innovest^X
A Subsidiary of SCBX Group

4Q24 STRATEGY

WALKING A FINE LINE

Innovest^X Research

4Q24 InnovestX Strategy – Walking a fine line

Global slowdown. The DM economies are starting to slow down, which will lead EM and Asian economies to begin slowing in the following 3-6 months. We think it makes sense to lean against extreme concerns and keep the faith on expansion rather than imminent recession. Semiconductor demand shows mixed signals, but no significant slowdown has been observed recently. Healthy inventory cuts could lift Thailand's production recovery in 4Q24.

Kick-off of interest rate cut cycle. We believe the Fed's rate cuts will be the starting point for other central banks to begin cut rates. We expect the Fed to cut interest rates by 0.75 pp in 2024 and another 1.5 pp in 2025. In the past, after the first rate cut, South Korea, the Philippines, and Thailand demonstrated excess 3-month returns compared to Asia ex-Japan. Consumer staples and healthcare have performed well after the initial rate cut, regardless of whether the economy was in a recession.

Yield curve steepening to accelerate. We are concerned that an oversized rate cut could send an erroneous signal about the risk of recession that could cause bull steepening. Without a recession, risky assets have tended to rise with moderate positive returns.

BOT to cut rate in Dec. We now expect one rate cut this year and potentially two additional cuts in 2025, suggesting a moderate strengthening in the baht in 2025 due to differences in monetary policy. The downward movement of interest rates will support the Thai market in the next 6 months.

Close race for US presidency. In past close presidential races, we find that the market is directionless with a surge in volatility and the subsequent trend dependent upon the results, but small-caps and cyclical outperformed. Trump is more positive for the market than Harris. More aggressive tech barriers and trade protectionism against China could harm China's growth and valuation and this would indirectly affect Thailand and other Asian countries.

Need more earnings growth. After the narrowing the gap in 3Q24 brought by valuation expansion from rising confidence, we believe the upside for the SET will come from the expected earnings growth of 15-22% YoY in 3Q-4Q24, backed by government policy implementation rather than by valuation expansion, which lines up with global and regional peers in a global economic slowdown.

Stay invested. The bottoming of the Thai economy and earnings along with economic stimulus from the new government and hopes for rate cuts by central banks may offset China's slowdown. As positive factors are expected to emerge, we expect SET Index to rally and reach 1500 by the end of 4Q24 and 1550 in 2025

Focusing on domestic growth. We like companies that have shown steady growth in earnings, are tied to recovery of domestic consumption via economic stimulus and benefit from lower interest. These criteria give us the following 4Q24 top picks: BDMS, CPALL, GPSC, HANA and LHHOTEL.

4Q24 and 2025 Global and Thai economic outlook: entering a new era

InnovestX Securities Co., Ltd.

Content

1. **The economy as a whole continues to expand but is starting to slow down**
   - Global economy: Late cycle vs Asian recovery
   - Major central banks' rate cut
   - US econ slowdown: soft vs hard
   - China stimulus effect: flop

2. **First cut impact: the effect of starting to cut interest rates on the economy and investment**
   - Bond yield forecast: bear steepening
   - FX forecast: The baht is likely to strengthen moderately in 2025 due to differences in monetary policy.

3. **Geopolitics is becoming more intense:**
   - The US is approaching an election. What will be the impact of each possible outcome on the global economy and politics?
   - Will China's trade war escalate, and how? What will be the impact on Thailand?

4. **The impact of Paetongtarn's government on the direction of the economy:**
   - How likely are the proposed policies to be implemented, and what will be their impact on the economy?

5. **The forecast for the Thai economy**
   - Headwinds from a gradual slowdown of the world economy; tailwinds from domestic demand and macroeconomic policies.

Summary

- **Investment Economic Outlook for 4Q24 and 2025**
- **We view the economic outlook for 4Q24 and into 2025 in three main aspects:**

1) New era in economics: In 3Q24, we observed a synchronized recovery, which continues into 4Q24. However, the economies of developed countries are starting to slow down, especially in the manufacturing sector (late cycle). This will cause Asian economies, particularly the manufacturing sector, to begin slowing down in the next 3-6 months.

2) New era in interest rate: Leading central banks have clearly begun to lower interest rates. The Fed has signaled that it will begin to cut in Sep. We believe the Fed's rate cuts will spur other central banks to begin lowering rates. We believe the Fed will cut interest rates by 0.75pp this year and possibly by 1.50pp next year.

3) New era in politics: Especially in the US, where Vice President Harris currently leads former President Trump with 48.1% to 46.3%. Each has different economic policies. Trump has policies to reduce corporate taxes, deregulate against illegal immigration, engage in trade wars, and support fossil fuels. In contrast, Harris has policies to build housing, control food and grocery prices, control healthcare costs, reduce taxes for the poor, but increase taxes for the rich and large corporations, making the private sector prefer Trump's policies.

- **Perspectives on global monetary policies and financial assets**
  - We believe that slowing economic growth and labor market have led the Fed to change its strategy from a gradual approach to front-loading interest rate cuts to halt the labor market slowdown. The Fed may cut interest rates by 0.75pp this year, with cuts at every meeting. We believe that the Fed's rate cuts will be the starting gate for other central banks to begin lowering rates.
  - Regarding bond yields, we expect the yield curve to return to normal from an inverted state and a bull steepening situation to occur.
  - As for exchange rates, we believe that the Fed's faster and more aggressive rate cuts compared to other central banks to support the slowing domestic economy will likely cause the DXY to weaken against other currencies, including the yen, euro, and Thai baht.

- **Global and Thai economic outlook for 2024-25**
  - We believe that the US economy will slow in the future (a soft landing). Meanwhile, Europe is improving but growing at a slower rate than the US. China's economy is slowing down significantly, with our forecast adjusted to 4.8% from 5.0%. We also adjusted Japan's economic forecast to 0.0% from 1.9% due to worse-than-expected performance in the first half of the year. For Thailand, we have increased our economic forecast for 4Q24 to 3.5% from 2.9% due to the digital wallet phase 1 measures that will improve consumption, but we maintain the overall 2024 forecast at 2.5%. In 2025, we expect the US and Chinese economies to slow down, while Europe, Japan, and Thailand will improve.

Summary

- **Impact of the us presidential election on the global economy and politics**

  - We believe that the results of the presidential and congressional elections must be considered together. We analyze four scenarios, with the most likely scenario being Kamala as president but a split Congress (45% chance), which would mostly result in a status quo. The next most likely scenario is Trump as president but with a split Congress (35%), which would increase economic risks (trade wars) but might improve security. The third and fourth scenarios have equal chances (10% each) but carry higher risks. If Kamala is president with a clean sweep, it might be good for stable economic policies but could lower international security. If Trump is president with a clean sweep, it would be the riskiest scenario for both the economy and international security.

  - However, regardless of who becomes president, the trade war (or China derisking policy) will continue, causing China to shift its strategy to focus on supporting the manufacturing and export sectors but not the real estate and consumption sectors. This will make China's economy more prone to a slowdown and increase the risk of trade wars.

- **Direction of the Thai economy and the impact of political changes**

  - The Thai economy in the first half of the year slowed significantly due to tight monetary and fiscal policies. However, the change in prime minister has unlocked the digital wallet project, which was initially a Bt450bn project using the FY2024 and FY2025 budgets and risked violating the Budget Act. It now envisions distributing Bt145bn before the end of September, which will allow the economy to recover in 4Q24 after slowing in 2Q24-3Q24.

  - We believe that in 2024-25, the Thai economy will benefit from fiscal and monetary measures, but exports are at risk of slowing down following those of the US and China. The Thai economy in the second half of 2024 continuing into 2025 may start expanding on the basis of supportive fiscal and monetary policies. In terms of fiscal policy, we see investment budgets expanding by 10.6% from this year, while the BoT is likely to cut interest rates by 0.75pp due to a slowing domestic economy and US interest rates are expected to step down by 2.25pp. However, a global economic slowdown from current levels, with the latest global PMI entering the late cycle, could slow Thai exports over the next 3-6 months and hurt its economy.

Global economic outlook: Entering a new era

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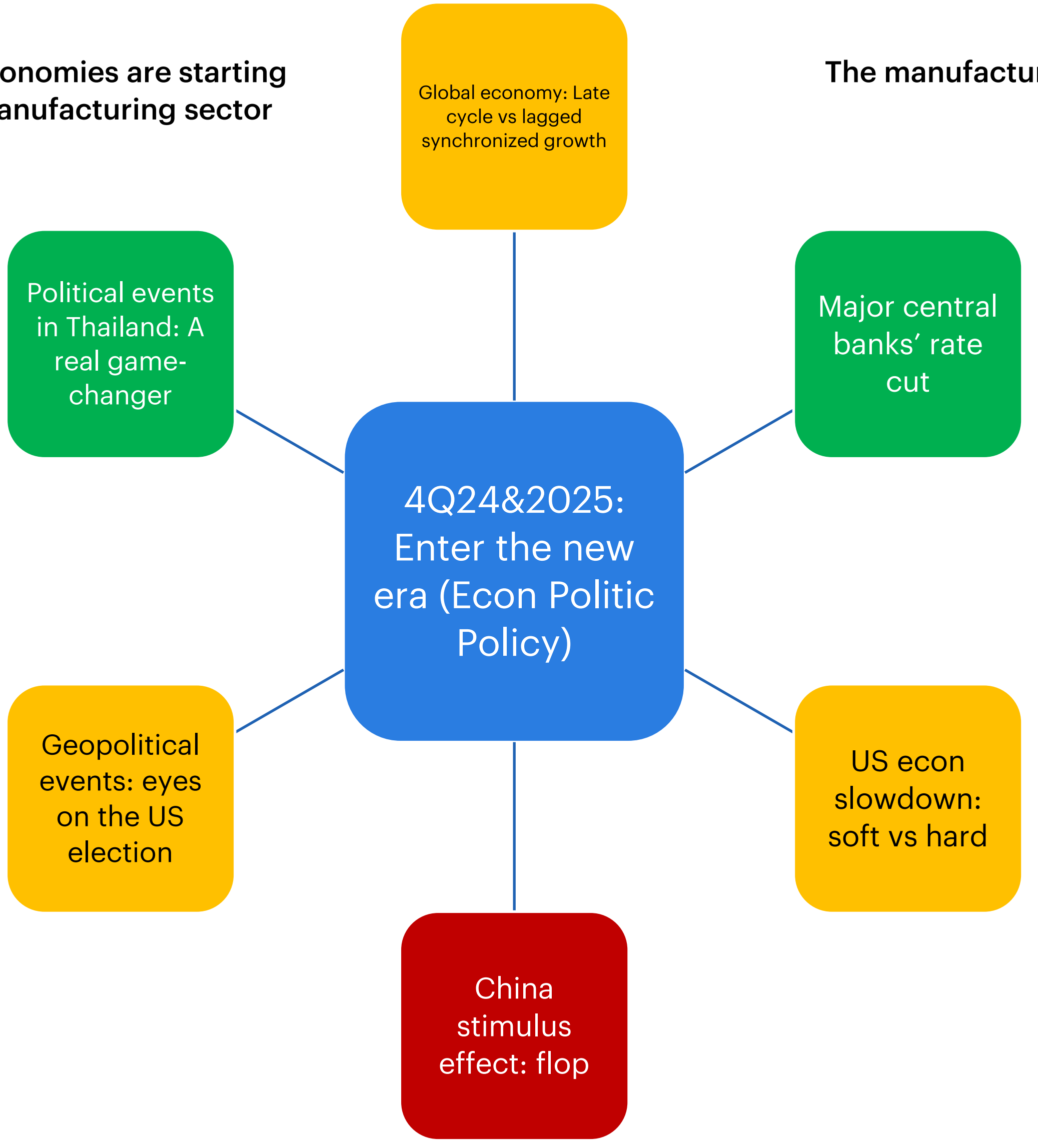
Global economic outlook: entering a new era

In the big picture, developed economies are starting to slow down, especially the manufacturing sector (late cycle)

The manufacturing sector in Asia recovered more clearly and synchronized in July

Thai political tsunami But the installation of a new government went smoother than expected. Some digital wallets can be distributed.

The Fed's switch to lowering interest rates will lead other central banks to also start to cut rates.



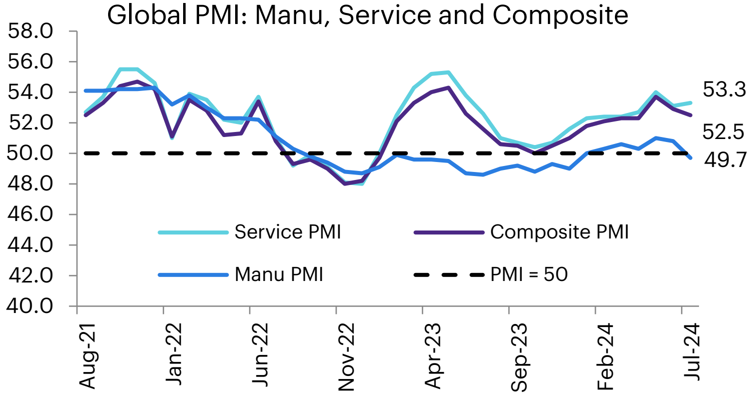
Manufacturing sector figures and the US spending sector continue to expand. Labor market and PMI begin to slow

US politics have undergone drastic changes. Keep an eye on the election results that will affect the world economy and politics.

Results of the 1 trillion yuan measure, reduction of down payment and real estate interest, 300 billion yuan real estate fund, and the 3rd Plenum: Chinese authorities do not stimulate the spending sector as much as they should. The economy slowed down more forcefully.

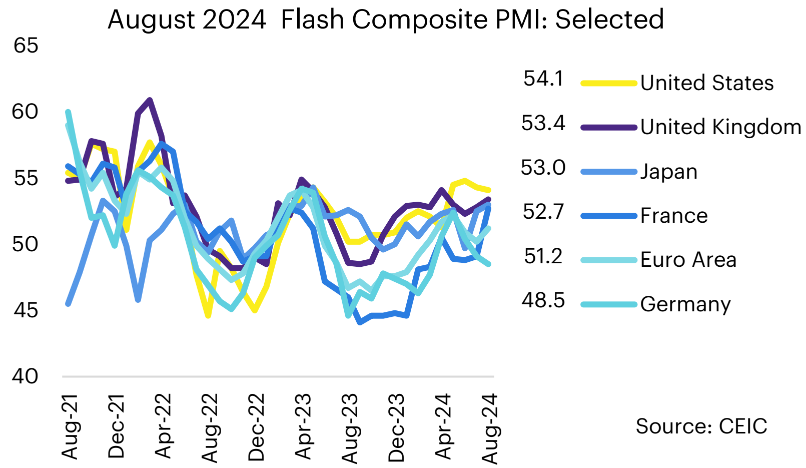
DM entering late cycle; EM: synchronized recovery

The latest world PMI is starting to enter the late cycle, especially in the manufacturing sector, while the service sector is still recovering



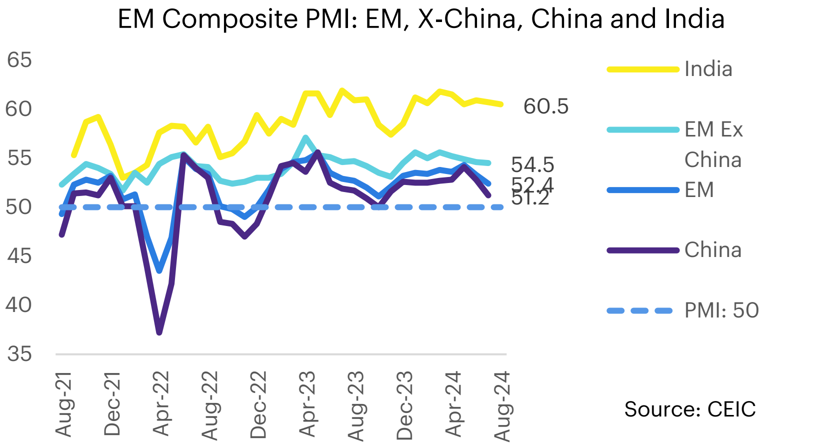
Source: CEIC

European PMI improving; though the US has slowed, it is still high.



