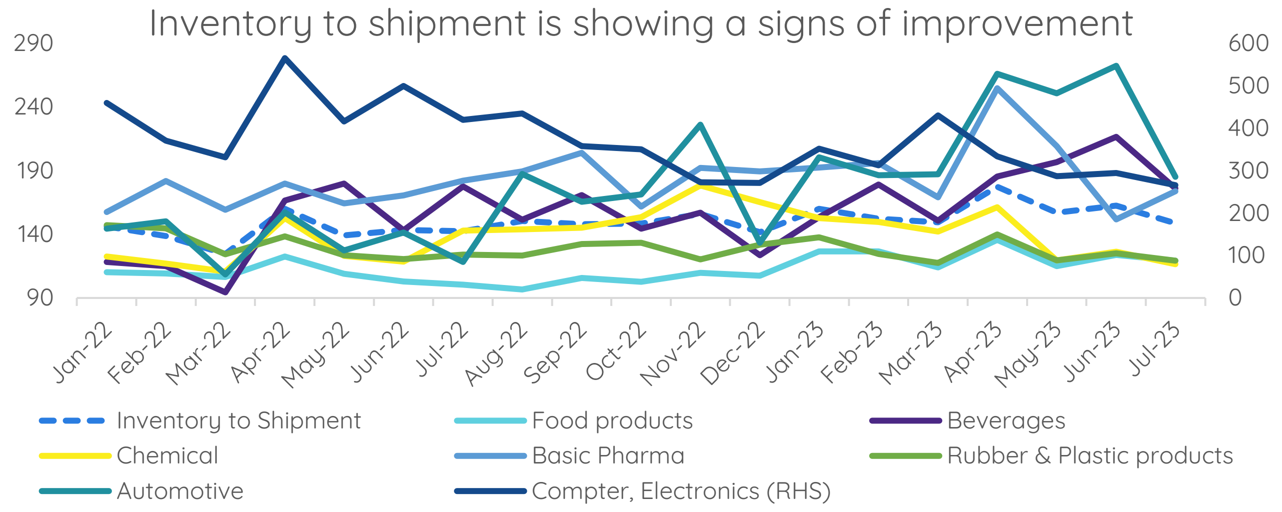
Looking across the 12 cutting cycles, the median length is 12 months (vs. the current cutting cycle at 10 months). Reflecting concerns about the short-term market supply, six-month calendar spreads were at their steepest premium at US$4.2/bbl since Nov 2022, indicating tightening supply for prompt delivery. Based on our calculations, oil price fell 5% and 9% on average after calendar spread hit backwardation of US$5/bbl. Thus, we recommend to take profit in the short term. In addition, we think oil price at US$100/bbl could generate negative sentiment on cost pressure, inflation and a growth slowdown.

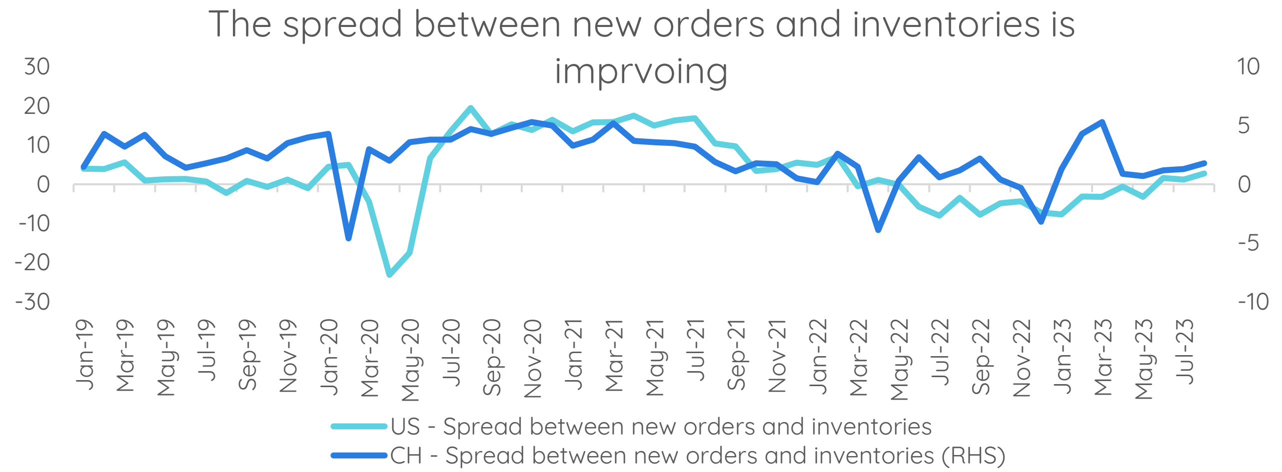
Fundamentally, we like the refinery business on the back of plant maintenance and jet fuel demand in high tourism season. We like BCP and TOP.

Source: Bloomberg, InnovestX Research

Inventory destocking cycle may continue in 4Q23

…But the drag on activity will be smaller in 1H23





Inventory investment slowed dramatically in 1H23, pointing toward destocking in 2Q23 in most DMs and China, while the EM inventory has been more muted. Inventory destocking is a key factor behind the recent weakness in global manufacturing.

Industrial production has underperformed in industries that experienced a larger overshoot in the inventories-to-shipment ratio. Semis overall inventory days in US and China declined but were still above the normal trend by 12% and 28%.

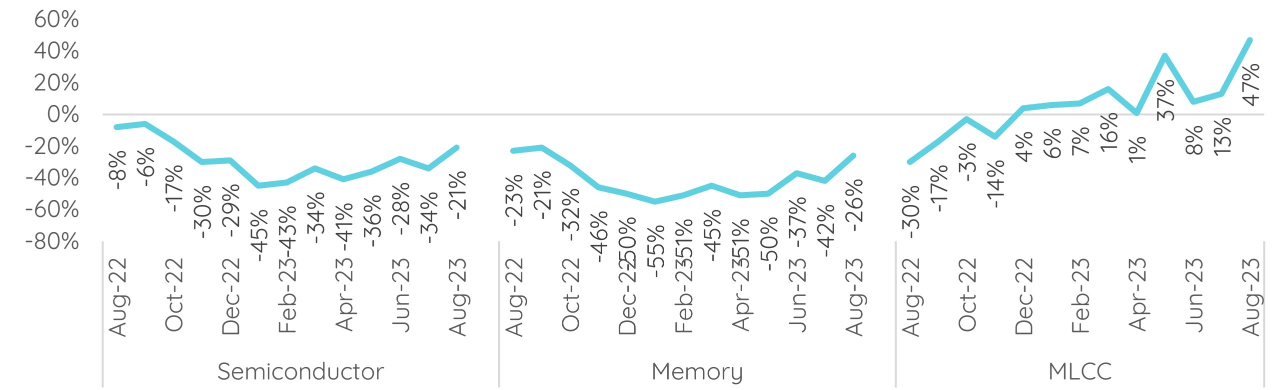
Thailand's inventory to shipment is showing an early sign of improvement in broader sectors but is still higher than normal.

We expect inventory destocking to continue a bit in 2H23 in Europe and China but with a smaller drag on activity in 1H23 and fading, and that growth contributions from changes in inventory investment will return to trend in 2024. Normalization in inventory accumulation rates will likely be a key driver for a broader normalization in manufacturing activity that could be a light at the end of the tunnel for global growth in 4Q23.

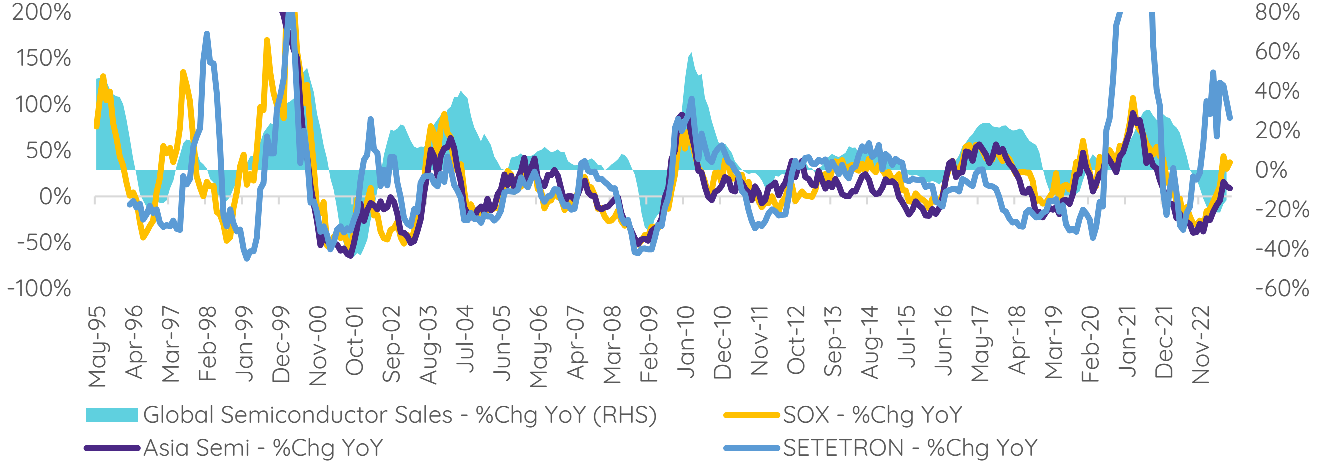
Source: CEIC, Federal Reserve, PBOC, InnovestX Research

…Semiconductor cycle is turning
Bottomed with U-shaped recovery

Monthly export trends of major products from South Korea tech companies



Semiconductor sales cycle vs Price performance



Global semiconductor sales remain down (-12% YoY) compared to last year, but the YoY decrease in Jul 2023 was the smallest gap of the year to date, giving reason for optimism over the rest of 2023 and beyond.

Although the speed of recovery will bear close watch, we believe that the industry is essentially moving in the direction of bottoming out. We believe that recovery will be U-shaped: 1) flat for China smartphones after a rebound in 2Q23, 2) PC, server/data center trending flat near the bottom, pressured by from weak IT spending, 3) industrial machinery continues to undergo inventory adjustment, 4) stable automotive.

We think electronic companies with strong prospects for growth/recovery in 2024 will see a continuing upward trend in share prices. Based on our analysis since 1995, electronics and semiconductor prices always reach cycle peak during growth in global semiconductor sales, which we expect to see in 1Q24 for the current cycle. We like KCE and HANA on earnings bottoming with gradual recovery.

Source: CEIC, Federal Reserve, PBOC, InnovestX Research

New government stimulus policies
Domestic consumption and tourism are key beneficiaries

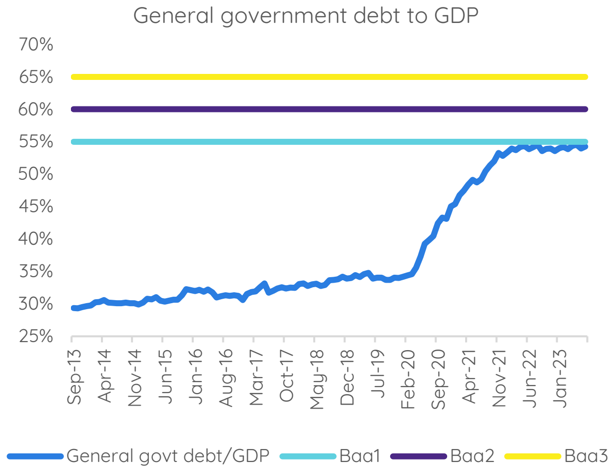
The government's policy statement contained four urgent policies related to the economy	Industry impacts	Beneficiaries
Digital Money: Bt10,000 in digital money via digital wallet for Thais aged 16 years and up to spend within a 4 km radius of their home to stimulate the economy and lay the foundation for a digital economy for the country (total spending is expected to be Bt560bn).	Support purchasing power, positive for retailers, restaurants, beverage	(+) TNP CPALL CPAXT BJC HMPRO CRC OSP HTC ZEN AU
Debt moratorium: Set a farmer's debt moratorium for up to 3 years and 1 year for business. Support debt and financial costs for people and SMEs affected by COVID-19 and take measures to resolve debt of other groups without contravening financial discipline (total spending is expected to be Bt13-30bn).	Support purchasing power, positive to retailers, restaurant, beverage. Negative to Finance	(+) TNP CPALL CPAXT OSP HTC (-) Finance
Reduce electricity bills: It will adjust the country's energy structure. Promote the production and use of clean and renewable energy. Accelerate negotiations on the use of claimed land with neighboring countries and explore more energy sources and procure new energy (short-term price reduction, which does not affect listed companies)	Support purchasing power, positive to retailers, restaurants, beverage and manufacturers. but psychological pressure on the energy & utilities sectors	(+) TNP CPALL CPAXT OSP HTC (-) PTT group (except PTTEP) / SPP (Policy uncertainty and overhang)
Tourism: It will streamline visa procedures, waive visa fees for target countries, establish Fast Track visas for exhibitors of International Trade Fairs (MICE), and collaborate with businesses to host trade fairs. World-class festivals, transportation improvements, such as adding airports and flights to Thailand	Positive to tourism related sectors and retailers	(+) AOT ERW CENTEL MINT BAFS CPALL CPAXT CRC

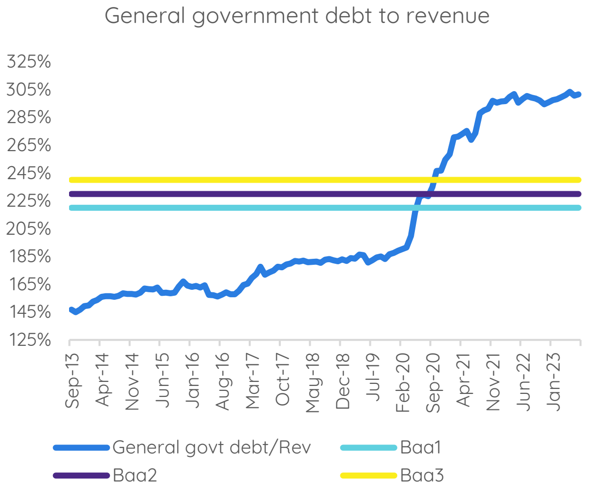
Source: Thai Royal Government, InnovestX Research

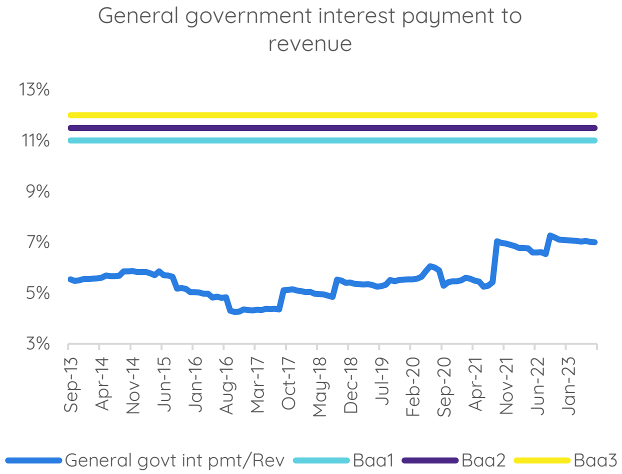
The key elements of the economic policies of the new government are: 1) launching a digital wallet scheme of Bt10,000 per person for an estimated Bt560bn, 2) a three-year moratorium on farmer debt and one year for business, 3) reduce energy prices, 4) visa-free entry for Chinese tourists, 6) improving the national healthcare scheme, 6) promoting a soft-power economy. We see domestic consumption such as retailers, department stores, restaurants and F&B, and healthcare, as well as tourism-related sectors such as hotels, airlines and airports as key beneficiaries from these economic policies. On the other hand, we are concerned about the Finance sector and PTT group on energy cost reduction and small power producer (SPP) on policy uncertainty. We view these policies as positive, but the lack of amount of money involved and the timeline could raise confusion.