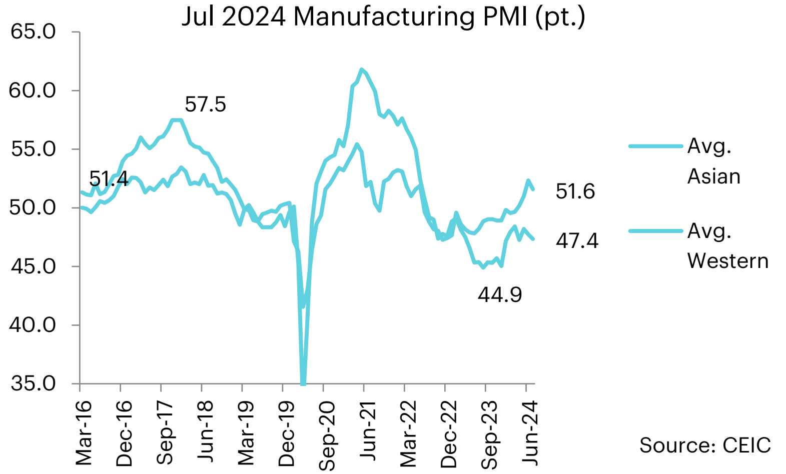
Source: CEIC

EM PMI overall is still good. If China is excluded, the expansion would be even better, especially India



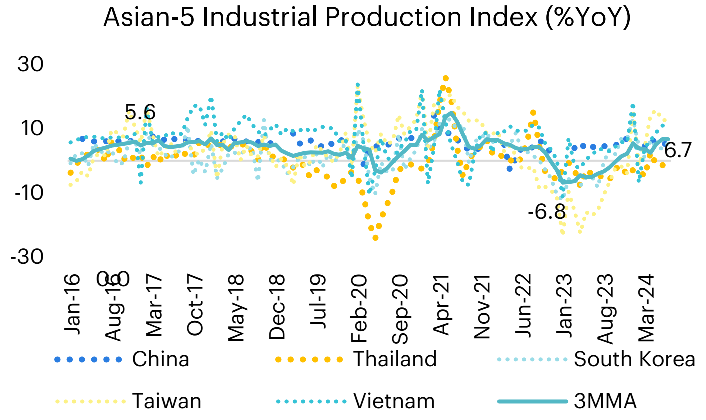
Source: CEIC

Global manufacturing sector recovery, especially in Asia, continues as expected.



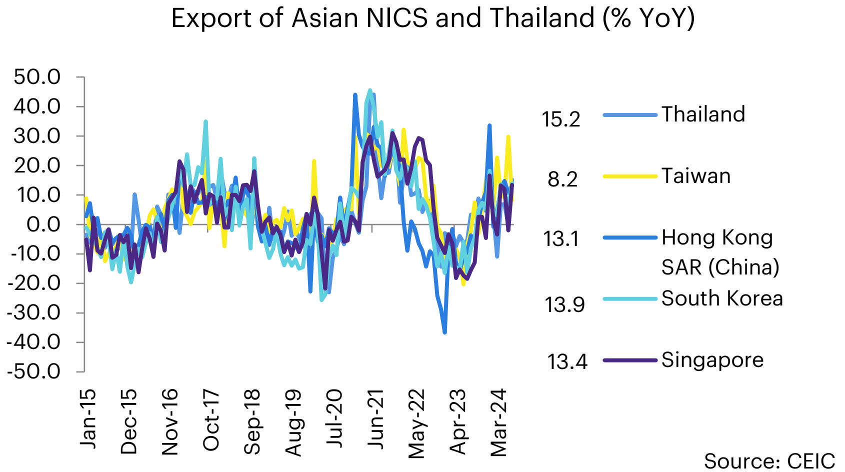
Source: CEIC

Asian-5 MPI recovery similar to the 2016-18 period.



Source: CEIC

Exports of Asian NICS countries and Thailand have clearly recovered.

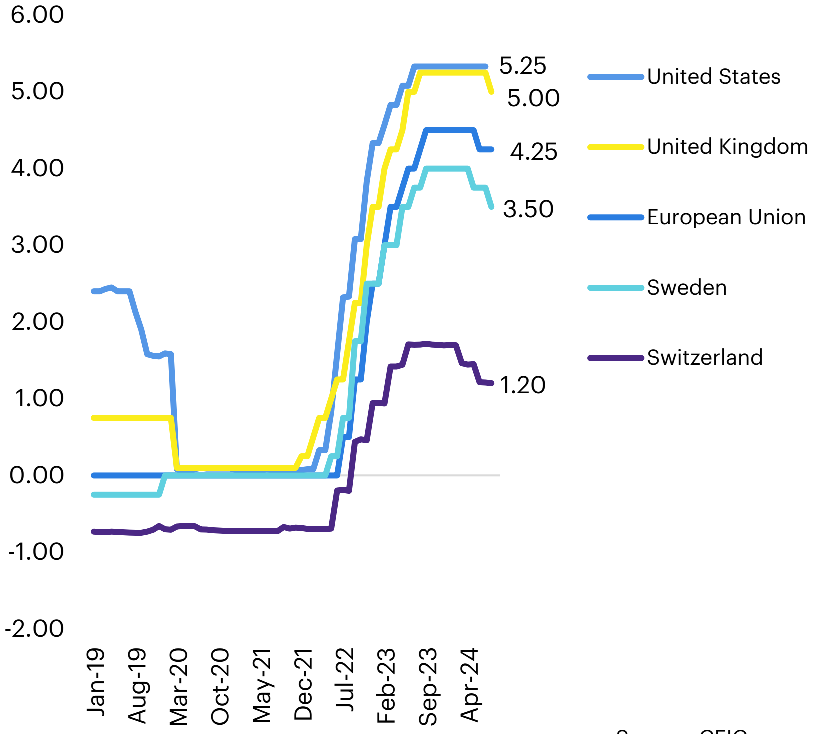


Source: CEIC

Fed first cut will mark the beginning of a global cutting cycle

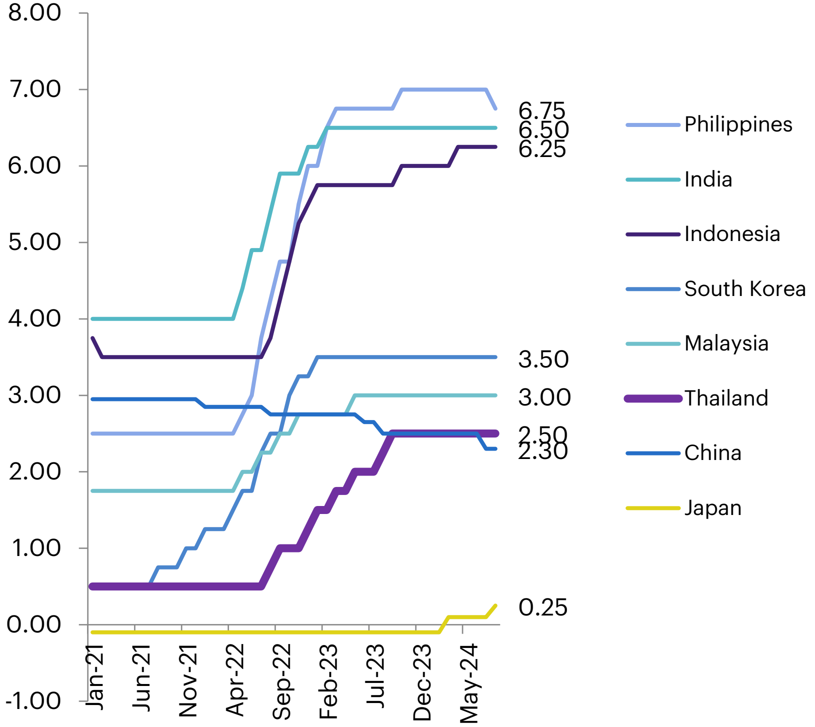
Leading central banks have already started cutting interest rates. Central banks in Asia may start cutting interest rates accordingly as inflation falls back to normal.

Selected DM central bank policy rates (%)



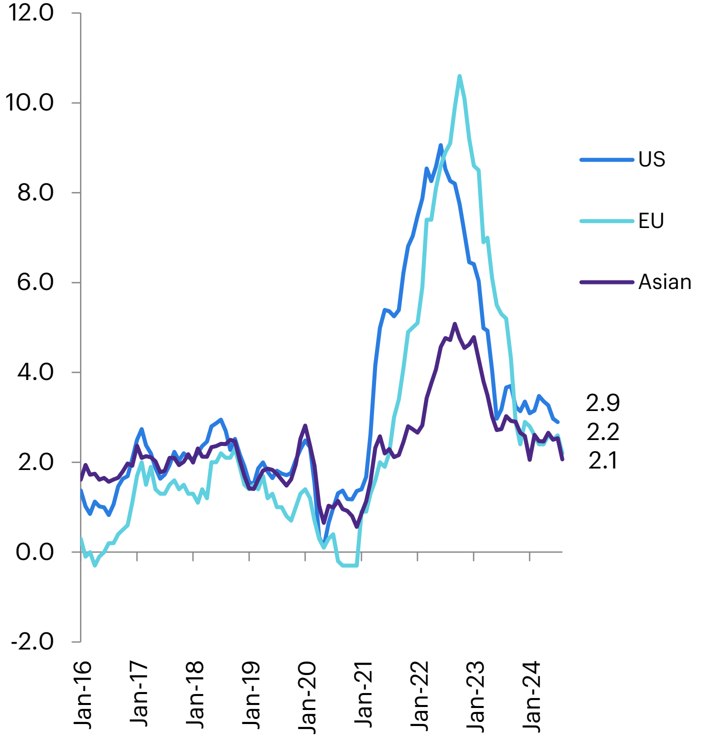
Source: CEIC

Selected Asian economies' policy rates (%)



Source: CEIC

US, EU and Asian CPI inflation



Source: CEIC

Note: Asian = Avg. of CHN, HK, India, Indo, JP, Mal, Phil, SG, SK, TW, TH & VN

4Q24 will mark the beginning of global interest rate cuts

INVX policy interest rate forecasts by major central banks in 2024-2025 (%; Sep 2024)

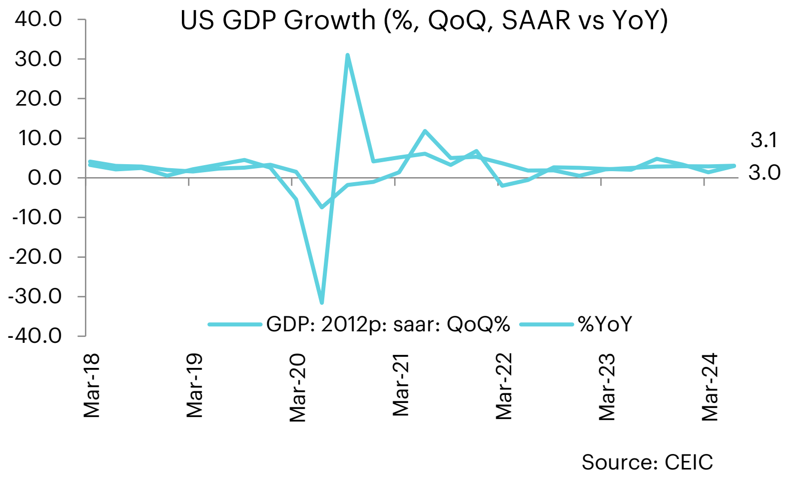
		2024												2025f (Pre-lim)			
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	1Q	2Q	3Q	4Q
Fed	Date	31		20		1	12	31		18		7	18				
	Rate	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.13	5.13	4.88	4.63	4.13	3.63	3.38	3.13
ECB	Date	25		7	11		6	18		12	17	7	18				
	Rate	4.00	4.00	4.00	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.25	3.00	2.75	2.50	2.25
BOJ	Date	23		19	26		14	31		20	31		19				
	Rate	-0.1	-0.1	0.0	0.0	0.0	0.0	0.25*	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50
BOT	Date		7		10		12		21		16		18				
	Rate	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.25	2.00	1.75	1.75	1.75

Source: Central banks, INVX

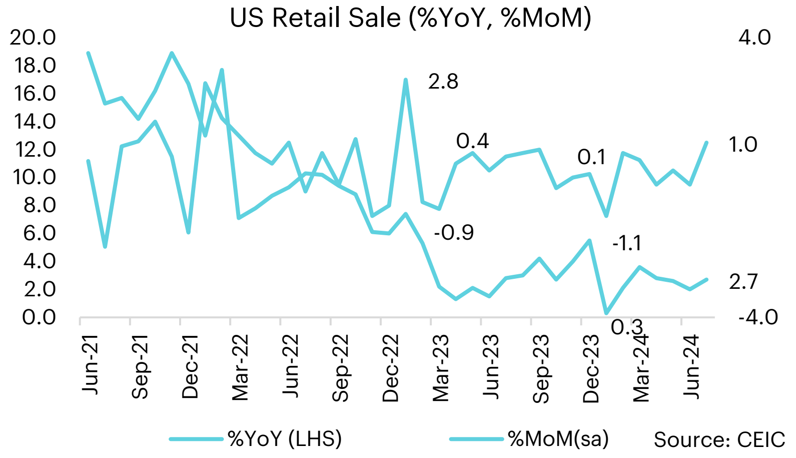
- We expect the ECB to cut interest rate by 25 bps every quarter until the end of 2025.
- We think the BOJ will raise interest rates once in mid-2025.
- In Thailand, we feel interest rates may be cut by 25 bps at the December meeting and two more times in the first half of next year.

US: Economy remains strong, but leading indices suggesting a soft landing

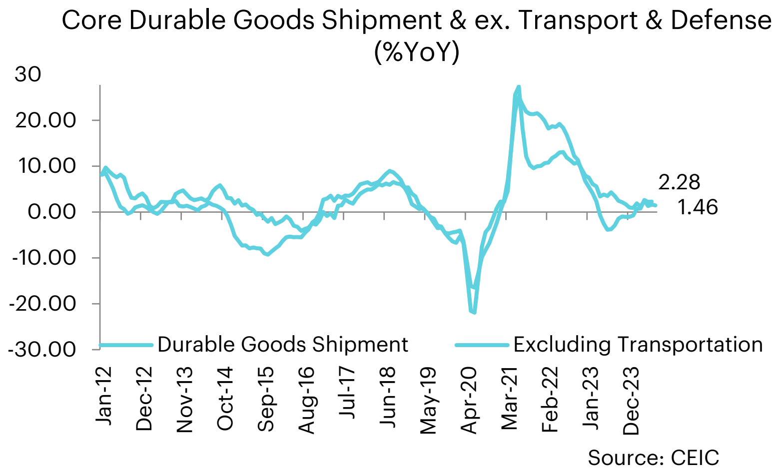
2Q24 GDP expanded to 3.0% QoQ SAAR and 3.1% YoY



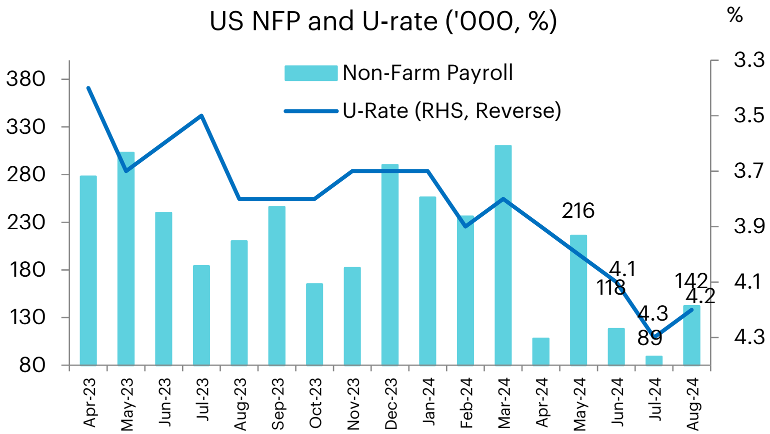
Retail sales continued to expand strongly



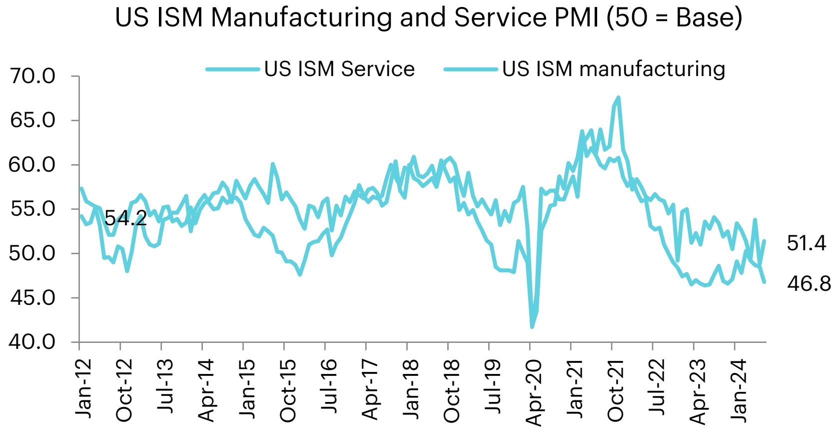
Durable goods orders returned to expand more clearly



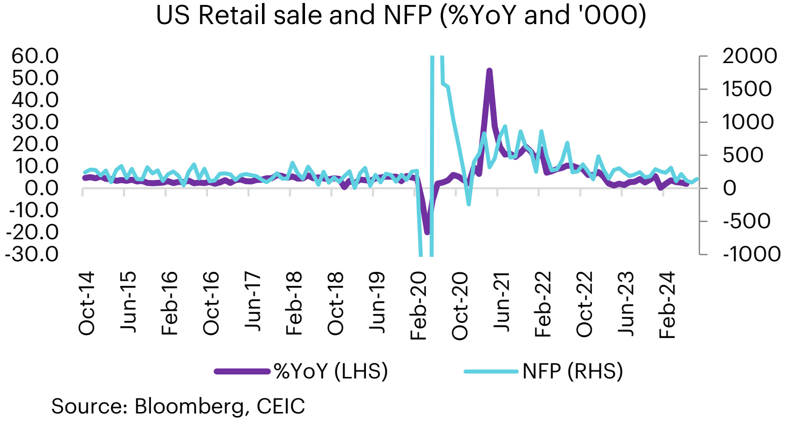
The effects of the tight labor market after the opening of the country are gradually easing