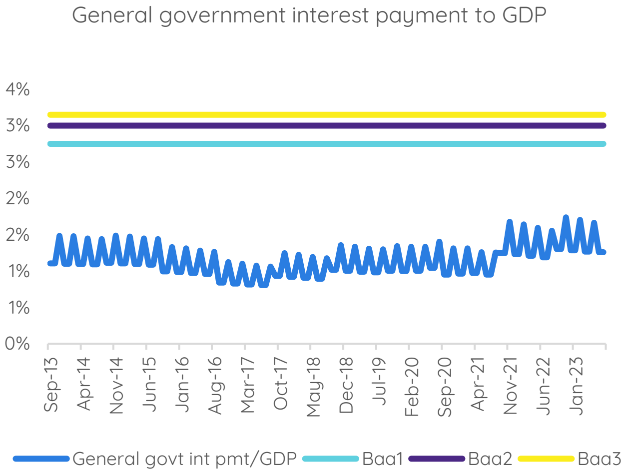
Credit rating revision is on a tightrope

Government debt and financial discipline are key risks









In Nov 2022, Moody's downgraded the Baseline Credit Assessments (BCAs) of KBANK and SCB to baa2 from baa1, reflecting structural challenges to their asset quality and profitability exacerbated by the slow economic recovery in Thailand.

Thailand's economic recovery could be constrained by a global slowdown, while the government's economic stimulus policies (Bt500-600bn) could lead to higher government debt.

Fiscal consolidation is likely to be constrained by campaign pledges to raise social spending. This would support growth in the short term, though it could put upward pressure on government debt relative to GDP unless the pick-up in growth is sustained at around 4-5% per year.

With a limited budget, we think the government will borrow more to support stimulus which would be negative to fiscal strength and would break the limit of the current credit rating level. Meanwhile, debt affordability is high, indicating that banks appear most resilient.

Sector and earnings outlook

Earnings outlook in 2H23
The latter days will be better than the former

	Growth (%)			1H23		2H23F	
	22A	23F	24F	%Chg HoH	%Chg YoY	%Chg HoH	%Chg YoY
Agribusiness	876.6	(36.7)	3.5	(43.0)	(28.8)	(0.1)	(43.0)
Automotive	28.9	5.0	7.2	(0.1)	13.4	(1.8)	(1.9)
Banking	9.1	18.8	6.7	28.4	16.0	(5.1)	21.9
Commerce	9.6	16.1	20.4	3.7	13.8	13.9	18.2
Construction Materials	(52.6)	51.9	(6.4)	643.9	21.0	(55.6)	230.2
Energy & Utilities	9.7	(0.3)	8.6	91.6	(41.1)	21.4	132.5
Finance & Securities	4.9	(1.8)	10.3	(7.6)	(10.2)	13.3	4.7
Food & Beverage	19.0	(81.4)	99.1	(95.7)	(95.8)	671.9	(66.6)
Health Care Services	15.0	(2.5)	8.1	9.5	(22.7)	15.3	26.2
ICT	(47.3)	13.5	44.1	n.m.	(42.4)	(13.6)	n.m.
Insurance	8.4	19.3	16.9	49.0	(5.4)	6.2	58.2
Packaging	(30.1)	21.5	15.1	18.3	(23.0)	60.4	89.8
Personal Products & Pharmaceuticals	4.0	40.8	23.7	(25.2)	6.6	120.3	64.8
Petrochemicals & Chemicals	(67.6)	(75.4)	543.1	74.9	n.m.	n.m.	n.m.
Property Development	40.9	(4.9)	3.0	(14.8)	11.8	(3.3)	(17.6)
Tourism & Leisure	(126.3)	98.8	15.9	(52.4)	n.m.	60.1	(23.8)
Transportation & Logistics	(2.3)	162.2	187.6	n.m.	n.m.	315.0	n.m.
InnovestX Universe	**(1.3)**	**7.0**	**16.7**	**46.5**	**(22.7)**	**11.1**	**62.7**

Source: InnovestX Research

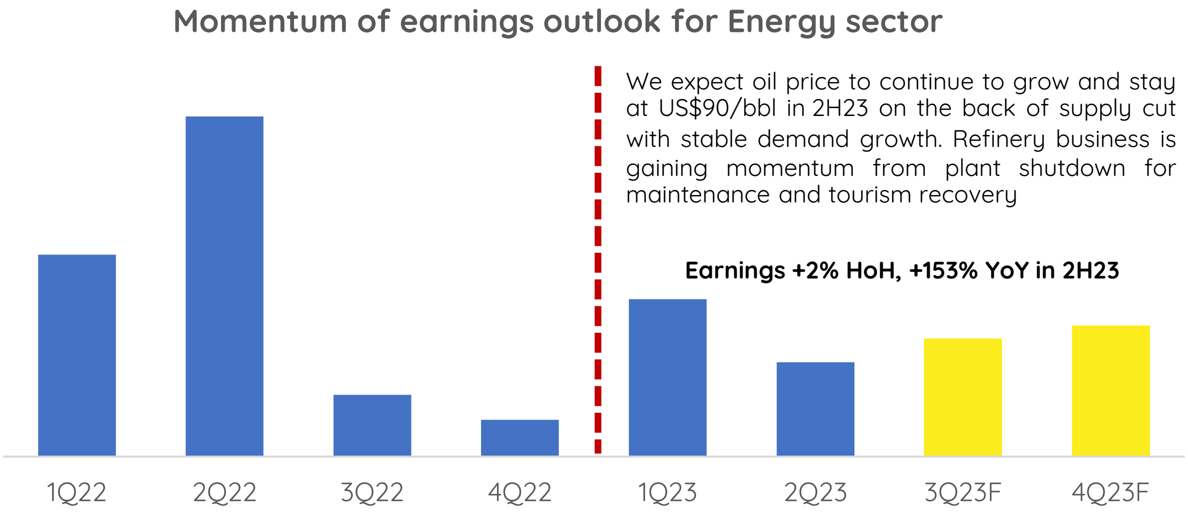
In late 2Q23, consensus and INVX expected earnings to grow 13% in 2023. Currently, we expect earnings for companies under InnovestX coverage to grow 7% YoY in 2023 (vs consensus of -3% from +5% in late 2Q23). All sectors except Tourism are facing pressure. Foods, Energy, Industrials and Petrochemical sector earnings have been cut on global slowdown worries.

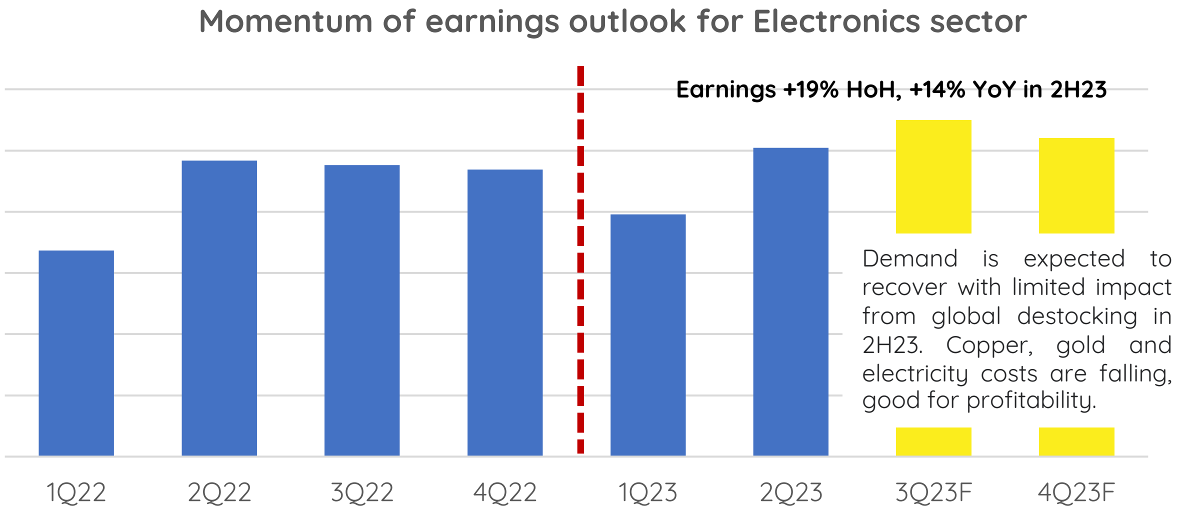
Earnings showed gradual recovery in 1H23. We expect earnings to grow 11% HoH and 63% YoY in 2H23 off a low base and some signs of positive developments in 4Q23. Commerce, Healthcare and tourism-related sectors continue to drive growth in 2H23, along with broad-based earnings recovery.