ISM Manu PMI is contracting, but the service sector continues to expand



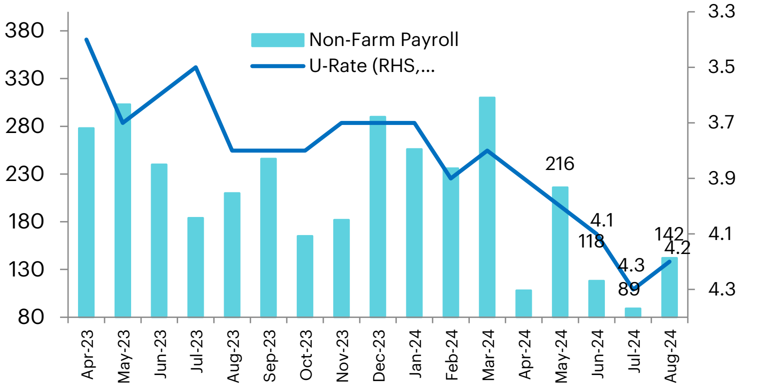
The slowdown in employment, if untouched, will affect purchasing power and the economy



US employment in July was lower than expected

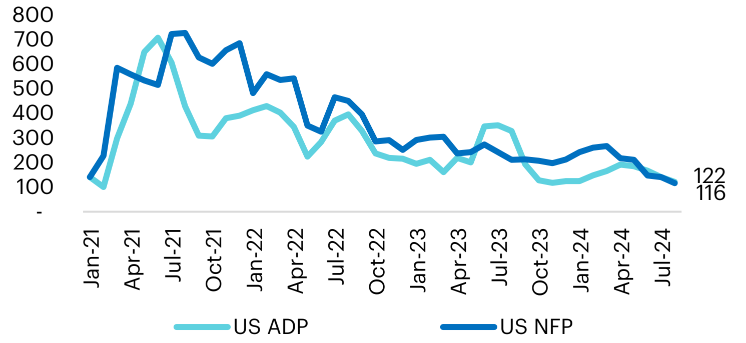
- Non-farm payrolls increased by 142,000 jobs in July, below market expectation of 160,000 jobs. Additionally, the previous two months' figures were revised down by 86,000 jobs. The unemployment rate decreased to 4.2%, as expected. Hourly wage growth rose slightly to 3.8% YoY, up from 3.6% in the previous month.
- The slowdown in non-farm payrolls (NFP) aligns with the slowdown in private sector employment (ADP), which decreased to 116,000 positions. Over a 3-month average, both indicators slowed to 122,000 and 116,000 positions, respectively. NFP employment has recovered in the government and leisure sectors, while slowing in the healthcare sector.

US NFP and U-rate ('000, %)



Source: CEIC, US BLS

ADP vs Non-Farm ('000, 3MMA)



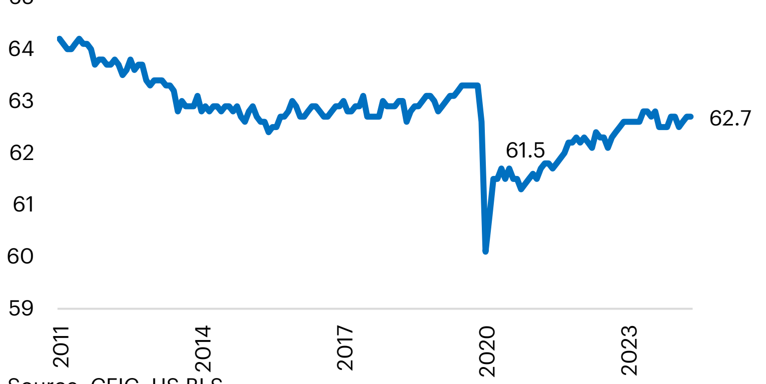
Source: CEIC, US BLS,

Selected industry's employment	Jun 24	Jul 24	Aug 24
Non Farm Payroll	118K	89K	142K
Healthcare	68.7K	58.8K	44.1K
Manufacturing	-16.0K	6.0K	-24.0K
Leisure and hospitality	4.0K	24.0K	46.0K
Retail Trade	-19.5K	-3.4K	-11.1K
Transport and warehousing	10.9K	5.6K	7.9K
Temporary help services	-29.7K	-18.1K	-2.9K
Government	21.0K	15.0K	24.0K

Source: CEIC, US BLS,

The participation rate was stable at 62.7%.

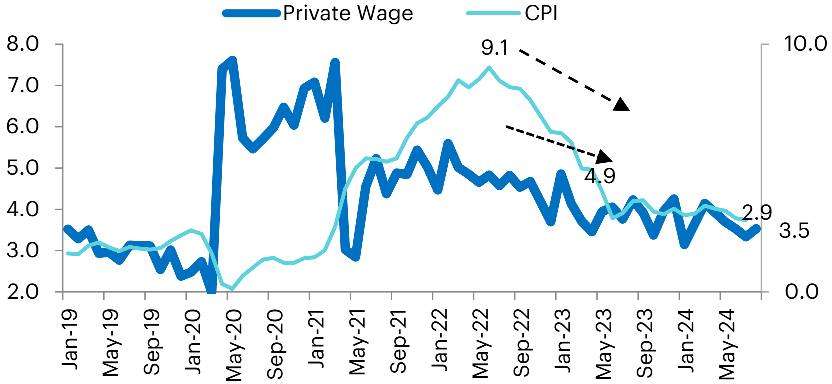
US Labor Participation Rate



Source: CEIC, US BLS,

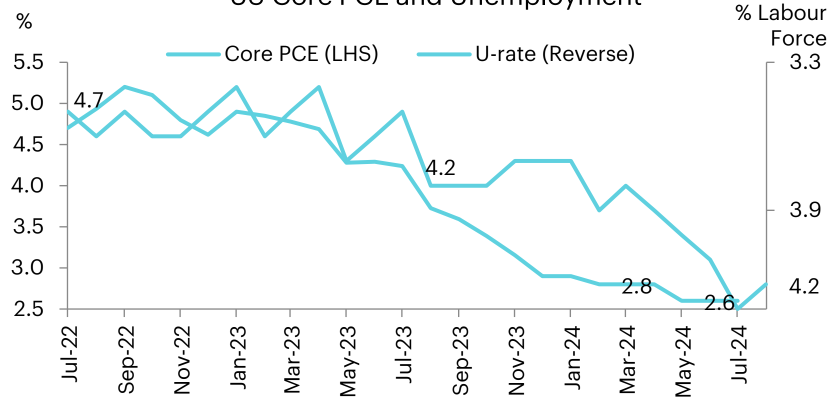
Average weekly earnings increased slightly at 3.5%, but were on a downward trend.

US avg. Weekly Earnings and CPI (%YoY)



Slowing inflation while the labor market is cooling makes it even more likely the Fed will cut interest rates.

US Core PCE and Unemployment



JOLTS shows labor market is becoming riskier, but rate cuts help

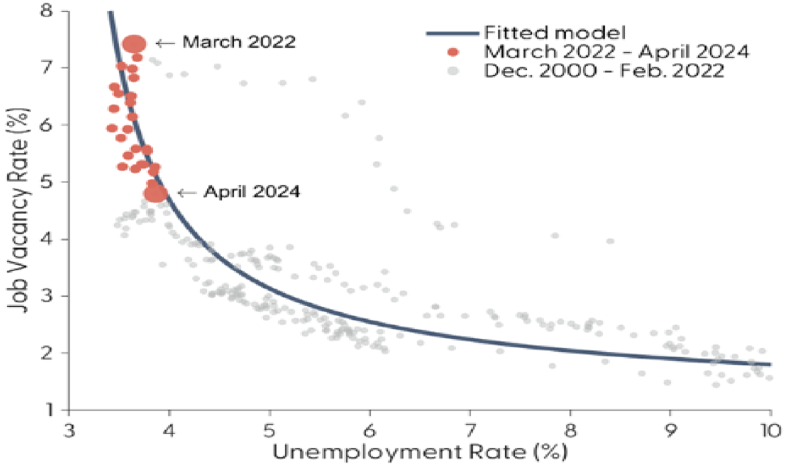
- According to Mary Daly, President of the Fed's San Francisco branch, an unemployment rate exceeding 4.0% would be more concerning. Previously, employers slowed down hiring mainly by reducing new hires. However, if the economy continues to slow, employers may start laying off workers, leading to a quicker rise in unemployment, as indicated by the Beveridge Curve. Our Phillips Curve Model is also approaching a turning point. If inflation decreases significantly, unemployment might increase substantially.
- The continued decrease in job openings (JOLTS) below 8mn positions for two months (revised down) is concerning. In July, job openings were 7.61mn, down from 7.91mn in June, raising concerns about the labor market. If JOLTS continues to decline, it could lead to a faster increase in the unemployment rate than currently observed. However, we believe that this situation will result in a gradual slowdown for three reasons:

1) The unemployment rate dropped to 4.3% in July, in part because of Hurricane Beryl. When the hurricane passed, employment began to return, leading the unemployment rate in July to drop back to 4.2%.

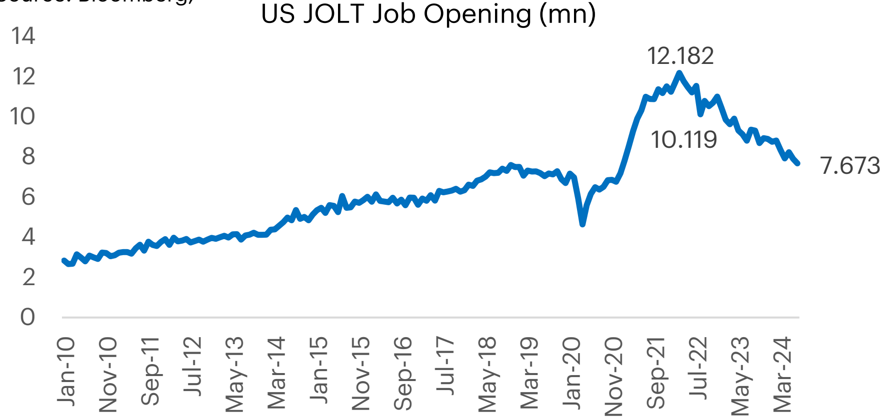
2) Signaling of rate cuts by the Fed led to decreasing bond yields, which helps reduce financial costs in the business sector to a certain extent (10-year yield decreased 50 bps from 4.4% to 3.9% in the past two months), delaying or canceling the need for worker discharges and

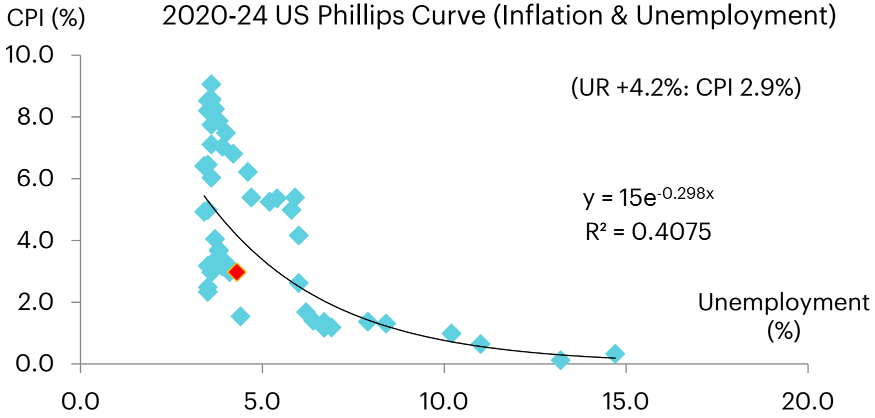
3) If the Fed lowers interest rates gradually and sends signals of a steady step down in interest rates, this should reduce financial tightness in the business and public sectors, which will help maintain the unemployment rate close to 4%.

Source: CEIC, INVX

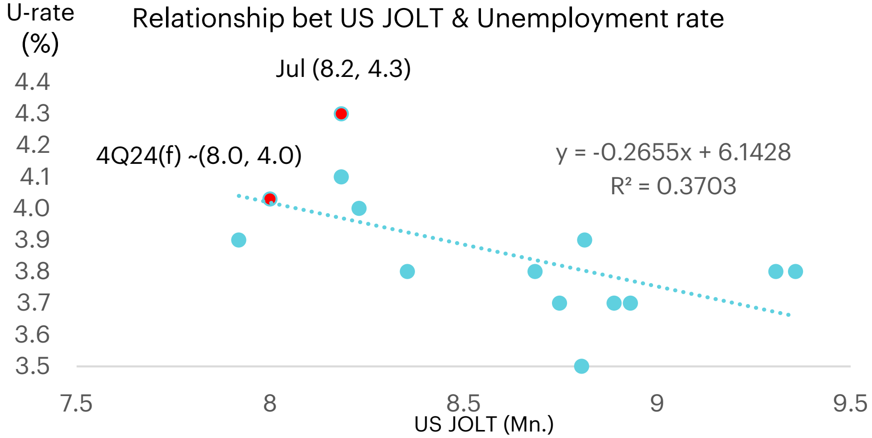


Source: Bloomberg,





Source: CEIC, INVX



The Fed will cut 0.75pp this year and may cut 1.50pp next year

- The Fed may shift from a gradual approach to front-loading to counteract the labor market slowdown, potentially cutting rates by 0.75pp this year, with reductions at each meeting.
- -In 2025, the Fed may cut rates at every meeting in the first half of the year to reduce financial costs.
- Additionally, the Fed may end quantitative tightening (QT) to ease monetary policy.
- Once economic and labor market momentum improves, the pace of rate cuts is expected to slow down. The rate cut trajectory may align closely with the FOMC's March projections but proceed more rapidly.

2024-2025 INVX US economic projections (Sep 2024)

	01/2024	02/2024	03/2024	04/2024	05/2024	06/2024	07/2024	08/2024	09/2024	10/2024	11/2024	12/2024	1Q2025	2Q2025	3Q2025	4Q2025
FFR	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.13	5.13	4.88	4.63	4.13	3.63	3.38	3.13
CPI	3.1	3.2	3.5	3.4	3.3	3.0	2.9	2.8	2.8	2.8	2.7	2.6	2.3	2.1	2.3	2.3
GDP	2.9	2.9	2.9	3.1	3.1	3.1	1.6	1.6	1.6	1.4	1.4	1.4	1.3	1.5	1.7	1.9
ISM Manu	49.1	47.8	50.3	49.2	48.7	48.5	46.8	47.2	49.6	50.0	50.4	51.2	51.0	51.1	51.2	51.3
ISM Service	53.4	52.6	51.4	49.4	53.8	48.8	51.4	51.5	50.9	51.1	51.3	51.8	51.5	51.7	51.9	52.1
NFP	256.0	236.0	310.0	108.0	216.0	118.0	89.0	142.0	115.2	101.2	112.6	107.2	98.0	122.5	150.0	150.0
U-rate	3.8	4.0	3.9	4.0	4.0	4.1	4.3	4.2	4.2	4.2	4.1	4.1	4.3	4.1	4.1	4.1
Retail Sales	0.3	2.1	3.6	2.8	2.6	2.0	2.7	1.5	2.0	2.5	2.0	2.5	2.4	2.7	3.0	3.3
Core K-Goods shipment	-0.8	0.6	0.5	2.5	2.0	2.3	1.5	2.0	3.0	2.9	2.9	3.4	1.4	1.7	2.0	2.3