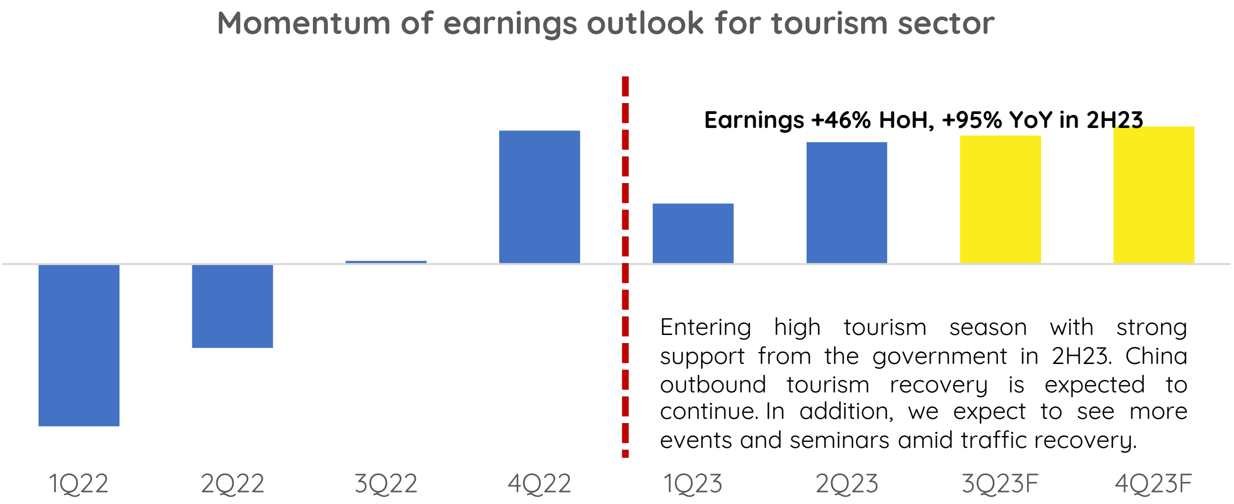
We expect earnings to grow 17% YoY in 2024 (vs consensus of +15% YoY) thanks to massive domestic stimulus, restocking in China and stabilized growth in the US. Growth will also be fuelled by margin expansion. We believe our expectation of strong growth in 2024 is achievable.

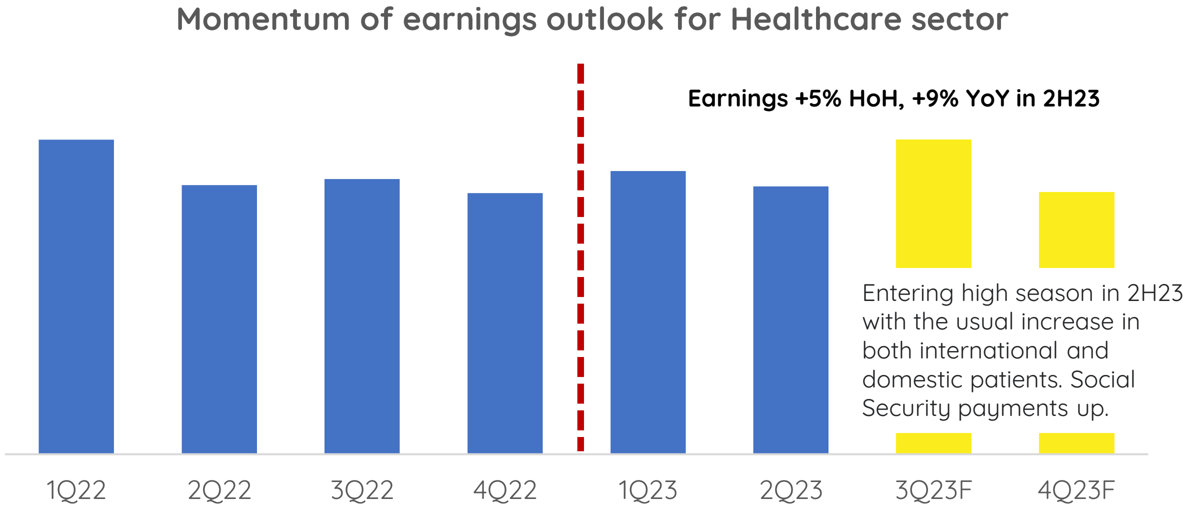
Outstanding growth sectors in 2H23

Growing both HoH and YoY





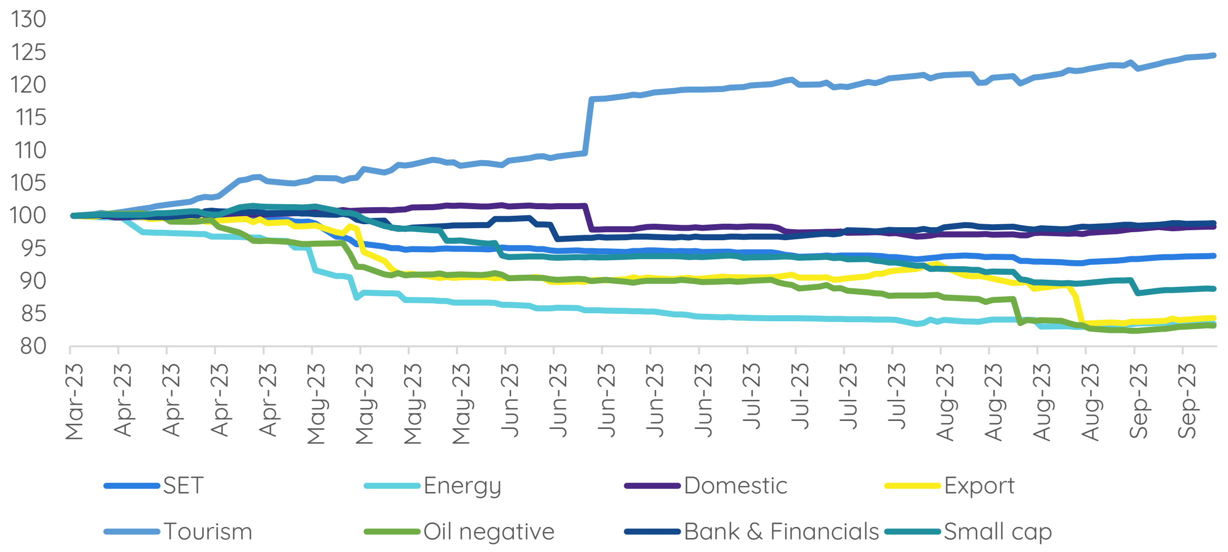




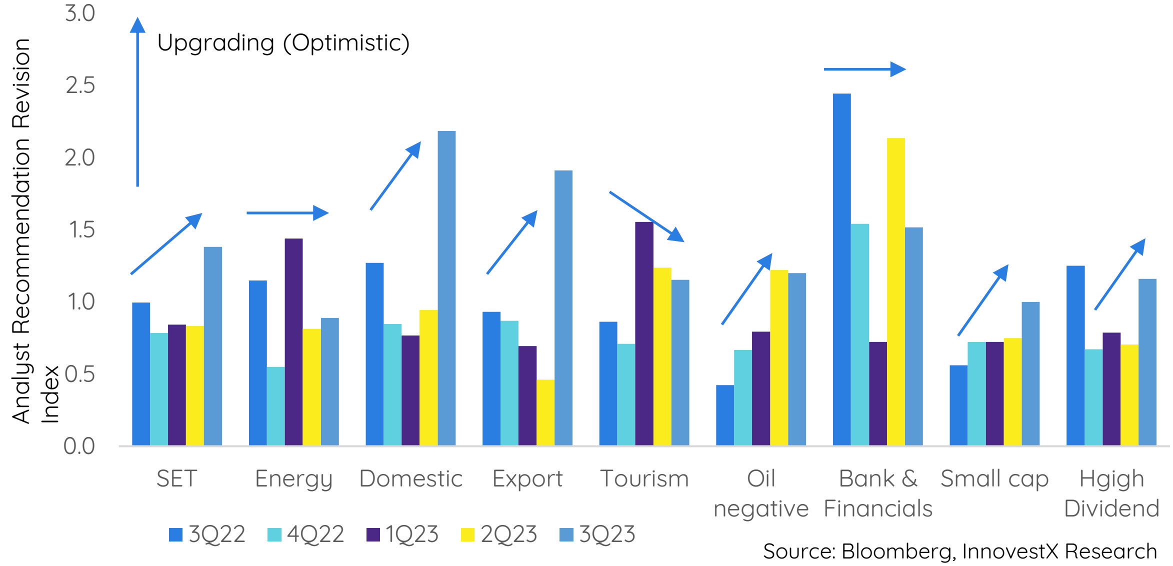
Source: InnovestX Research

Earnings revision
Have the earnings downgrades bottomed out?