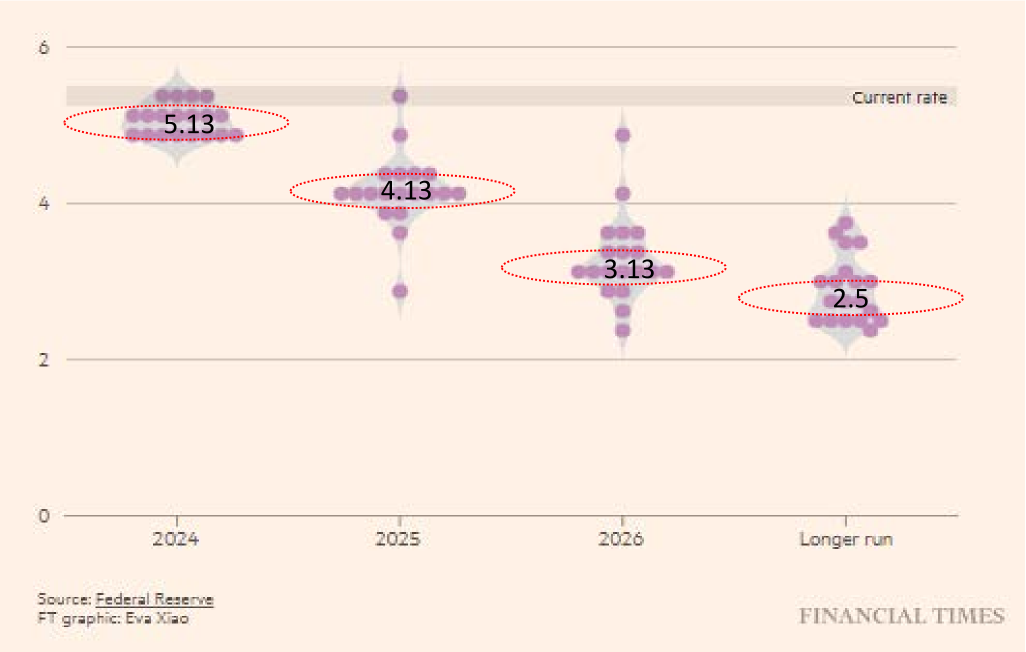
Note: 2025 is Preliminary forecast
Source: CEIC, Bloomberg, INVX

FOMC Jun 2024 Econ Projection

Variable (%)	2024	2025	2026	Longer run
GDP	2.1	2.0	2.0	1.8
(Mar Proj.)	2.1	2.0	2.0	1.8
U-rate	4.0	4.2	4.1	4.2
(Mar Proj.)	4.0	4.1	4.0	4.1
Core PCE	2.8	2.3	2.0	
(Mar Proj.)	2.6	2.2	2.0	
Fed Funds	5.1	4.1	3.1	2.8
(Mar Proj.)	4.6	3.9	3.1	2.6

Source: Fed

Jun 2024 Dot plot



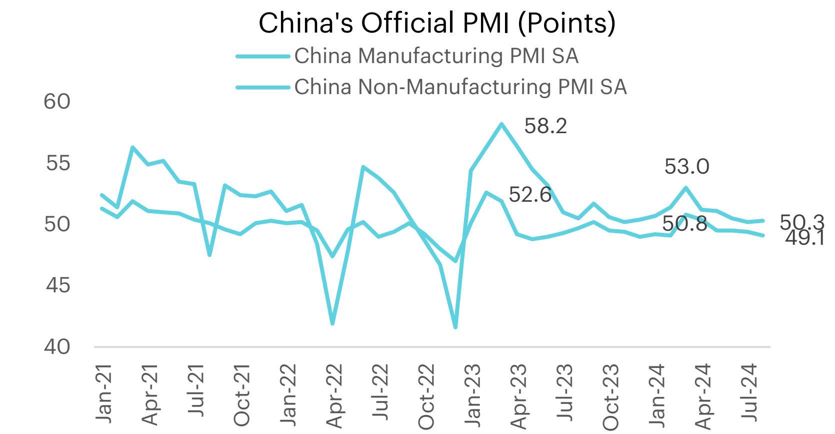
Source: FT, INVX

China is slowing, indicating that its stimulus measures are ineffective

China's economic expansion continues to slow down

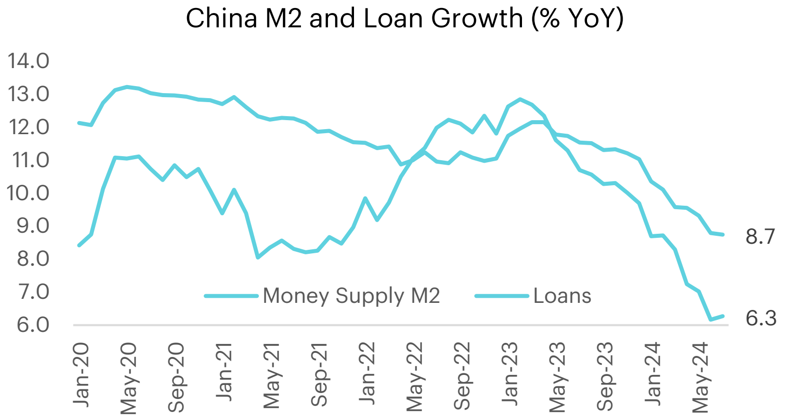
Source: CEIC

China's official manufacturing PMI is negative for the 4th month



Source: CEIC

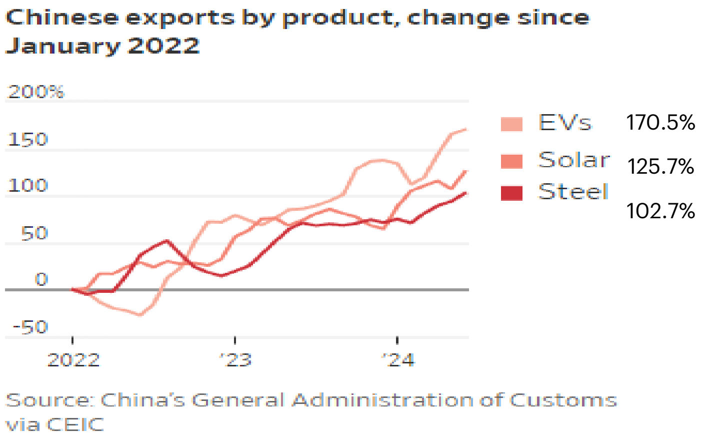
Credit continues to slow despite interest rate cuts



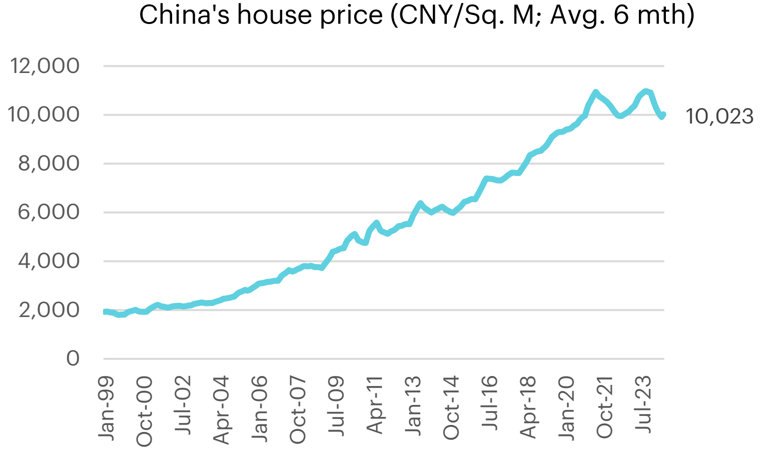
Source: CEIC

Exports-imports recovered from government policy that accelerates production for export

China produces more than it needs. Other countries have issued retaliatory measures.



House prices in China were not raised by the government housing fund measure.

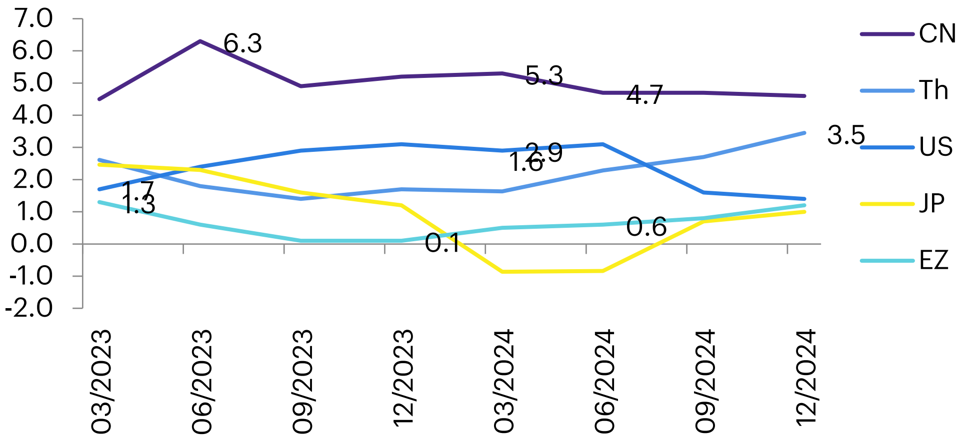


Source: CEIC

Outlook 2024-25: US soft landing, China slows, Thailand faces global headwinds

- The world economy in the second quarter of 2024 improved more than expected, except for Japan and China
- Looking forward: Even though the US economy expanded better than expected, momentum will slow down going forward (soft-landing). In 2025 Europe will begin to improve but the growth rate will be less than in the United States. China has slowed down significantly. We lowered our forecast to 4.8% from 5.0% and revised our forecast for the Japanese economy down to 0.0% from 1.9% due to a worse-than-expected first half of the year. We increase our forecast for the Thai economy in 4Q24 to 3.5% from 2.9% due to phase 1 of the digital wallet that will help improve consumption, but full-year 2024 is still projected at 2.5%.
- In 2025, we view that the US and Chinese economies will slow down, and those in Europe, Japan, and Thailand will improve. Positive factors for the Thai economy include supportive monetary and fiscal policies, but negative factors include global headwinds.
- Downside risk: 1) volatility in the money and capital markets from the tech bubble and late cycle vs rate cut; 2) risk of self-fulfilling prophecy and 3) geopolitics from the change in US leadership.

INVX Global-5 Quarterly GDP growth Projection (Sep 2024, % YoY)



Source: CEIC, Bloomberg, INVX

INVX Global-5 Quarterly GDP growth Projection (Sep 2024, % YoY)

	Actual						Forecast				
	03/2023	06/2023	09/2023	12/2023	03/2024	06/2024	09/2024	12/2024	yr 2023	yr 2024f	yr 2025f
US	1.7	2.4	2.9	3.1	2.9	3.1	1.6	1.4	2.5	2.3	1.7
EZ	1.3	0.6	0.1	0.1	0.5	0.6	0.8	1.2	0.5	0.8	1.3
CN	4.5	6.3	4.9	5.2	5.3	4.7	4.7	4.6	5.2	4.8	4.5
JP	2.5	2.3	1.6	1.2	-0.9	-0.8	0.7	1.0	1.9	0.0	1.5
Thai	2.6	1.8	1.4	1.7	1.6	2.3	2.7	3.5	1.9	2.5	3.0
Avg. 5	2.5	2.7	2.2	2.3	1.9	2.0	2.1	2.3	2.4	2.1	2.4

Source: CEIC, Bloomberg, INVX

Impact of interest rate cuts

InnovestX Securities Co., Ltd.

Impact of interest rate cuts on US bond yields and exchange rates

- Bond Yields: 1) **Yield curve normalization**: We expect the yield curve to return to a normal from an inverted yield curve by 4Q24. 2) **Long-term yields**: Long-term bond yields (10-year) are unlikely to decline significantly due to high fiscal deficits. However, short-term bond yields (2-year) are expected to decrease, potentially aligning with or exceeding the Federal Funds Rate (FFR), leading to a bull steepening scenario.
- Exchange Rates:
- 1. **U.S. Dollar (DXY)**: If the Fed reduces interest rates more aggressively and quickly than other central banks, the DXY is likely to weaken.
- 2. **Thai baht**: The baht may appreciate slightly, from an average of 36 THB per USD this year to 35.6 THB per USD in 2025 due to: 1) The BoT reducing rates less than the Fed; 2) a slowdown in the US and Chinese economies that may weaken Thai exports, contributing to a current account deficit.

Timing	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24f	4Q24f	1Q25f	2Q24f	3Q25f	4Q25f
CPI	5.0%	3.0%	3.7%	3.3%	3.2%	3.2%	2.8%	2.9%	2.5%	2.3%	2.5%	2.5%
FFR	4.88%	5.13%	5.38%	5.38%	5.38%	5.38%	5.13%	4.63%	4.13%	3.63%	3.38%	3.13%
B/S chg	-95/mt	-95/mt	-95/mt	-95/mt	-95/mt	-60/mt	-60/mt	-60/mt	0	0	0	0
B/S ($tn)	8.5	8.5	8.0	7.8	7.5	7.4	7.2	7.1	7.1	7.1	7.1	7.1
2YY-FFR	-0.74	-0.26	-0.35	-1.15	-0.88	-0.58	-0.98	-0.80	-0.55	-0.3	-0.10	0.12
2YY	4.06	4.87	5.03	4.23	4.50	4.82	4.15	3.83	3.58	3.33	3.28	3.25
10YY	3.48	3.81	4.59	3.88	4.16	4.44	4.05	3.93	3.90	3.88	3.85	3.85
2-10	-0.58	-1.06	-0.44	-0.35	-0.34	-0.38	-0.1	0.10	0.32	0.55	0.57	0.6
DXY	103.4	102.5	103.2	104.60	103.5	105.2	103.6	100.0	98.0	97.5	97	95.0
USDJPY	132.4	137.5	149.37	141.04	151.35	160.88	147	145.5	144	141.5	140	137
EURUSD	1.07	1.06	1.1	1.08	1.07	1.09	1.1	1.11	1.12	1.12	1.12	1.06
USDTHB	34.1	35.3	36.57	34.26	35.6	36.76	35.6	35.5	36.5	36.0	35.25	34.8

Source: CEIC, Bloomberg, INVX

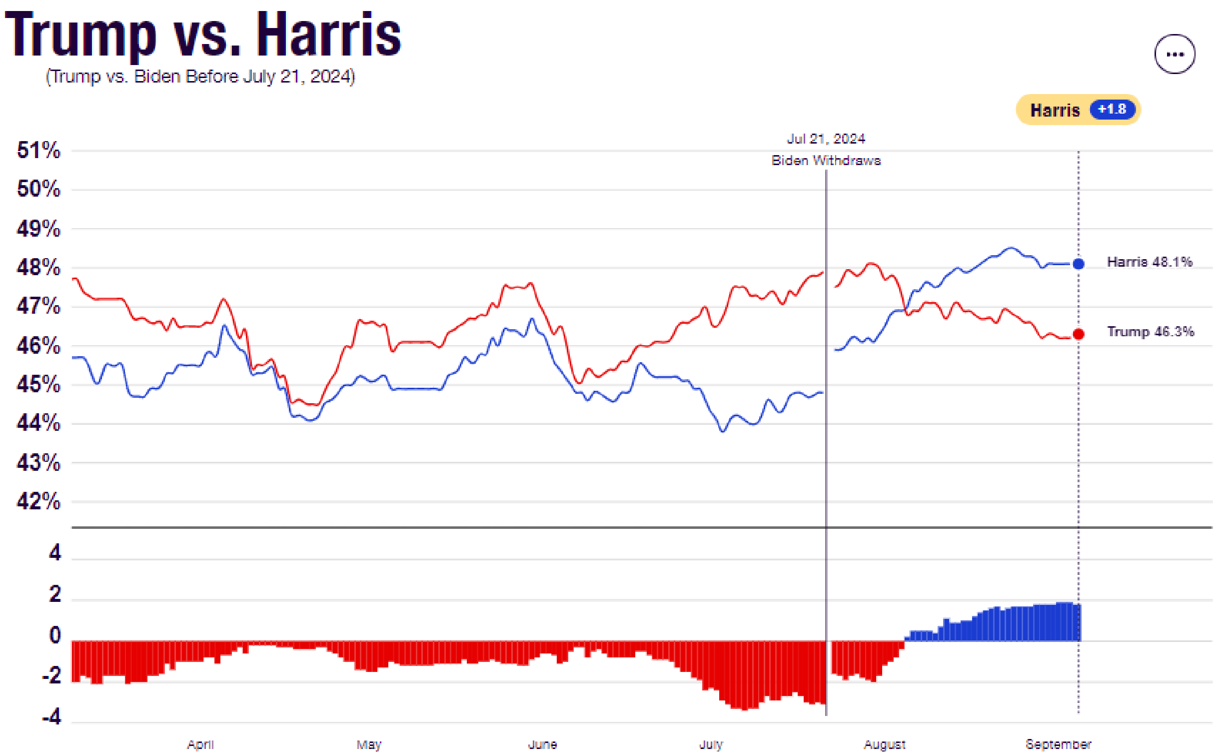
Geopolitics is becoming more intense

InnovestX Securities Co., Ltd.

Monitoring the US presidential election

US presidential election

- The presidential race is currently tight between Vice President Kamala Harris and former President Donald Trump. Recent polls show Harris with a slight edge over Trump (48.1% versus 46.3%).
- Several key issues to watch include:
- 1. **Climate change policy**: Trump's skepticism about climate change might lead him to signal a withdrawal from the COP 26 and Paris Agreements, and a return to promoting fossil fuels over renewable energy. This would benefit the oil industry but negatively impact renewable energy sectors.
- 2. **Fiscal proposals**: Trump may propose reducing the corporate tax rate from 21% to 15% and the individual tax rate from 37% to 30% after deductions. He also plans to cut welfare spending, which could affect businesses involved in infrastructure and environmental projects under the Build Back Better initiative and the Inflation Reduction Act. This could increase the deficit by 1.6% annually.
- 3. **Trade policy**: Trump might introduce a 10% tariff on all imports and increase tariffs on Chinese goods to 60%, impacting trade, investment and businesses involved in shipping and logistics.