Earnings downgrades are stabilizing in 3Q23



Analysts are upgrading their recommendations



Source: Bloomberg, InnovestX Research

Consensus 2023 EPS estimates have been downgraded 4% after weaker-than-expected growth in 1H23 on cost pressure and weakness in manufacturing and exporting sectors caused by China's weakness. High contributors to the downward revisions are: 1) Negative impact from oil price sectors, on the back of rising oil price (+8% QoQ), 2) Materials (-43% in 3Q23) from slowdown in China's demand and 3) small-caps, from cost pressure and faltering demand growth. At the same time, healthcare and tourism-related sectors were upgraded 5% and 14% thanks to sustained from global reopening. Overall, we think the darkening global growth outlook is factored into earnings. Restocking in China, domestic stimulus, slower slowdown in US consumer spending than anticipated could mean earnings downgrades have likely bottomed, as analyst are upgrading their recommendations after market consolidation from political uncertainty and clouded global growth in 2Q-3Q23.

Earnings momentum in 3Q23 and 4Q23

	3Q23		4Q23		Reasons
	QoQ	YoY	QoQ	YoY	
Commerce	+	-	+	+	Revived economic activities, more tourists, better consumption sentiment are key catalysts.
Electronics	+	+	+	+	Earnings are expected to grow in 2H23 on high season for overall electronic component demand from new launches electronic products amid holiday gift season at the end of the year
Insurance	+	+	+	+	Better combined ratio (from a shift in product mix and PAD release on matured policies), recovering new business premium growth and better ROI
Property	-	-	=	+	3Q23F to drop QoQ off a high base with extra gain in 2Q23; 4Q23F should go up from backlog recognition and extra gain.
Tourism	+	+	+	+	We believe price factors (ARR and average fare) will continue strong while volume factors (hotel occupancy rates and passengers) will rise as Thailand enters its high season. Positive on government stimulus from visa exemption to boost Thai tourism, expected in 4Q23.
Energy (Oil &Gas)	+	+	+	=	Energy – core profit to improve QoQ in 3Q23 on GRM recovery and stock gain from higher oil price. 4Q23 profit to be flat QoQ on higher crude premium and higher freight cost given disruption of TOP's oil loading facility. Market GRM will be driven by seasonal demand for diesel and jet fuel, though this will be partly offset by a higher export quota for China.
Finance	-	=	-	=	We expect earnings in 2H23 to be under pressure from rising credit cost and cost of funds with slower but still strong loan growth.
Food	-	+	-	=	Low local livestock prices amid high feed costs, lower seafood sales volume
Petrochemicals	+	-	+	=	Although product spread is expected to remain under pressure from new supply and low seasonal demand, especially in 4Q23, earnings will recover YoY due to heavy destocking in 4Q22. China's stimulus will be key for margin while oil price volatility and global economic uncertainties may delay inventory restocking.
Automotive	+	+	+	-	4Q23 earnings are expected to soften on seasonality. Concern is high household debt that will erode consumer spending power and, at the same time, tighten lending from financial institutions for automobiles.
Bank	+	=	+	-	In 3Q23F, we expect earnings to rise YoY (better NII from higher NIM) and be stable QoQ (higher NII offset by lower FVTPL gain). In 4Q23F, we expect earnings to rise YoY (better NII from higher NIM) and fall QoQ (seasonal rise in opex).
Conmat	-	-	-	-	We expect 2H23 earnings to see a weakening QoQ on seasonality and the weak overall cement demand in ASEAN due to the low economic activities amid a high inflation and high interest rate environment.
Healthcare	+	+	+	-	4Q23 earnings YoY will normalize off the high base from COVID-19 services while earnings will drop QoQ due to seasonality.
ICT	+	+	+	-	Earnings to drop QoQ in 4Q23F from rising marketing expenses
Land Transport	+	+	+	-	4Q23F to be softer QoQ due to lack of dividend income from BEM
Utilities	+	+	+	-	Utilities – lower pressure from fuel cost will continue to support core earnings but this will be partly offset by lower Ft rate for 4Q23, being cut 19.5% QoQ to Bt0.67/kWh to reflect lower fuel cost. This will reduce overall tariffs by 4% QoQ while gas price is expected to decline 13% QoQ.

Source: InnovestX Research

Sector outlook for 4Q23

Slow global cyclical recovery, strong services/domestic

Air Transportation

Positive industry backdrop and airlines' ramping up capacity will support top-line growth for air transportation sector including growing international passengers and average fare. AAV plans to ramp up its ASK capacity to 23,000mn seats-km in 2023 or 85% of pre-COVID-19 level (vs. 86% in 2Q23 and 79% in 1H23) by increasing international flights in 3Q-4Q23, mainly to the China market. For airlines, the rise in jet fuel cost will be an important factor determining earnings in 2H23. AAV is handling this by bumping up average fare.

Automotive

We flag concerns over economic uncertainty that may derail auto demand and consequently impact domestic auto sales and exports. High household debt will erode consumer spending power and, at the same time, tighten lending from financial institutions for automobiles, discretionary products.

Bank

In 4Q23F, we expect earnings to rise YoY (better NII from higher NIM, lower ECLs) but increase only slightly QoQ (seasonal rise in opex).

Commerce

Sector earnings to grow YoY and QoQ to reach this year's best in 4Q23F, backed by better SSS growth and margin from revived economic activities, more tourists, better consumption sentiment with a new government and potential new stimulus. Rental income recovery will add to earnings growth.

Construction Materials

We expect sector's earnings to remain weak (drop YoY), eroded by lower demand amid high inflation with more prices raised to cover high energy costs. The sector's earnings are expected to fall QoQ on seasonality.

Electronics

We expect earnings recovery in 2H23 due to high season in overall electronic component demand amid the holiday gift season at the end of the year as well as more capacity expansion at DELTA, HANA, and KCE to boost production volume for 2H23.

Energy

Oil & Gas: Oil price is expected to inch up QoQ on seasonal demand with slightly wider demand-supply gap. Oil refiners will benefit from strong crack spread for diesel and jet fuel as demand for transport fuel continues to recover but could be hit by higher freight cost due to disruptions at an oil loading facility.

Utilities: Domestic gas price is expected to decline 13% QoQ in 4Q23 due to more stable imported LNG price and lower price of domestic gas supply. Electricity tariff is expected to fall 4% QoQ from Ft rate adjustment. Higher efficiency of SPP operators at new power plants under SPP Replacement scheme will support earnings.

Finance

We expect most finance companies to see 4Q23F earnings fall YoY (larger provisions) but be stable QoQ (robust loan growth to be offset by lower NIM and higher provisions).

Food & Beverage

Food: We expect 4Q23F sector earnings to be relatively stable or slip QoQ from seasonality but drop YoY, hit by weaker margin from low local livestock prices mainly on additional swine supply (led by illegally imported swine meat and new supply after the alleviation of ASF), soft broiler export prices from low freight cost amid weak demand, together with lower seafood sales volume from lower restocking than normal amid fragile economy.

Beverage: Expecting it to be the highest quarter of the year backed by domestic energy drink sales and solid gross margin.

Healthcare

Earnings are back to the on normal trend, passing the high base from COVID-19 services, with QoQ softer earnings in 4Q23 due to seasonality. Key drivers are growing non-COVID-19 services, international patient services and healthy EBITDA margin reflecting high revenue intensity and ability to pass through rising costs.

Hotel

Recent guidance from tourism plays suggests better operations in 2H23. We believe price factor (ARR) which has grown to surpass pre-COVID-19 level, will continue strong while volume factor (occupancy rate) will rise as Thailand enters its high season. The government plans to launch measures such as a visa exemption in 4Q23 to boost Thai tourism and the economy. We forecast international tourist arrivals at 28mn in 2023.