Source: Realclearpolitics.com

4. **Support for Ukraine**: Trump may propose reducing or ending financial support for Ukraine, which could lead to either increased efforts by the Biden administration to push for peace negotiations or a potential intensification of Russian aggression in Ukraine.

5. **Middle East relations**: Trump might announce plans to cooperate with Saudi Arabia and Israel while intensifying sanctions against Iran in response to the Israel-Hamas conflict. This could heighten geopolitical risks and potentially lead to an increase in oil prices.

Economic policy differences: Trump vs Harris

- Donald Trump's policies: - In principle these are based on Republican policies, specifically "Agenda 47" which focuses on deregulation, tax cuts, trade wars, supporting low interest rates and restricting immigration. The impact of these policies are likely to increase the budget deficit significantly.
- Kamala Harris's policies: In principle these reflect Democrat values, emphasizing an "opportunity economy", which focuses on Increasing housing supply to reduce home prices, controlling food and grocery price inflation, expanding welfare programs and providing tax relief for low to middle-income earners while raising taxes on the wealthy and corporations. These policies would also increase the budget deficit, but likely to a lesser extent than would Trump's policies.

Note: *Piper Sandler's Analysis; **Goldman Sachs Analysis Source: INVX

(Additional) Trump's Economic Club speech vs Kamala's "opportunity economy"

Donald Trump's economic policies

Topic	Policy
Corporate tax reduction	- Lowers the corporate tax rate more than in 2017 from 21% to 15% and increases taxes on companies that outsource work or do not manufacture products in the United States.
Reduce regulations	- Set the 10 in 1 Out rule - Create a Government Efficiency Reform Commission led by Elon Musk to audit the finances and performance of the federal government for major civil service reform. - Withdraw all unspent budget under the Inflation Reduction Act, amounting to US$740bn.
Immigrant policy	- Deportation of illegal immigrants
Environmental policy	- Repeal Biden administration rules aimed at reducing greenhouse gas emissions and pollution from power plants and support the mining business in the country
Our view	- Reduce corporate taxes to 15% while the highest rate on personal taxes is 37% and when various deductions are deducted, the highest rate will be 30%, causing the fiscal deficit to increase at 1.6% GDP/year). - The imposition of a 60% tax on China will cause trade diversion and turn to investing and exporting more through Thailand. But if Trump really imposes a 10% tariff, it will affect Thai exports and may cause a more severe trade war.

Source: INVX

Kamala Harris's economic policies

Topic	Policy
Housing policy	Housing construction of 3mn new homes in the next four years, with budget of US$40bn.
Food and groceries	Control price gouging during product shortages
Medical expenses	(1) Control the price of essential medicines, such as setting a ceiling on the price of insulin at $35 per month. and control the cost of medical care paid by citizens to no more than $2,000 per year. (2) Cooperate with local government to cancel people's medical debt
Tax policy	(1) Tax policy: tax reduction for low- and middle-income families by increasing the tax deduction for children 0-1 year old to US$6,000, up from US$2,000. (2) Increase the corporate tax rate to 28% from 21% but only for companies with annual revenue of more than US$400,000.
Our view	(1) The policy to increase housing is appropriate in principle, because the US has a shortage of 4-7mn homes, but this must be done transparently. (2) Controlling the price of food and medical care helps the people to a certain extent. But it distorts market mechanisms and reduces the competitiveness of manufacturers. (3) Using budget mechanisms and compensating with tax increases may lead to a larger fiscal deficit. It could increase the government deficit by $1.4tn over the next decade (or 0.5% GDP per year).

Possibility of implementing government policy in various situations

In considering the feasibility of implementing that policy, the election results of the Congress and Senate must be considered. If the president and both houses of parliament are from the same party (clean sweep), they are more likely to push their agenda. However, if the president and congress are controlled by different parties (a divided government), the effect of policies will be less severe. We analyze the policy guidelines in all four cases as follows:

President/ Congress (Prob.)	Democrat/ Democrat (10%)	Democrat/Republican (45%)	Republican/ Democrat (35%)	Republican/Republican (10%)
International trade	Continues to implement trade protectionist measures against China, collecting taxes on imported products from China, especially EVs.	Continues to implement trade protectionist measures against China.	Takes trade protectionist measures against China, but the tax increase framework will not be expanded to cover all types of products.	Trade measures against China will be strict. This could lead to tariffs on imports from China rising to 60% and 10% for other countries.
Tax	Increase tax rates for people with high incomes and implement share buyback tax. Reduce tax rates for low-income earners	Unlikely to raise taxes on high earners.	Renewal of tax reduction measures may be partially reduced.	Renew the tax breaks that have been in place since 2017 and cut further.
Industry and environment	Support the transition to a green industry, reducing the use of fossil energy. and implement policies to achieve goals according to COP28, especially projects from the budget in the inflation reduction act.	Carry out the same measures as before while still providing subsidies and tax credits. Supports the 4-year reshoring plan policy. Does not support EV and renewable energy policies.	Adjust laws and regulations to facilitate business operations (1 in 10 out)	-Support the use of energy from fossil fuels, reduce the role of the inflation reduction act, and cancel carbon tax credits.
Immigrants and foreign workers	Reduce restrictions on allowing immigrants to legally work in the country.	Proceed as before	Be stricter on granting permission to foreign workers.	Suspends the granting of US citizenship to children born in the country whose parents do not have an immigration certificate.
Social welfare and public health	Increase strictness in the possession of firearms. Increase public health funding (Obamacare), protecting women's abortion rights.	Continue as before and focus on labor benefits.	Each state has the right to set abortion laws.	Improve/repeal the Affordable Care Act by raising the share of public cost and allowing each state to determine abortion laws. Supports the right to own guns.
International politics	Support multilateral cooperation, including continued support for Ukraine and Israel.	International position remains unchanged and military and fiscal assistance to Ukraine will be more limited.	More emphasis is placed on bilateral cooperation. Reduce aid to Ukraine	Withdraw aid to Ukraine but continues to support Israel and takes a stance against NATO.

Source: NESDC, INVX

Effects of different political scenarios on global economy, politics

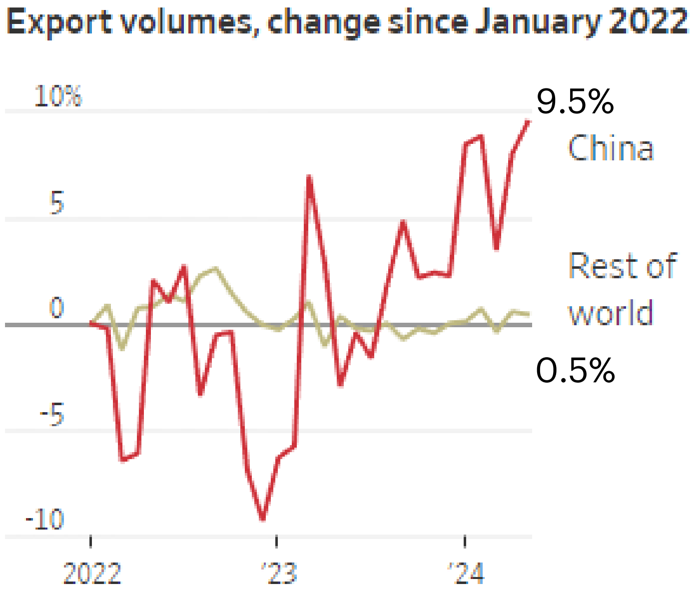
We analyze the potential policy outcomes in four scenarios as follows

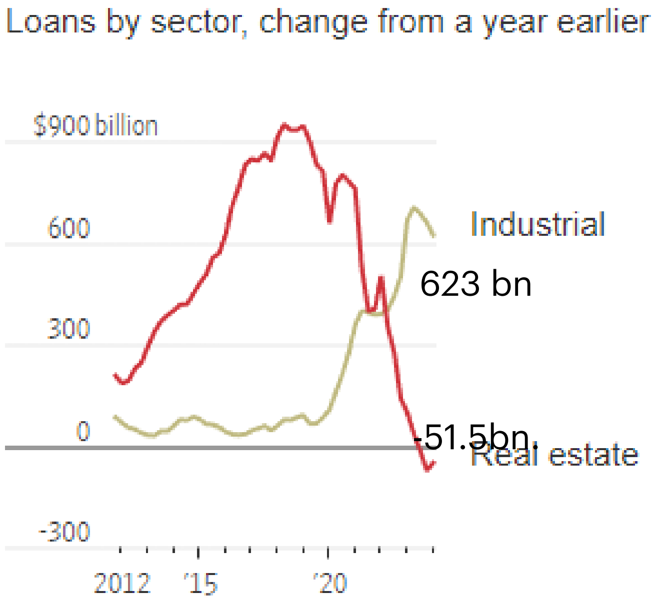
President/ Congress (Prob.)	Kamala Harris (D)	Donald Trump (R)
Democrat	(Clean sweep) (1) World Trade policy status quo (2) Tax policy--good for consumption but bad for the stock market (3) Industrial policy--good for the green industry, bad for the oil industry. (4) Immigration policy--good for the labor market and low inflation. (5) Social welfare--reduce crime (6) International political policy status quo: May raise the risk of war. (The status of the country may weaken, with two wars and no resolution yet.) (Conclusion: The economy may be good because the trade war is unlikely to become severe. Including stability in economic policy but this may put international security at risk)	(Divided government) (1) World trade policy - trade war with China intensifies, but trade war with the rest of the world is difficult to implement (2) Tax policy—tax cut is good for the economy but bad for the fiscal situation (3) Industrial policy--good for the oil industry, bad for the green industry. (4) Immigrant policy--More difficult for workers to enter the country, starting to affect the labor market (5) Social welfare--status quo (6) International political policy--Increasing volatility, but the chance of conflict escalation may be less. (7) (Summary: Slightly riskier on the economic front, esp. the trade war with China, but international security may improve.)
Republican	(Divided government) (1) World trade policy status quo (2) Tax policy--bad for fiscal health; Economy—status quo (3) Industrial policy--good for the green industry, bad for the oil industry. (4) Immigrant policy--status quo (5) Social welfare—bad for the drug business (6) International political policy--T. In the middle of status quo, Europe may start to be more at risk because the EC did not approve the budget. (Conclusion: status quo)	(Clean sweep) (1) World trade policy - possibility of a world trade war (2) Tax policy--good for the economy, bad for the fiscal situation (3) Industrial policy--good for business and the oil industry, bad for the green industry. (4) Immigrant policy--may see some deportations, affecting the labor market more strongly (5) Social welfare--good for the pharmaceutical business (6) International political policy--Increasing volatility, the risk of a war in the Middle East may be intensified. (Summary: Highest risk in terms of economy and international security)

Source: INVX

Regardless of outcome, the trade war between China and the world will be ongoing

Regardless of who becomes President, the trade war between China and the US and other Western nations is expected to intensify. The US aims to prevent China from becoming a dominant global economic power. To counter this, China is shifting its strategy to support manufacturing and exports while turning its back on the real estate and consumption sectors. In 2023, the Chinese government provided over US$33bn in subsidies to the industrial sector and banks lent approximately US$620bn to industries in 1Q24. In contrast, loans to the real estate sector decreased by US$51bn in the same period. The focus on manufacturing over real estate has led to reduced consumer spending, as the real estate sector employs more people than manufacturing. This shift may increase inequality and lead to more protests. China's overproduction, such as producing 40mn EVs annually with domestic demand for only 22mn, and manufacturing 750 GW of solar cells against domestic needs of only 220 GW, will likely push China to lower export prices and increase the risk of further trade conflicts.



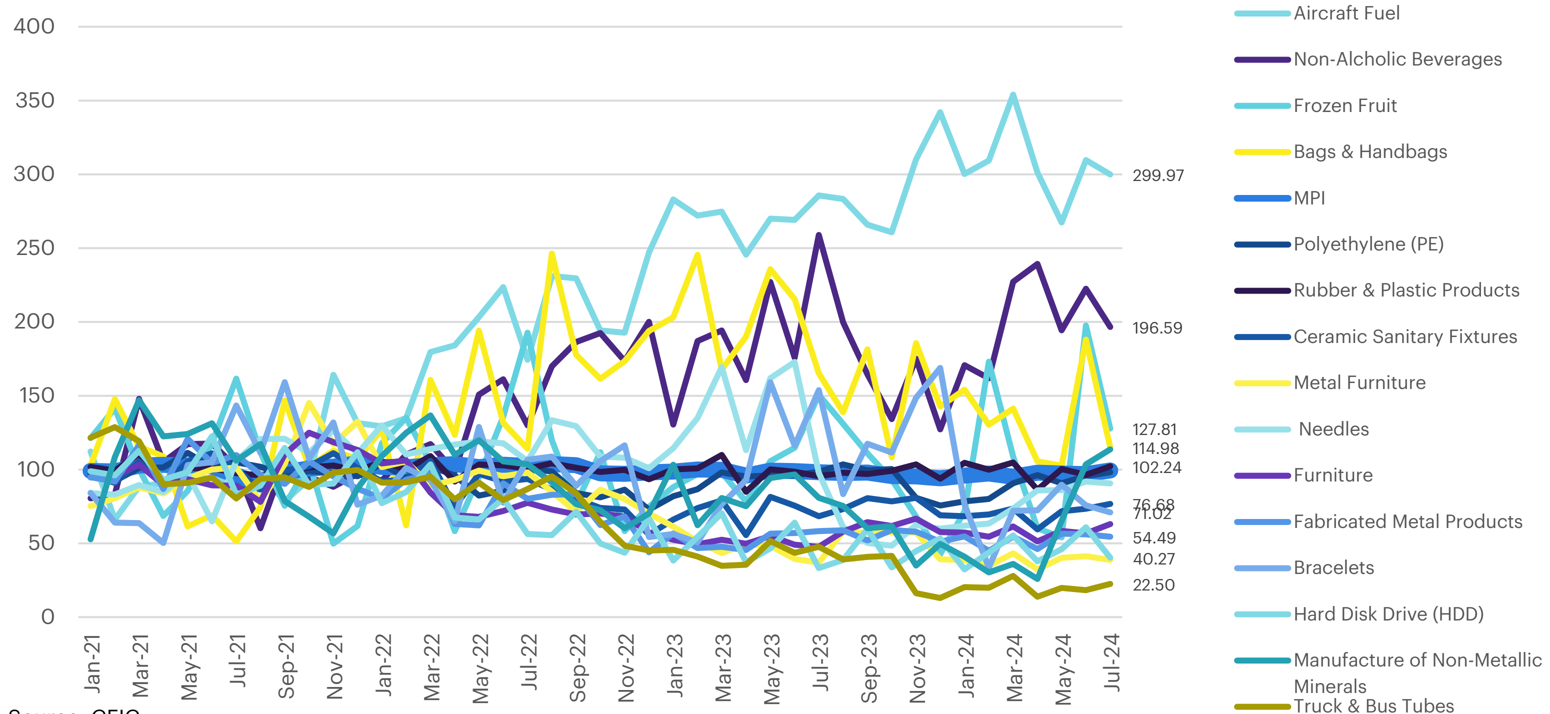


Source: China's General Administration of Customs via CEIC, WSJ

Impact of a global trade war on Thai production and exports

The trade war and China's strategy of producing and exporting goods at lower prices (or dumping) have impacted Thai manufacturing and exports. According to analyses by the NESDC and our own research, Thai manufacturing has struggled to recover post COVID-19. Only about 25% of Thai industries remain competitive: sectors including aircraft fuel, non-alcoholic beverages, fresh and frozen fruit, and bags (though competitiveness is declining). Industries that have lost competitiveness include rubber products, non-metal goods, hard disk drives, gemstones, steel and metal production, furniture, basic medical equipment, sanitary ware, and petrochemical-based plastics like polyethylene (PE). Many of these are in direct competition with Chinese imports, such as steel, communication equipment, polyethylene and various electronic devices. The situation is expected to worsen as China continues to export cheaper goods to Thailand, intensifying competitive pressure on Thai industries.

Winner and loser of Thailand's manufacturing production (2021: 100)



Source: CEIC

Exports from China to Thailand increased in 1H24 compared to a decrease in domestic selling prices (% YoY)

Product	Export Growth (%)	Price (%)
Rolled steel	15.6%	-31%
Steel bars	45.6%	-11.1%
Steel pipe	55.5%	-60.3%
Angle steel-shaped	39.1%	-49.8%
Telephone	57.1%	-35.7%
Data processing machine	110.5%	-45.7%
Refrigerators and parts	22.7%	-8.0%
Radio transmitter	65.2%	-10.5%
Insecticide	26.6%	-17.7%
Film	20.8%	-2.2%
Athylene Polymer	4.5%	-9.5%
Furniture	88.6%	-32.5%
Toy	12.3%	-5.8%
Sack	21.6%	-11.7%
Men's clothing	75.0%	-19.3%
Fresh and frozen fruit	29.9%	-17.3%
Fresh vegetables	94.7%	-7.8%
Plant products	50.2%	-24.1%
Electric motors and dynamos	22.3%	-13.7%
Aluminum foil	16.3%	-6.0%
Plastic household appliances	36.9%	-7.2%
Washing machine	15.1%	-6.8%
Air conditioner	64.8%	-1.6%
Electric accumulator	121.6%	-40.3%
Flavored food	67.5%	-28.5%
Synthetic rubber	27.3%	2.9%

Source: NESDC, INVX Research

Thai economy:
Headwinds from gradual slowdown in the world economy; Tailwinds from domestic demand and macroeconomic policies

InnovestX Securities Co., Ltd.

1H24: The Thai economy slowed significantly due to restrictive policies

In 1H24, the Thai economy braked due to worsening private and public consumption and investment.

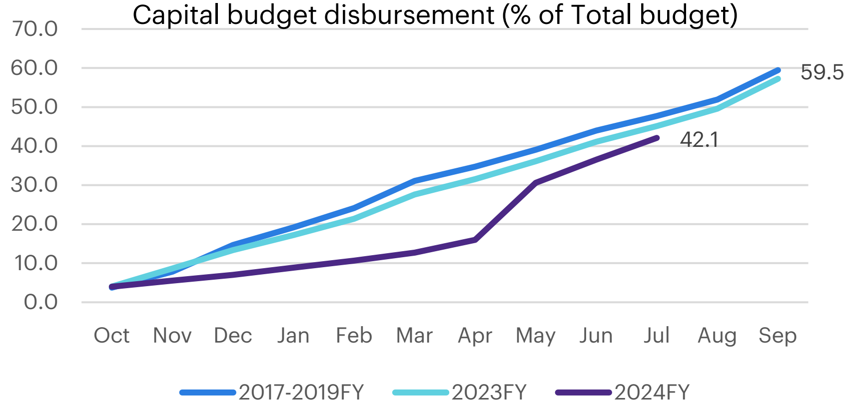
Macro growth projection	Actual 2023	Actual 1H24
GDP growth	1.9	1.9
Private investment	3.2	-0.9
Public investment	-4.6	-16.7
Private consumption	7.1	5.4
Public consumption	-4.6	-0.9
Export value in US$ terms (%)	-1.7	1.7
Import value in US$ terms (%)	-3.1	2.3
Current account to GDP (%)	1.9	2.0
Headline inflation (%)	1.2	0.0
USD/THB	35.0	36.0
Policy rate (%)	2.50	2.50
No. of inbound tourists (mn)	28.2	17.5

Source: NESDC, INVX Research

- In 1H24, Thai economic growth was the same as in 2023, but the domestic economy clearly slowed down, with private consumption slo9wing as a result of tight monetary policy; the consumption of durable goods in particular shrank. Also, private investment contracted. The public sector fell sharply due to delayed disbursements. The export-import section began to expand but was somewhat lower than competing trading partners.

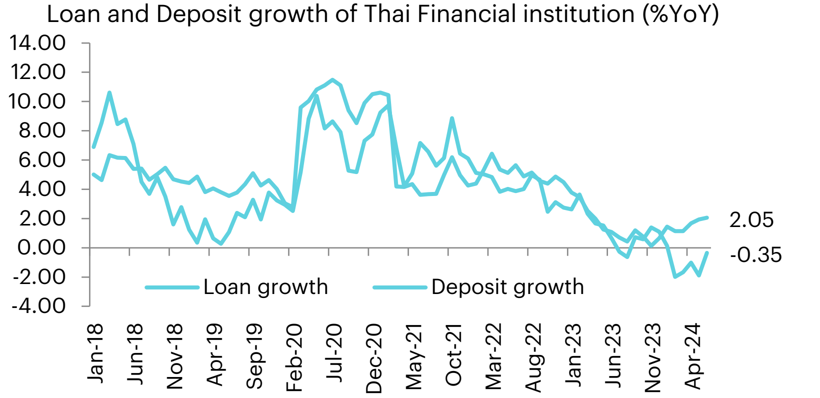
Source: CEIC, INVX Research

Capital budget disbursement still has not returned to prior levels, indicating tight fiscal policy



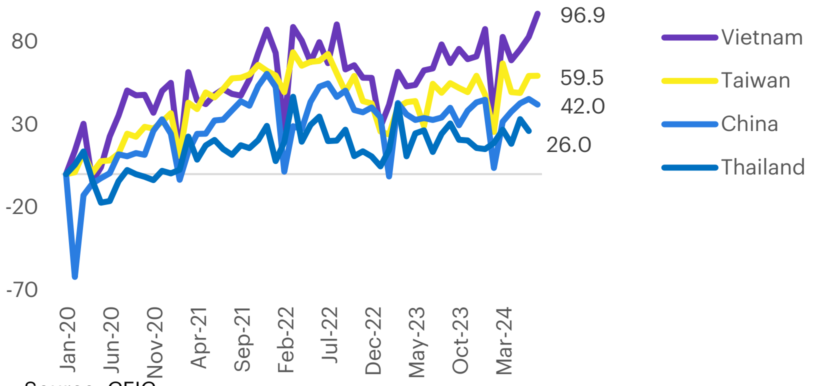
Source: MOF, INVX Research

Overall loans shrank due to the BoT's Responsible Lending policy, indicating that monetary policy is de facto tight.



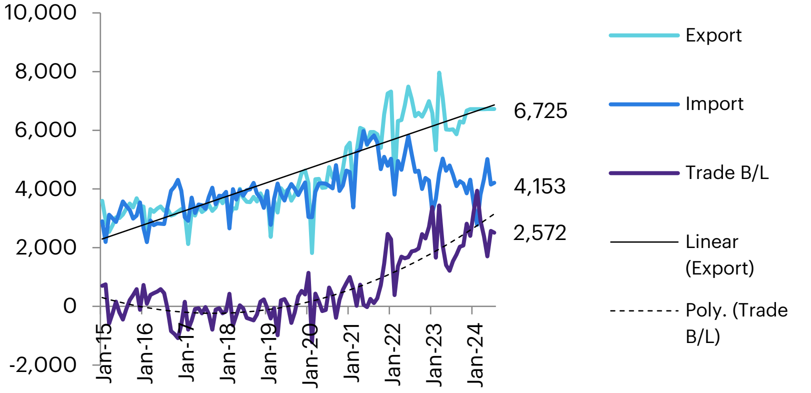
Source: CEIC

Thailand has the lowest export growth in Asia as a result of reduced competitiveness



Source: CEIC

and China dumping its export products and hitting the Thai market after the opening of the RCEP free trade agreement



The government change has led to a change in the digital wallet

- The shift in leadership from Prime Minister Settha Thavisin to Phaethongtarn Shinawatra has led to a change in the approach to the digital wallet project. The initial plan involved Bt450bn in a digital wallet that would be funded by the FY2024 and FY2025 budgets and risked breaching the Budget Act, Section 43. The new strategy involves distributing Bt145bn before the end of September. This includes an additional Bt122bn from supplementary budgets and Bt23bn from the central budget.
- There is still a shortfall of ~Bt120bn for the digital wallet project in FY2025, with no plans for additional borrowing. The digital wallet is expected to help revive the economy, which slowed in 2Q24 and 3Q24, potentially leading to recovery in 4Q24. Implementing the digital wallet will also result in a record-high budget deficit of Bt865.7bn for FY2025 and raise public debt for the third year.

Budget resources for the digital wallet

THB mn	Previously 500,000	New 450,000
FY2024	175,000	(Budget for 2024 + additional expenditure budget) 122,000
		(Budget management (central budget)) 23,000
FY2025	152,000	(Budget for 2025) 152,700
		(Budget from the state bank) 35,000
		(Budget management) 117,300
BAAC	172,300	(None)
Total	500,000	450,000

Source: MoF

Draft budget for FY2025

- The draft Budget Act for 2025 has a total budget of Bt3,752,700bn, or 19.2% of GDP, an increase from the FY2024 budget of Bt272,700mn.
- In the total budget of Bt3.752tn, there is a central budget of Bt805,745mn, an increase of Bt190,801.6mn or 31% (with a digital wallet budget of Bt152,700mn).
- The government estimates net revenue at Bt2,887,000mn, or 14.8% of GDP, and has set a budget deficit of Bt865,700mn, or 4.5% of GDP.

Source: MoF

Medium term fiscal framework (Btmn)

(Fiscal Year)	2024	2024 (Review)	2025	2026	2027	2028
Net government revenue	2,787,000	2,797,000	2,887,000	3,040,000	3,204,000	3,394,000
(%Chg)	4.5	4.9	3.2	5.3	5.4	5.9
Expenditure	3,480,000	3,602,000	3,752,700	3,743,000	3,897,000	4,077,000
(%Chg)	9.3	13.1	4.2	(0.3)	4.1	4.6
Budget balance	(693,000)	(805,000)	(865,700)	(703,000)	(693,000)	(683,000)
(% of GDP)	(3.7)	(4.3)	(4.5)	(3.5)	(3.3)	(3.1)
Public debt	11,876,780	11,988,780	12,947,643	13,724,114	14,413,406	15,042,069
(% of GDP)	65.1	65.7	67.9	68.8	68.9	68.6
Gross Domestic Product (GDP)	18,655,983	18,513,465	19,289,179	20,178,411	21,154,239	22,175,988

10 urgent policies of the Pheu Thai government (Paetongtarn)

Policy	Feasibility	Policy	Feasibility
Debt restructuring across the system. Implement debt restructuring through state financial institutions, commercial banks, and asset management companies (AMCs).	Possible, but depends on coordination with the BoT regarding reducing the FIDF fee. The success of household debt restructuring, particularly for auto and housing loans, is contingent on BoT approval.	Modernizing agriculture: Transform traditional agriculture to modern agriculture using "market-led, innovation-enhanced" strategies with Agri-Tech	Under the responsibility of the Agriculture Ministry, this policy could be achievable, though it will depend on technology adoption and investment.
Protecting SMEs from unfair competition: Shield SMEs from unfair competition with foreign competitors, especially via online platforms, and tackle SME debt through debt relief	Requires collaboration between the government and banks. Past efforts such as creating a state-run AMC to buy distressed SME loans could face challenges, as household debt now dominates the NPL sector.	Promoting tourism and easing visa regulations: Promote tourism by streamlining visa processes for international event participants (MICE) and digital nomads	This policy is feasible and aligns with ongoing visa reform efforts.
Reducing energy and utility costs: Lower energy and utility prices and implement a flat fare for Bangkok's public transportation system.	Energy price cuts are possible through the oil fund, but this may strain the fund's finances. A flat fare system requires establishing a "congestion charge" fund, which might face implementation hurdles.	Comprehensive drug policy: Combat drug problems through cooperation with neighboring countries and stricter control of drug trafficking.	Cross-ministry coordination is necessary, especially with the Interior Ministry, which is managed by the Bhumjaithai Party.
Incorporating the informal and underground economy into the tax syystem: Increase state revenue by formalizing the informal and underground economies, potentially through the creation of entertainment complexes to address illegal gambling.	This policy could face social and regulatory challenges, particularly around entertainment complexes, as they cater to a different demographic.	Tackling crime and cybercrime: Address online and transnational crimes, especially call center scams, by working with neighboring countries and holding telecoms and banks accountable.	Some aspects are already being addressed through BoT supervision of "mule accounts," so further enforcement could be implemented.
Digital wallet stimulus for economic recovery: Boost the economy through the digital wallet project	Achievable in phases, with initial implementation expected, although its next phase needs to be monitored.	Enhancing social welfare and inclusivity: Improve social welfare for vulnerable groups, including people with disabilities, the elderly, ethnic minorities and stateless persons.	This policy is feasible and aligns with ongoing efforts to expand social welfare access.

Source: Thai Government, INVX

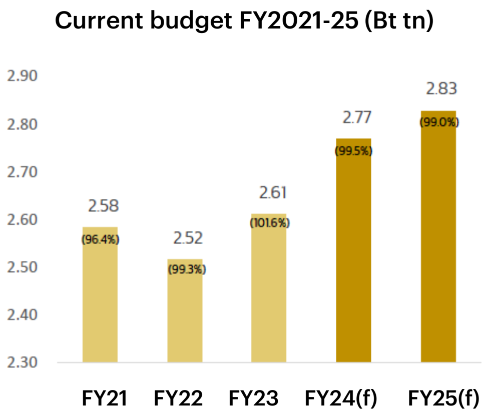
Thai econ in 2024-25 will be boosted by stimulus, but faces headwinds from a global slowdown

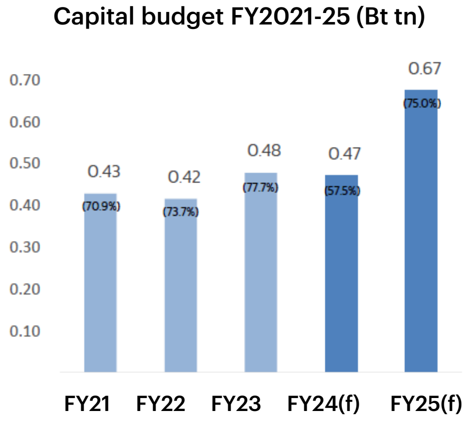
The Thai economy in 2H24 and 2025 may begin to expand due to supportive fiscal and monetary policies.

Macro growth projection	Actual 2023	Forecast 2024f	Forecast 2025f
GDP growth	1.9	2.5	3.0
Private investment	3.2	3.1	3.2
Public investment	-4.6	-2.0	3.2
Private consumption	7.1	3.0	3.5
Public consumption	-4.6	1.2	2.1
Export value in US$ terms (%)	-1.7	2.0	0.0
Import value in US$ terms (%)	-3.1	3.0	1.5
Current account to GDP (%)	1.3	1.5	-1.0
Headline inflation (%)	1.3	0.6	1.4
USD/THB	35.0	36.0	35.6
Policy rate (%)	2.50	2.25	1.75
No. of inbound tourists (mn)	28.2	35.0	39.0

Source: NESDC, INVX

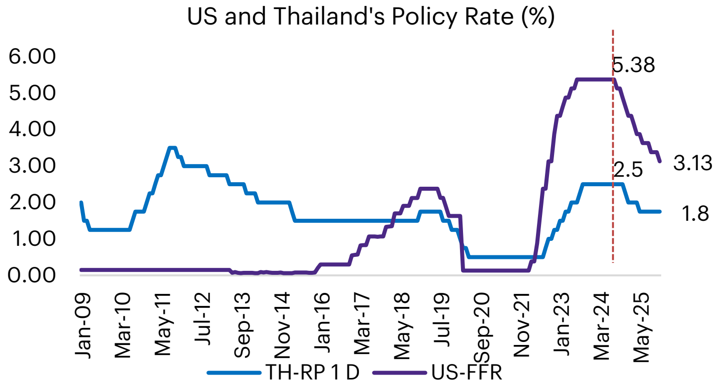
The Fiscal Policy Office expects the regular budget and investment budget to expand by 2.2% and 42.5%, respectively (but if the digital wallet budget of Bt150bn is deducted, the investment budget will expand by 10.6%).





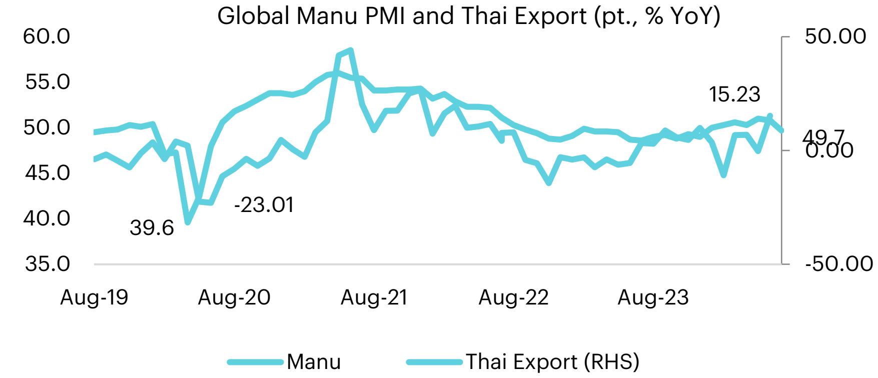
Source: FPO, INVX

The BoT is likely to reduce interest rates by 0.75pp due to the slowdown of the domestic economy. and US interest rates will decrease by 2.25pp from current level.



Source:, INVX

The latest world PMI is starting to enter the late cCycle, which may cause Thai exports to slow down in the next 3-6 months.



Source: CEIC

In our view major economies, including the US and China. will slow down more clearly As a result, exports and the Thai economy are likely to slow down.

INVX's Global-5 GDP growth Proj. (Sep'24, % YoY)

	yr 2023	yr 2024f	yr 2025f
US	2.5	2.3	1.7
EZ	0.5	0.8	1.3
CN	5.2	4.8	4.5
JP	1.9	0.0	1.5
Thai	1.9	2.5	3.0

Source: INVX

Source: NESDC, INVX

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Thailand’s inflation slower than expected

• Thailand’s CPI inflation increased by 0.35% YoY in August, or by 0.07% MoM. This is a slowdown from July's 0.83% YoY and lower than the anticipated 0.5%. Prices for fresh vegetables, fruit and prepared foods have risen, but prices for electricity and ethanol have decreased. Core CPI increased by 0.62% YoY, or by 0.12% MoM.