ICT

Sector earnings should improve YoY, but drop QoQ due to seasonality. In 4Q23, there will be rising marketing expense because of the festive season. For YoY, growth will be driven by less intense competition in mobile and FBB segments as well as higher tourism related income.

Land Transportation

Expressway traffic, MRT & BTS ridership will continue to improve QoQ and YoY, YoY off last year's low base and QoQ due to ongoing recovery since traffic has not reached pre-COVID level yet. In 4Q23, the key focus will be clarity over the West Orange Line, Green Line concession extension and the repayment of BMA debt to BTS after the seating of a new government.

Petrochemicals

Demand recovery will remain slow during low season in 4Q23. Optimism on China stimulus may improve sentiment somewhat, but uncertain global economic outlook will continue to hinder restocking. Pressure from feedstock cost due to higher oil price wouild hurt product spread further

Property

4Q23F net profit to grow both YoY and QoQ backed by backlog recognition, a low base in 3Q23F and extra gain. Presales will go up QoQ on the seasonal effect but will be flat or slip YoY from no LTV easing and high interest rate.

Source: InnovestX Research

Summary of 4Q23 sector outlook

	4Q22	1Q23	2Q23	3Q23	4Q23	Catalysts	Risks
Commerce	7	8	8	7	8	Revived economic activities, more tourists and better consumption sentiment from a new government and potential new stimulus	Key risks are changes in purchasing power, higher costs from inflationary pressure, higher interest rate, and the change in government policy
Tourism	8	8	8	8	8	Higher Thai tourism season leading to stronger earnings QoQ in 3Q-4Q23. Potential measures to stimulus Thai tourism, especially China tourists.	Global economic slowdown. Cost inflation that would damage profitability. Airline: Rising jet fuel price.
Beverage	7.5	6	7	7	7.5	Recovery of domestic demand especially energy drinks, overseas sales should grow YoY but slip QoQ. Cost will be lower than 4Q22 but remain volatile QoQ for aluminum and sugar.	Competition remains high in the energy drink market. Some major raw materials such as sugar are higher priced than with last year.
Electronics	5	6	6.5	7	7	High season for the sector on the launches of new electronic products amid holiday gift season at the end of the year.	Unpredictable events especially a rising tech war between China and US.
Energy (Oil & Gas)	8	8	6	7	7	China's higher export quota for refined oil products will boost demand for crude oil. Pent-up demand of tourists from China. Government stimulus for domestic travel.	Economic slowdown and slower than expected recovery of tourism. Cost inflation that would damage profitability. Disruption of an oil loading facility and higher freight cost
Healthcare	7	7	7	7	7	Growing non-COVID-19 and international patient services. New revenue stream: Upgrading services and facilities. High pricing power to pass through rising cost.	Workforce shortage. Intense competition.
Utilities	8	8	8	7	7	Lower fuel cost and demand recovery in the industrial sector.	More cut in Ft rate. Export slowdown could hurt industrial production
Property	7.5	6	6	6	6.5	Seasonality for high presales backed by high launches in terms of value and promotions. Expect 2023 presales to grow to the highest in five years.	Higher interest rate with higher rejection in low/mid-low segment.
Bank	6	6	6	6	6	Decent YoY earnings growth from NIM expansion and easing credit cost.	Asset quality risk from an uneven economic recovery.
ICT	6	4	5	5	6	Eased pricing competition in mobile and FBB	Additional cost, especially for ADVANC if the deal on 700MHz is done
Insurance	7	7	6	6	6	Benefit from rising bond yield on ROI, VNB and EV	Downside risk to premium growth as a result of lower purchasing power from high inflation, volatile capital market
Chemical	4	4	5	5	5	China stimulus. Global economic recovery after a pause in rate hike. Operating rate cut by high-cost producers.	Higher feedstock cost. Slower demand recovery
Land Transport	6	6	4	5	5	The conclusion of West Orange Line, Green Line concession extension and BMA debt	New government announces a re-auction of the West Orange Line and no Green Line concession extension
Automotive	5	5	5	4	4	Easing chip shortage. Lower operating cost pressure, e.g. electricity cost.	Economic uncertainty, rising cost of living and higher interest rates that may derail auto demand.
Con Mat	4	6	5	5	4	Weak cement demand on seasonality as well as weak economic activities in ASEAN, especially Vietnam (tightening real-estate controls)	Prolonged weak economic activities amid high inflation and high interest rate environment.
Finance	5	4	3	4	4	Slower but still robust loan growth	Asset quality risk from an uneven economic recovery, rising cost of funds and rising competition from banks
Food	6	6	3	4	4	Low local livestock prices amid high feed costs, lower seafood sales volume from less than normal restocking from low freight costs and fragile economy	Key risks are weaker product prices from additional supply, fragile purchasing power caused by inflationary pressure, higher feed costs and interest rate.

Sector weightings and valuations in 4Q23

Sector	Recommended sector weighting	Current SET weight	YTD returns	Growth		Net profit CAGR 22-24	P/E		P/B		Ev/Ebitda (x)		Dividend yield	
				23F	24F		23F	24F	23F	24F	23F	24F	23F	24F
Air Transportation	Overweight	5.6%	-4%	150%	184%	n.m.	n.m.	109.9	8.8	7.4	34.3	19.7	0.0	0.0
Bank	Overweight	10.1%	4%	19%	7%	13%	7.8	7.3	0.7	0.6	0.0	0.0	4.0	4.7
Commerce	Overweight	10.3%	-9%	16%	20%	18%	32.3	26.8	1.9	1.8	13.0	11.7	1.5	1.6
Electronics	Overweight	7.7%	22%	6%	18%	12%	62.6	53.3	6.8	6.0	45.0	39.7	0.0	0.0
Healthcare	Overweight	5.3%	-1%	-2%	8%	3%	31.1	28.7	5.0	4.6	18.2	16.7	2.3	1.9
Energy	Neutral	20.2%	-14%	0%	9%	4%	12.2	11.2	1.0	0.9	5.3	4.9	4.4	3.9
Food & beverage	Neutral	5.3%	-9%	-81%	99%	-39%	75.4	37.9	1.1	1.1	11.9	11.1	3.7	0.3
Hotel	Neutral	1.7%	-3%	99%	16%	52%	30.4	26.2	2.4	2.3	13.1	11.2	0.0	1.1
Land Transportation	Neutral	1.2%	-14%	8%	35%	20%	53.1	49.3	1.9	1.9	27.9	26.4	0.0	0.0
REITs / PF / IF	Neutral	1.5%	-13%	29%	9%	18%	8.3	7.6	0.5	0.5	7.7	7.6	0.1	0.2
Residential/IE	Neutral	5.9%	-10%	-5%	3%	-1%	11.7	11.4	1.1	1.1	13.0	11.7	4.6	4.4
Telecoms	Neutral	8.0%	-4%	13%	44%	28%	39.0	27.1	5.1	4.8	6.7	6.1	10.6	2.6
Utilities	Neutral	4.2%	-19%	102%	32%	63%	31.8	24.1	2.6	2.4	19.2	14.7	0.0	0.0
Agribusiness	Underweight	0.4%	-19%	-37%	3%	-19%	10.7	10.3	0.8	0.7	7.5	7.0	1.8	1.9
Automotive	Underweight	0.6%	-3%	5%	7%	6%	7.5	7.0	0.9	0.8	3.4	2.8	7.7	6.0
Building Materials	Underweight	3.2%	-12%	52%	-6%	19%	11.4	12.2	0.8	0.8	11.3	8.4	3.1	2.8
Petrochemical	Underweight	1.9%	-26%	-75%	543%	26%	56.8	8.8	0.7	0.6	8.8	5.7	4.3	1.1

Source: Bloomberg, InnovestX Research

SET Index scenario & picks

SET Index targets: 1,650 for 2023 and 1,750 for 2024
Guarded hope for progress

			PB	Target PB		Market Cap	
	Book value (2023)	Book value (2024)	Current	2023	2024	2023	2024
Energy	3,306,345	2,976,198	0.7	0.9	0.8	2,975,710	2,500,006
Utilities	199,261	210,330	1.9	1.8	1.7	358,670	357,561
Bank	2,836,387	2,974,996	0.7	0.7	0.8	1,985,471	2,498,997
Trans	473,887	504,512	3.2	3.1	3.2	1,469,049	1,634,620
ICT	539,181	557,810	2.8	3.0	2.8	1,617,544	1,561,868
Food	754,704	767,616	1.6	1.6	1.7	1,207,527	1,304,948
Commerce	774,384	820,649	2.5	5.1	5.0	3,949,356	4,136,072
Petro	597,031	630,393	0.7	0.7	0.8	417,922	504,314
Healthcare	213,185	225,794	4.6	4.7	5.0	1,001,971	1,138,004
Electronics	117,519	134,789	12.3	8	9	940,149	1,213,103
Property	781,443	823,843	1.5	1.4	1.4	1,094,021	1,153,381
Tourism	69,335	73,113	2.1	2.5	2.5	173,338	182,782
Media	100,526	100,888	1.9	2.2	2.3	221,157	232,042
Con Mat	570,133	600,212	1.1	1.2	1.1	684,159	660,233
Finance	339,427	373,284	2.2	2.5	2.8	848,567	1,045,195
Others	1,226,973	1,244,332		1	1	1,226,973	1,244,332
Implied SET Index target						1,649	1,747

Source: Bloomberg, InnovestX Research

innovest X

SET Index scenario for 2023
Hope for the best in 4Q23

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 from hopes of a reopening momentum. Weak earnings in all regions.

Global market +6.8%
Bond market +3%
Gold +8%
SET Index -3.6%

2Q23

Economic growth data is waning and showing a signs of weakening. The collapse of SVB, SNB and FRB led to banking stress. Renewed US-China tension and weaker-than-expected China recovery is pressuring Asia markets. Moving Forward's electoral surprise puts Thai business on edge. Meanwhile, we see encouraging signs of easing price pressure. Enthusiasm over AI boosted technology stocks.

Global market +5.6%
Bond market -1.5%
Gold -2.5%
SET Index -6.6%

3Q23

Market volatility has increased, reflecting renewed stress in the Chinese property market, weak macroeconomic data out of China and an increase in sovereign bond yields. In addition, Fitch downgraded the US government's credit rating from AAA to AA+. Fed stance remains hawkish. Thailand gained momentum after a new government was seated.

Global market -0.7%
Bond market -1.9%
Gold 0%
SET Index +2.9%

4Q23

SET Index target is 1,650

The US' avoidance of a recession could limit downside in 4Q23. The Fed pauses interest rate in Nov 2023, which would support the market along with earnings recovery. Although the China economy is facing challenges, we see an early sign of inventory drying up and positive impact from stimulus. Semiconductor sales cycle bottoming could lead to a global restocking cycle starting slowly in 4Q23. Thai earnings in 2H23 should be better than 1H23.

The key entry point is in the range of 1,500-1,550

Source: Bloomberg, SET, InnovestX Research

Our top picks in 4Q23 – AOT, BCH, CRC, KCE, KTB
Focusing on earnings quality

Based on our analysis, four stock characteristics will enable market outperformance in 4Q23. We look at stocks that have:

1) Good balance sheets that will provide a cushion in a highly uncertain environment and broad-based macro challenges.
2) Earnings recovery in 2H23 from demand recovery and easing cost pressure with signs of earnings bottom in 1H23.
3) Limited impact from a global spending slowdown with emphasis on traffic growth.
4) Benefits from China's restocking, especially in the technology sector.

Going forward into 4Q23, as demand growth slows, we expect stocks with strong balance sheets and high visibility of steady earnings recovery to outperform. We still prefer domestic exposure as domestic demand is more resilient than external demand. We are looking for companies that benefit from new government economic policies and China's restocking cycle. Thus, our top picks in 4Q23 are AOT (strong traffic growth, resilient earnings growth), BCH (earnings recovery, Social Security reimbursement rate hike, reasonable valuation), CRC (earnings recovery, benefit from stimulus), KCE (easing cost pressure, demand recovery, China's restocking, earnings bottomed), and KTB (strong earnings growth).

Top picks valuation table

	Rating	Price	Target	ETR	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
		(Bt/Sh)	(Bt/Sh)	(%)	22A	23F	24F	22A	23F	24F	22A	23F	24F	22A	23F	24F	22A	23F	24F	22A	23F	24F
AOT	Outperform	71.25	84.0	18.4	n.m.	105.6	39.6	34	n.m.	167	10.0	9.2	7.8	-9	9	21	0.0	0.5	1.3	n.m.	42.0	21.9
BCH	Outperform	19.70	23.0	18.2	12.1	35.7	29.7	-41	-66	20	3.9	3.7	3.5	29	10	11	4.1	1.4	1.7	9.8	16.8	14.8
CRC	Outperform	41.00	48.0	18.4	35.7	30.8	26.2	3,550	16	18	3.8	3.5	3.3	11	12	13	1.2	1.3	1.5	12.7	11.8	10.9
KCE	Outperform	50.25	61.0	22.8	26.0	34.8	23.2	-6	-25	50	4.4	4.2	3.8	17	12	17	4.0	1.4	2.2	16.3	20.1	16.2
KTB	Outperform	19.10	25.0	35.5	7.9	6.6	6.3	56	21	5	0.7	0.7	0.6	9	10	10	3.6	4.6	4.8	-	-	-
Average					**20.4**	**42.7**	**25.0**	**719**	**-14**	**52**	**4.6**	**4.3**	**3.8**	**11**	**11**	**15**	**2.6**	**1.8**	**2.3**	**9.7**	**18.1**	**12.7**

Source: InnovestX Research

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CG Rating 2022 Companies with CG Rating

Companies with Excellent CG Scoring

AAV, ADVANC, AF, AH, AIRA, AJ, AKP, AKR, ALLA, ALT, AMA, AMARIN, AMATA, AMATAV, ANAN, AOT, AP, APURE, ARIP, ASP, ASW, AUCT, AWC, AYUD, BAFS, BAM;BANPU, BAY, BBIK, BBL, BCP, BCPG, BDMS, BEM, BEYOND, BGC, BGRIM, BIZ, BKI, BOL, BPP, BRR, BTS, BTW, BWG, CENTEL, CFRESH, CGH, CHEWA, CHO, CIMBT, CK, CKP, CM, CNT, COLOR, COM7, COMAN, COTTO, CPALL, CPAXT, 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, MALEE, MBK, MC, MCOT, METCO, MFEC, MINT, MONO, MOONG, MSC, MST, MTC, MVP, NCL, NEP, NER, NKI, NOBLE, NSI, NVD, NYT, OISHI, OR, ORI, OSP, OTO, PAP, PCSGH, PDG, PDJ, PG, PHOL, PLANB, PLANET, PLAT, PORT, PPS, PR9, PREB, PRG, PRM, PSH, PSL, PTG, PTT, PTTEP, PTTGC, PYLON, Q-CON, QH, QTC, RATCH, RBF, RS, S, S&J, SAAM, SABINA, SAMART, SAMTEL, SAT, SC, SCB, SCC, SCCC, SCG, SCGP, SCM, SCN, SDC, SEAFCO, SEAOIL, SE-ED, SELIC, SENA, SENX, SGF, SHR, SICT, SIRI, SIS, SITHAI, SMPC, SNC, SONIC, SORKON, SPALI, SPI, SPRC, SPVI, SSC, SSSC, SST, STA, STEC;STGT, STI, SUN, SUSCO, SUTHA, SVI, SYMC, SYNTEC, TACC, TASCO*;TCAP, TEAMG;TFMAMA, THANA, THANI, THCOM, THG*;THIP, THRE, THREL, TIPCO, TISCO, TK, TKN, TKS, TKT, TMILL, TMT, TNDT, TNITY, TOA, TOP, TPBI, TQM, TRC, TRUE*;TSC, TSR, TSTE, TSTH, TTA, TTB, TTCL, TTW, TU, TVDH, TVI, TVO, TWPC, U, UAC, UBIS, UPOIC, UV, VCOM, VGI, VIH, WACOAL, WAVE, WHA, WHAUP, WICE, WINNER, XPG, ZEN

Companies with Very Good CG Scoring

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

Companies with Good CG Scoring

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

Corporate Governance Report

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.