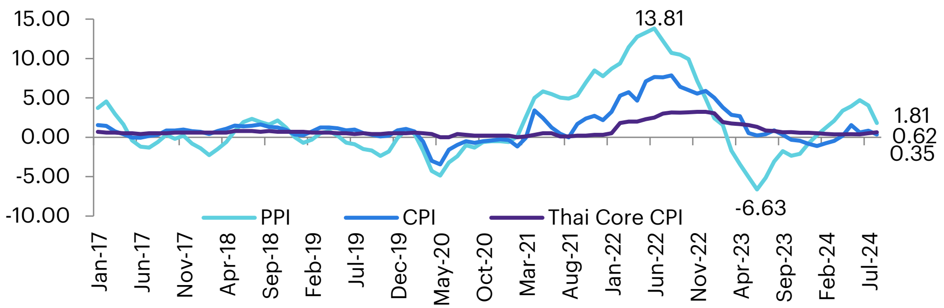
• The Ministry of Commerce forecasts that the inflation rate for Sep 2024 is likely to increase from August due to: 1) the price ceiling for domestic diesel set at no more than Bt33/liter is higher than last year; 2) flooding has led to higher prices for fresh vegetables and fruit. However, inflation may be tempered by: 1) electricity prices are lower than last year; 2) a high base for crude oil prices last year due to a slowing global economy; 3) price reductions and marketing efforts by businesses.

• We expect inflation in Thailand to increase in the near term, but less than anticipated, due to: 1) lower-than-expected inflation in the energy sector; 2) potential reduction in China's export prices for intermediate goods, which could lower costs for producers and be passed on to consumers; 3) **vulnerable consumer purchasing power**: Could dampen overall inflation.

• In 2024, we anticipate that CPI inflation will remain low due to: 1) slow economic growth; 2) higher competition among large wholesalers and retailers; 3) E-commerce competition in the domestic market. We have revised our inflation forecast for this year to 0.6% from 0.8%, and project it to be 1.4% in 2025.

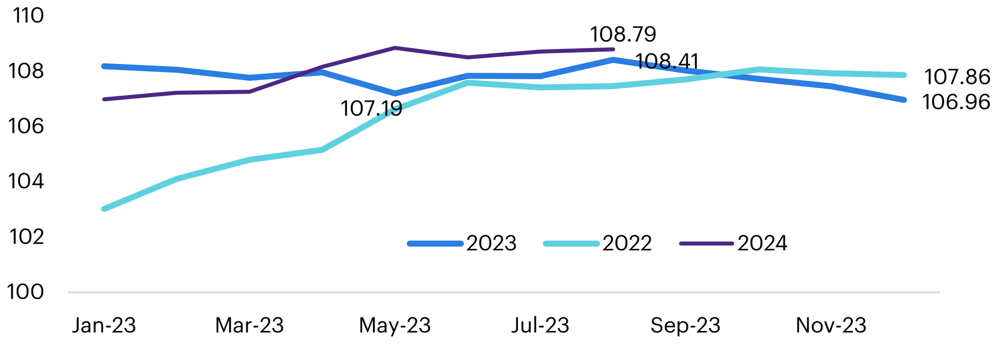
CPI is increasing but PPI has slowed significantly, particularly for semi-finished goods such as refined oil and steel products, implying a slower CPI in the future.

Thailand's Consumer and Producer Price Index (CPI and PPI; % YoY)



Source: CEIC

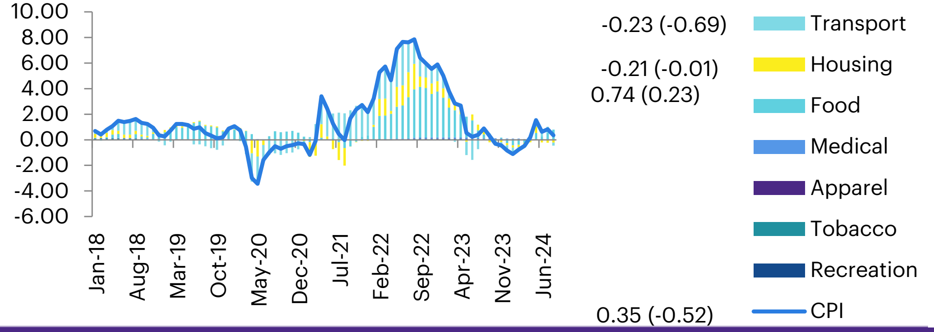
Thailand's Consumer Price Index in 2022-24 (Pt.)



Source: CEIC

Inflation in the energy and non-core groups has slowed down, indicating the price of raw materials (energy) and the purchasing power of people are fragile.

Component of Thailand's inflation in Aug 2024 (%)



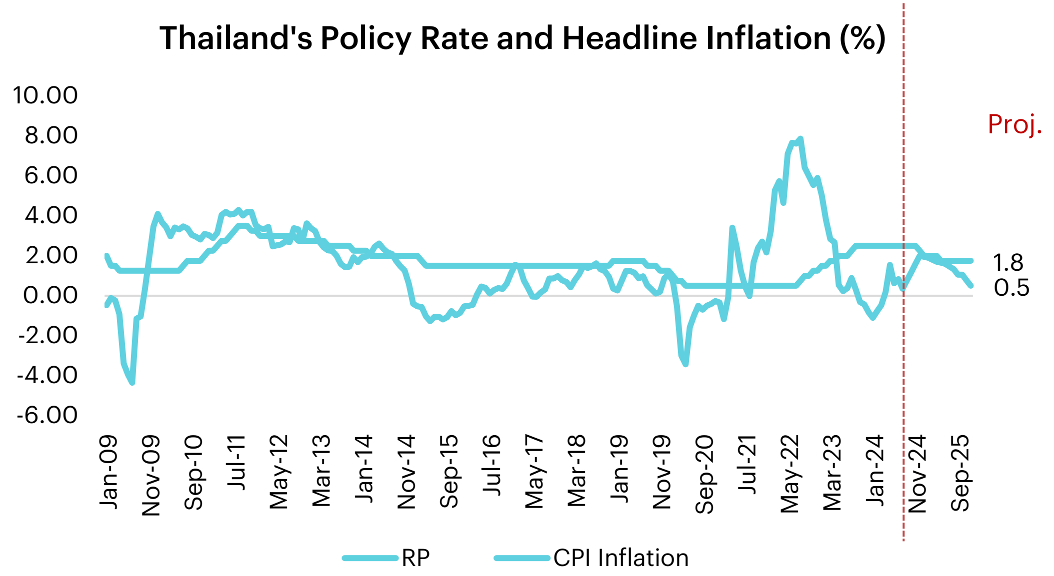
Component of Thailand's inflation in Aug 2024 (%)

Source: CEIC

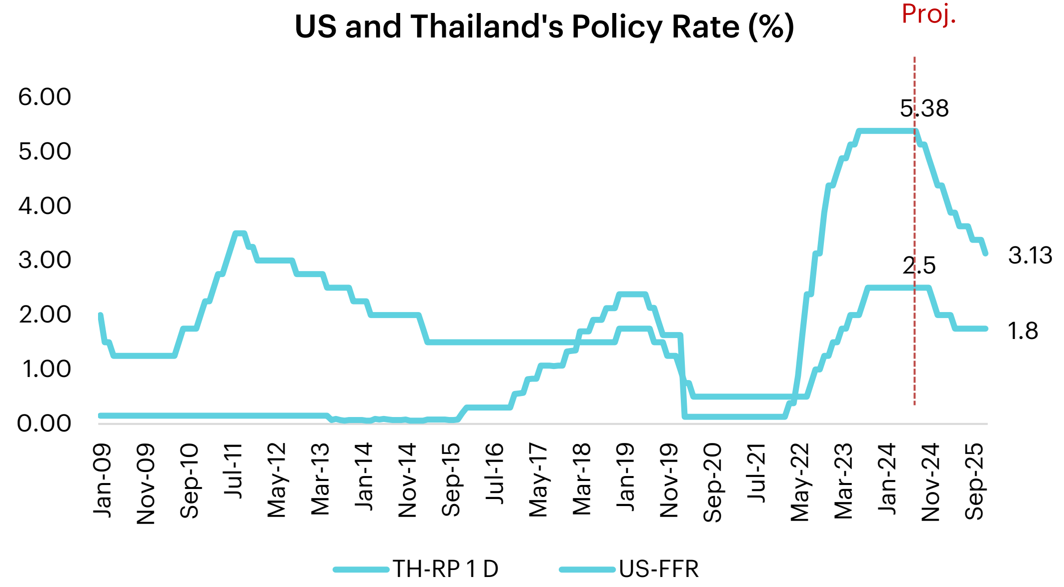
BoT may lower interest rates at the December meeting

Given subsiding inflation and the BoT's indication that it may cut interest rates if it impacts financial stability, we have revised our interest rate forecast. We now expect the one rate cut this year and potentially two additional cuts next year.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg.
CPI'24	-1.11	-0.77	-0.47	0.19	1.54	0.62	0.83	0.35	0.76	1.18	1.59	2.00	0.56
RP'24	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.25	2.25 (End)
CPI'25 (f)	1.88			1.65			1.30			0.78			1.40
RP'25 (f)	2.00			1.75			1.75			1.75			1.75 (End)



Source: CEIC, INVX



Source: CEIC, INVX

4Q24 Outlook and themes

Volatility ahead

InnovestX Securities Co., Ltd.

4Q24 Market Review

Our 3Q24 recommendations
Unperformed the SET by 4%

The Thai stock markets experienced a significant surged in 3Q24, rising nearly 10% of its value and outperforming regional markets in by 11% and the global market by 9.7%. This remarkable performance can be attributed to several factors including i) the swifter-than-anticipated formation of the government, ii) reduced political overhangs, iii) increased investor confidence in both short-term and long-term economic plan initiatives, iv) optimistic expectations for the creation of the Vayupak Fund and v) Baht appreciation by 8.7%. Despite concerns over a softer global macroeconomic environment, the positive domestic political developments have outweighed negative external influences, leading to a renewed interest from foreign investors in the Thai market.

Foreign investors have been net buyers of Thai stocks amounting to US$244mn QTD, marking the first inflows in six quarters. This follows the disposal of US$1,298mn worth of shares in the second quarter of 2024. A similar trend of foreign inflows was seen in other ASEAN markets, including Indonesia (US$2,470mn), Malaysia (US$1,039mn), and the Philippines (US$226mn), primarily due to strong currencies, emerging market inflows, and market rotation

Despite a global market pullback characterized by high volatility, the Thai stock market has outperformed, delivering positive returns for the first time since 4Q22. Five sectors have contributed significantly to the index performance: Telecommunication (ADVANC, INTUCH, TRUE), Electronics (DELTA), Commerce (CPALL, CPAXT), Banking (KBANK, KTB), and Utilities (GULF), which have benefited from the new government's economic plans. Conversely, sectors such as Tourism (MINT, CENTEL, ERW), Petrochemicals (IVL, PTTGC), Packaging (SCGP), and Automotive (PSCGH, AH) have underperformed.

As expected, Thai market is recovering given a lagging performance since Oct23. On the other hand, The limited correlation of our top picks to the new government's economic policies played a role in their underperformance. ADVANC, OSP and TU posted positive gains. PTTGC and KCE underperformed hindering by underwhelming recovery in China, declining consumer spending and currency appreciation adversely impacts on its profits. The limited correlation of our top picks to the new government's economic policies played a role in their underperformance.

Asset-class price performance in 3Q24

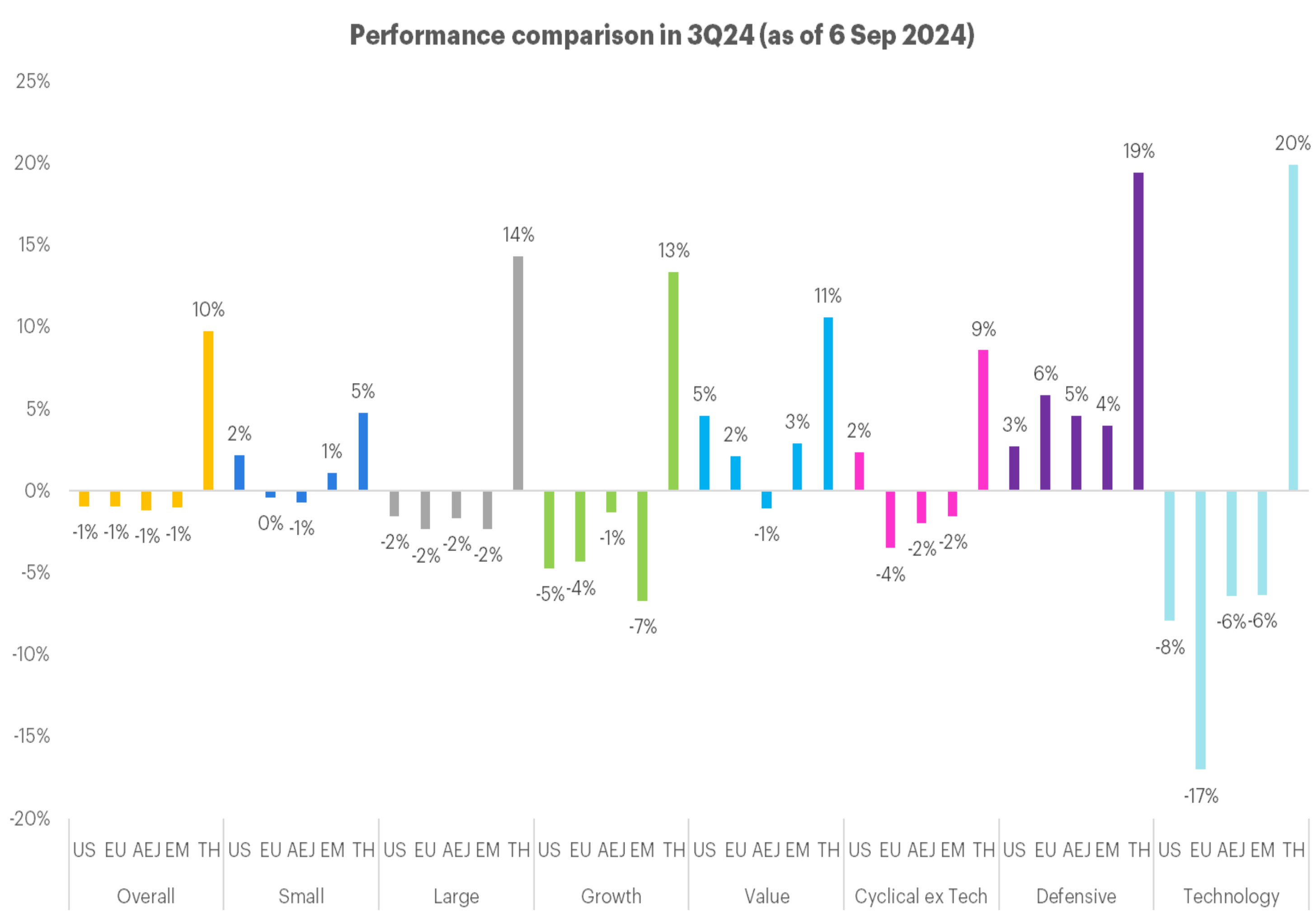
Safe assets outperformed; the SET outshone peers