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

Anti-corruption Progress Indicator

Certified (ได้รับการรับรอง)

2S, 7UP, AAI, ADVANC, AF, AH, 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, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CSC, DCC, DELTA, DEMCO, DIMET, DRT, DUSIT, EA, EASTW, ECF, EGCO, EP, EPG, ERW, ESTAR, ETC, ETE, FNS, FPI, FPT, FSMART, FTE, GBX, GC, GCAP, GEL, GFPT, GGC, GJS, GPI, GPSC, GSTEEL, GULF, GUNKUL, HANA, HARN, HENG, HMPRO, HTC, ICC, ICHI, IFS, III, ILINK, ILM, INET, INOX, INSURE, INTUCH, IRPC, ITEL, IVL, JAS, JKN, JR, JTS, KASET, KBANK, KBS, KCAR, KCC, KCE, KGEN, KGI, KKP, KSL, KTB, KTC, L&E, LANNA, LHFG, LHK, LPN, LRH, M, MAJOR, MALEE, MATCH, MBAX, MBK, MC, MCOT, META, MFC, MFEC, MILL, MINT, MONO, MOONG, MSC, MST, MTC, MTI, NATION, NCAP, NEP, NKI, NOBLE, NOK, NRF, NWR, OCC, OGC, OR, ORI, PAP, PATO, PB, PCSGH, PDG, PDJ, PG, PHOL, PIMO, PK, PL, PLANB, PLANET, PLAT, PM, PPP, PPPM, PPS, PR9, PREB, PRG, PRINC, PRM, PROS, PSH, PSL, PSTC, PT, PTECH, PTG, PTT, PTTEP, PTTGC, PYLON, Q-CON, QH, QLT, QTC, RABBIT, RATCH, RML, RS, RWI, S&J, SAAM, SABINA, SAK, SAPPE, SAT, SC, SCC, SCCC, SCG, SCGP, SCM, SCN, SEAOIL, SE-ED, SELIC, SENA, SGC, SGP, SINGER, SIRI, SITHAI, SKR, SMIT, SMK, SMPC, SNC, SNP, SORKON, SPACK, SPALI, SPC, SPI, SPRC, SRICHA, SSF, SSP, SSSC, SST, STA, STGT, STOWER, SUSCO, SVI, SYMC, SYNTEC, TAE, TAKUNI, TASCO, TCAP, TCMC, TFG, TFI, TFMAMA, TGH, THANI, THCOM, THIP, THRE, THREL, TIDLOR, TIPCO, TISCO, TKS, TKT, TMD, TMILL, TMT, TNITY, TNL, TNP, TNR, TOG, TOP, TOPP, TPA, TPCS, TRT, TRU, TSC, TSI, TSTE, TSTH, TTA, TTB, TTCL, TU, TVDH, TVO, TWPC, UBE, UBIS, UEC, UKEM, UOBKH, UV, VCOM, VGI, VIH, WACOAL, WHA, WHAUP, WICE, WIIK, XO, YUASA, ZEN, ZIGA

Declared (ประกาศเจตนารมณ์)

ACE, ADB, ASW, BBGI, BRI, BTG, BYD, CAZ, CBG, CI, CV, DEXON, DMT, DOHOME, EKH, EVER, GLOBAL, GREEN, ICN, ITC, J, JMART, JMT, LEO, LH, MEGA, MENA, MITSIB, MODERN, NER, OSP, OTO, POLY, PQS, PRIME, PROEN, PRTR, RBF, RT, SA, SANKO, SENX, SFLEX, SIS, SKE, SM, SUPER, SVOA, SVT, TBN, TEGH, TGE, TIPH, TKN, TPLAS, TQM, TRUE, VARO, VIBHA, W, WIN, WPH, XPG

N/A

24CS, 3K-BAT, A, A5, AAV, ABM, ACAP, ACC, ACG, ADD, AEONTS, AFC, AGE, AHC, AIT, AJA, AKR, AKS, ALL, ALLA, ALPHAX, ALT, ALUCON, AMARC, AMARIN, AMC, AMR, ANAN, AOT, APCO, APEX, APP, APURE, AQUA, ARIN, ARIP, ARROW, ASAP, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCT, AURA, B52, BA, BBIK, BC, BCT, BDMS, BEAUTY, BEM, BGT, BH, BIG, BIOTEC, BIS, BIZ, BJC, BJCHI, BKD, BLAND, BLC, BLESS, BLISS, BM, BOL, BR, BROCK, BSM, BTNC, BTW, BUI, BVG, CCET, CCP, CEYE, CGD, CH, CHARAN, CHASE, CHAYO, CHG, CHIC, CHO, CITY, CIVIL, CK, CKP, CMAN, CMO, CMR, CNT, COLOR, COMAN, CPANEL, CPH, CPR, CPT, CRANE, CRD, CSP, CSR, CSS, CTW, CWT, D, DCON, DDD, DHOUSE, DITTO, DOD, DPAINT, DTCENT, DTCI, DV8, EASON, ECL, EE, EFORL, EMC, ESSO, F&D, FANCY, FE, FLOYD, FMT, FN, FORTH, FSX, FTI, FVC, GABLE, GENCO, GFC, GIFT, GL, GLAND, GLOCON, GLORY, GRAMMY, GRAND, GSC, GTB, GTV, GYT, HEALTH, HFT, HL, HPT, HTECH, HUMAN, HYDRO, I2, IFEC, IHL, IIG, IMH, IND, INGRS, INSET, IP, IRC, IRCP, IT, ITD, ITNS, ITTHI, JAK, JCK, JCKH, JCT, JDF, JSP, JUBILE, K, KAMART, KC, KCG, KCM, KDH, KEX, KIAT, KISS, KJL, KK, KKC, KLINIQ, KOOL, KTIS, KTMS, KUMWEL, KUN, KWC, KWI, KWM, KYE, LALIN, LDC, LEE, LIT, LOXLEY, LPH, LST, MACO, MANRIN, MASTER, MATI, MAX, M-CHAI, MCS, MDX, MEB, METCO, MGC, MGT, MICRO, MIDA, MJD, MK, ML, MORE, MOSHI, MPIC, MTW, MUD, MVP, NC, NCH, NCL, NDR, NETBAY, NEW, NEWS, NEX, NFC, NNCL, NOVA, NPK, NSL, NTSC, NTV, NUSA, NV, NVD, NYT, OHTL, ONEE, PACE, PACO, PAF, PCC, PEACE, PERM, PF, PHG, PICO, PIN, PJW, PLE, PLT, PLUS, PMTA, POLAR, POMPUI, PORT, POST, PPM, PRAKIT, PRAPAT, PRECHA, PRI, PRIN, PRO, PROUD, PSG, PSP, PTC, PTL, RAM, RCL, READY, RICHY, RJH, ROCK, ROH, ROJNA, RP, RPC, RPH, RSP, S, S11, SABUY, SAF, SAFARI, SALEE, SAM, SAMART, SAMCO, SAMTEL, SAUCE, SAWAD, SAWANG, SBNEXT, SCAP, SCB, SCI, SCP, SDC, SE, SEAFCO, SECURE, SFT, SGF, SHANG, SHR, SIAM, SICT, SIMAT, SISB, SJWD, SK, SKN, SKY, SLM, SLP, SMART, SMD, SMT, SNNP, SO, SOLAR, SONIC, SPA, SPCG, SPG, SPVI, SQ, SR, SSC, SSS, STANLY, STARK, STC, STEC, STECH, STHAI, STI, STP, STPI, SUC, SUN, SUTHA, SVR, SWC, SYNEX, TACC, TAPAC, TC, TCC, TCJ, TCOAT, TEAM, TEAMG, TEKA, TFM, TGPRO, TH, THAI, THANA, THE, THG, THL, THMUI, TIGER, TITLE, TK, TKC, TLI, TM, TMC, TMI, TMW, TNDT, TNH, TNPC, TOA, TPAC, TPBI, TPCH, TPIPL, TPIPP, TPL, TPOLY, TPP, TPS, TQR, TR, TRC, TRITN, TRUBB, TRV, TSE, TTI, TTT, TTW, TURTLE, TVH, TVT, TWP, TWZ, TYCN, UAC, UBA, UMI, UMS, UNIQ, UP, UPF, UPOIC, UREKA, UTP, UVAN, VL, VNG, VPO, VRANDA, WARRIX, WAVE, WFX, WGE, WINMED, WINNER, WORK, WORLD, WP, 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 25, 2023) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.