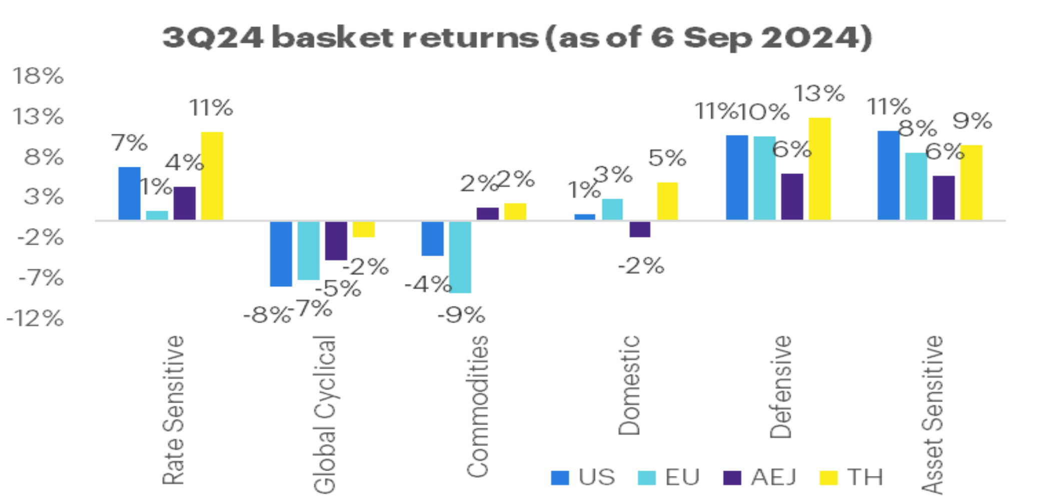
2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
18.2%	25.6%	10.6%	38.7%	6.5%	7.1%	13.9%	71.7%	18.4%	27.2%	57.0%	66.7%	10.2%	9.7%
13.3%	6.6%	7.3%	25.5%	6.4%	3.7%	12.7%	8.0%	8.3%	3.3%	11.6%	20.6%	5.6%	7.3%
8.2%	4.5%	6.7%	5.9%	2.5%	1.4%	11.0%	7.8%	7.0%	3.2%	11.2%	13.6%	2.9%	6.8%
5.4%	2.3%	4.1%	2.8%	-4.4%	-1.7%	9.8%	7.5%	2.7%	0.1%	9.4%	10.2%	2.9%	4.2%
4.7%	1.9%	3.2%	2.3%	-5.1%	-2.6%	9.6%	7.0%	1.6%	-0.4%	8.1%	8.1%	2.3%	2.7%
4.4%	1.1%	2.4%	0.6%	-5.9%	-3.2%	9.2%	6.2%	1.4%	-2.1%	7.6%	7.0%	2.1%	2.5%
3.7%	0.4%	1.5%	-1.2%	-6.7%	-4.5%	7.1%	5.3%	0.9%	-2.5%	7.4%	4.0%	1.8%	2.0%
3.0%	0.2%	1.5%	-3.4%	-7.5%	-4.7%	7.0%	4.1%	0.4%	-3.1%	6.4%	3.1%	1.2%	-0.9%
2.6%	-0.3%	0.7%	-3.7%	-8.9%	-4.8%	5.0%	3.6%	-0.1%	-3.4%	6.3%	2.0%	0.9%	-1.0%
2.5%	-0.7%	-0.7%	-4.9%	-9.2%	-5.3%	4.8%	3.5%	-0.9%	-3.6%	6.1%	1.9%	0.9%	-1.0%
2.2%	-0.9%	-0.9%	-6.0%	-9.8%	-7.6%	4.8%	3.1%	-2.2%	-3.7%	5.0%	1.8%	0.4%	-1.3%
1.4%	-1.1%	-1.0%	-6.0%	-10.7%	-8.1%	4.3%	1.9%	-2.4%	-3.7%	4.3%	1.5%	0.1%	-4.0%
0.9%	-1.3%	-1.5%	-6.2%	-11.4%	-10.6%	1.2%	1.0%	-2.5%	-4.0%	-3.8%	0.9%	-1.5%	-4.4%
0.0%	-3.6%	-1.6%	-6.5%	-12.4%	-12.5%	0.6%	-1.0%	-3.8%	-4.1%	-4.6%	-0.9%	-2.2%	-7.2%
-0.9%	-8.8%	-1.7%	-7.3%	-14.6%	-14.6%	-2.3%	-3.6%	-6.1%	-4.2%	-4.7%	-2.0%	-3.3%	-8.1%
-1.3%	-9.9%	-2.2%	-8.2%	-16.4%	-23.1%	-7.7%	-6.5%	-6.6%	-4.4%	-5.9%	-2.7%	-4.2%	-13.3%
-41.3%	-18.4%	-6.0%	-13.8%	-59.1%	-23.4%	-14.9%	-7.1%	-10.8%	-10.9%	-19.2%	-2.9%	-9.0%	-17.3%

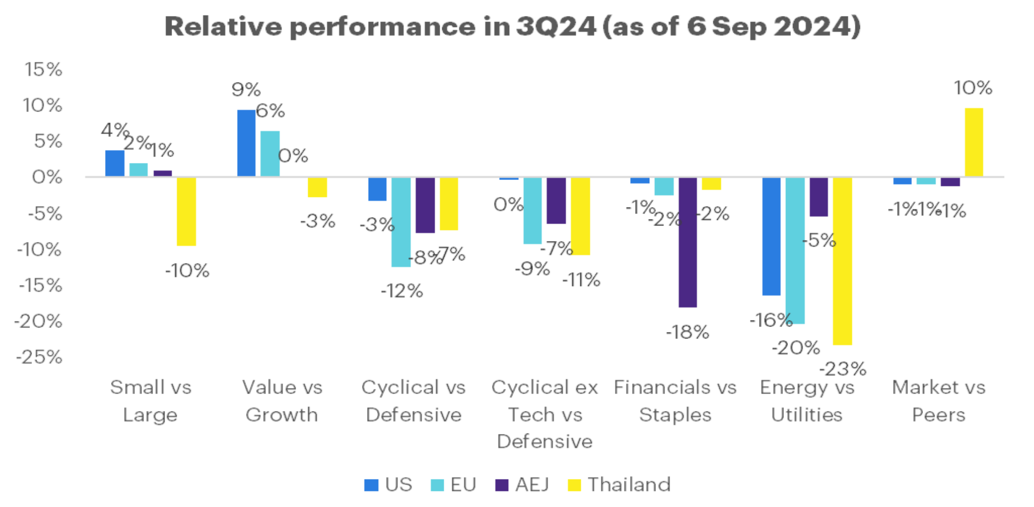
- SET
- Gold
- Global Treasury
- High Yield Bond
- IG Bond
- EM Currencies
- DM ex US
- EM
- STOXX 600
- S&P 500
- AEJ
- MSCI China
- Dollar Index
- Commodities
- Nikkei 225
- Bitcoin
- Brent Oil

Source: Bloomberg, InnovestX Research

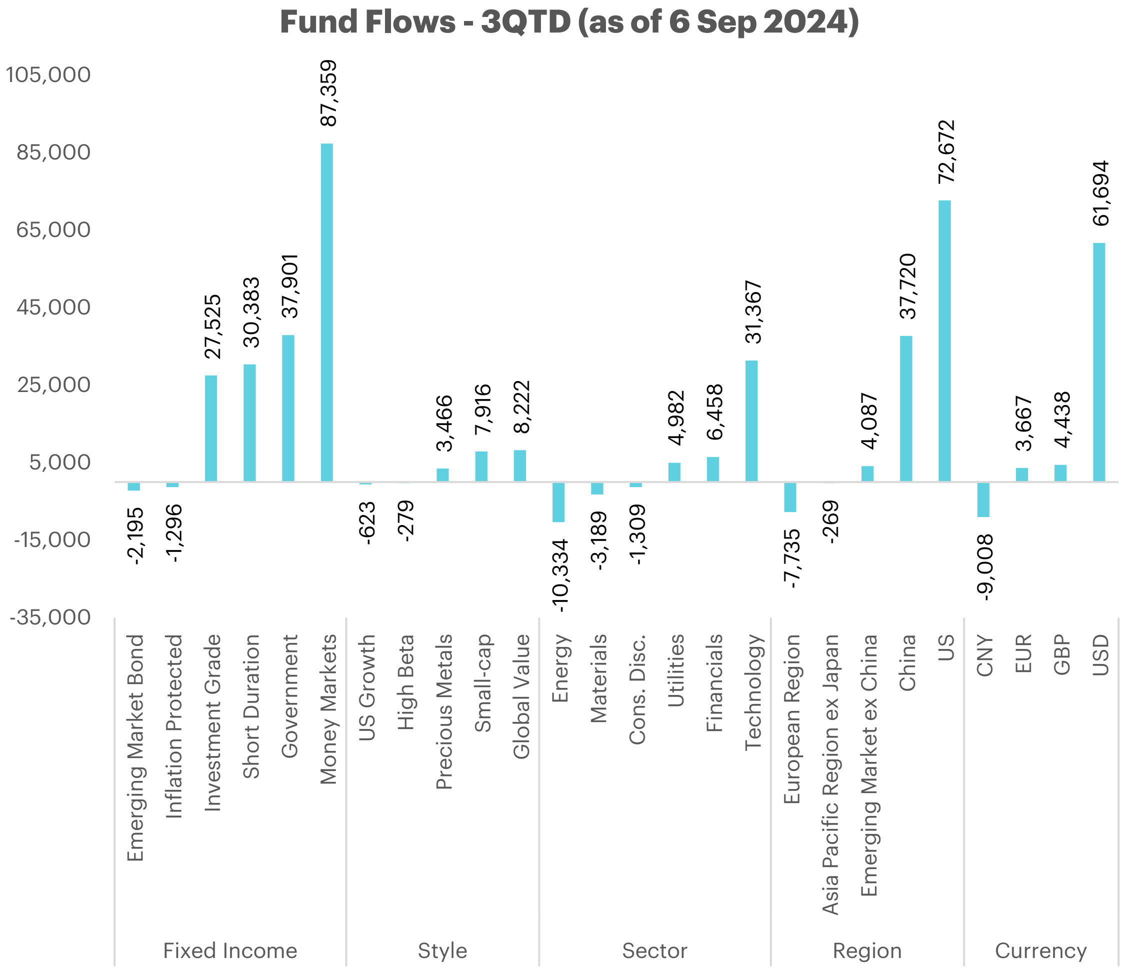
Price performance in 3Q24
Small-cap, value, asset-sensitive and defensive outperformed







Dynamics of fund flows
Bond flows are in a primary trend; cyclical flows are waning



Source: EPFR, Haver Analytics

In 3Q24, bonds consistently attracted net inflows from investors, while equities saw variable demand.

Within the fund flow patterns in 3Q24, we saw:

1) Amid recession worries and expectations of rate cuts by central banks, government and short-duration bonds saw continuous large inflows, indicating investor desires for protection.
2) The US continues to see strong inflows, while the EU faces outflows due to weak growth and geopolitical risks. China has experienced inflows, driven by expectations of economic measures. Demand for AI and semiconductors is boosting inflows into Taiwan and South Korea.
3) Despite the tech sector sell-off , investment in Technology remained robust, while Energy, Materials and Consumer Discretionary sectors saw selling due to sluggish demand growth in China.
4) Money market funds saw large inflows, suggesting that investors are holding more cash and reducing portfolio beta amid external risks.

Given the weakening growth prospects and uncertainty surrounding the US elections, we expect investors to remain focused on safe assets, with a potential shift to cyclical stocks by late 4Q24. Investment flows into bonds and tech stocks are projected to continue throughout 4Q24.

4Q24 Market Outlook

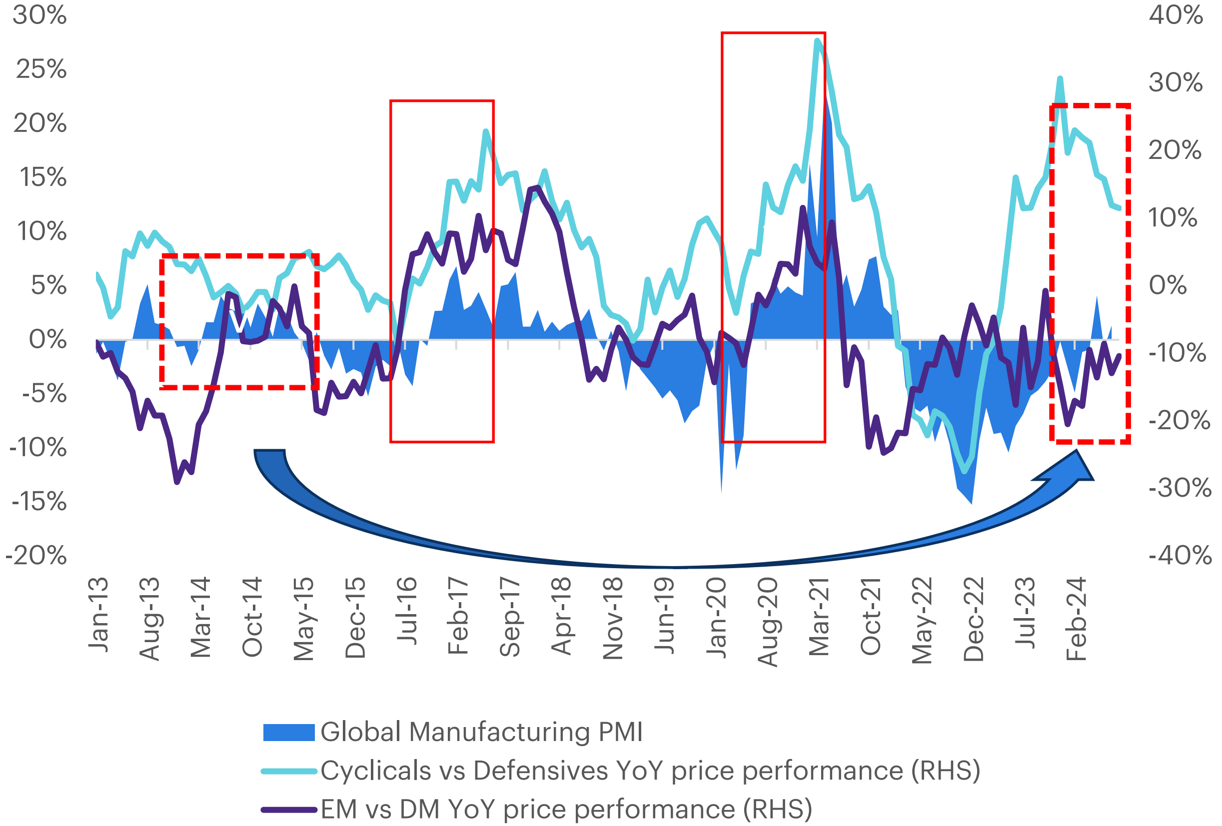
InnovestX Securities Co., Ltd.

Key points of our 4Q24 strategy

		Summary of our views
Macroeconomic outlook		The overall economy continues to expand but is starting to slow down as DMs are entering late cycle and EMs will follow. We view the economic outlook for 4Q24 continuing into 2025 in three main aspects: 1) DMs are starting to slow down, 2) the interest rate cut cycle will start, 3) rising geopolitical risks as well as policies from the new US president. We have raised our Thai economic forecast for 4Q24 to 3.5% from 2.9% to reflect phase 1 of the digital wallet that will improve domestic consumption. In 2025, we expect the US and Chinese economies to slow, while Europe, Japan, and Thailand will improve. The BoT may lower interest rates in December. The baht is likely to strengthen moderately in 2025.
Economic bright spots		Domestic consumption, smartphones, food products, tourism, consumer staples, asset-sensitive, AI and data centers
Global economy recovery is faltering		We think it makes sense to lean against extreme concerns and keep the faith in the modal view of continued expansion and decelerating inflation, rather than imminent recession. The weakness of manufacturing signals that recovery may take longer than expected with no clear indicators of a boom or strong demand growth. Meanwhile, semiconductor demand shows mixed signals, but no significant slowdown has been observed recently. Healthy inventory cuts could bolster Thailand's production recovery in the short term.
Kick-off of rate cutting cycle		The US rate cycle is currently approaching a shift towards cutting interest rates, driven by subdued inflation and a cooled labor market. In the past, following the first rate cut, South Korea, the Philippines, and Thailand have demonstrated excess 3-month returns compared to Asia ex-Japan. Consumer staples and healthcare have performed well after the initial rate cut, regardless of whether the economy was in a recession.
Yield curve steepening to accelerate		We are concerned that an oversized rate cut could send an erroneous signal about a risk of recession that could cause bull steepening. The yield curve's bull steepening may accelerate as the Fed starts its rate-cutting cycle. During bull steepening, gold and the dollar rose while risky assets and cyclical sectors tumbled. Without a recession, risky assets have tended to rise.
The US election is in the final stretch		We find in a study of past elections that the market is directionless with a surge in volatility as election day draws near, with the subsequent trend determined by the results. Small-caps and cyclical outperformed. Trump is more positive to markets than Harris. A more aggressive tech barrier and trade protectionism stance toward China could hurt China's growth and valuation, which indirectly affects Thailand and other countries in ASEAN.
Strategy (4Q24) – Bumpy road ahead		We anticipate a lot of market fluctuations in the last quarter of 2024. A lower interest rate is good for the market. EMs are still growing relative to DMs. A weak dollar encourages fund inflows to EMs and Thailand. We favor large-cap companies that are primarily involved domestically (with policy support) and strong financial positions over sectors that depend on the economic cycle, as this lowers the impact of external volatility as well as the struggle from a strong baht.
SET Index target		Our 2024 SET Index target is 1500, with bargain-hunting at below 1400. We assign a 2025 SET target at 1550.
Sector weighting (4Q24)	**Overweight**	Commerce, Electronics, Healthcare, Electronics, REIT, Utilities, Telecommunication
	Neutral	Air Transportation, Banks, Energy, Food and Beverage, Hotel, Land Transportation, Real Estate and Industrial Estate
	Underweight	Agribusiness, Automotive, Building Materials, Petrochemical
Recommendations		We like companies that show steady earnings growth, benefit from better domestic consumption via economic stimulus and are aided by a rate cut. These criteria give us the following top picks for 4Q24: BDMS, CPALL, GPSC, HANA, LHHOTEL.

Global economy recovery is faltering
…Manufacturing pain, Services will follow

The strong performance of defensive stocks, coupled with the decline in cyclical sectors and sluggish emerging market returns, indicates that the global economic recovery is stumbling



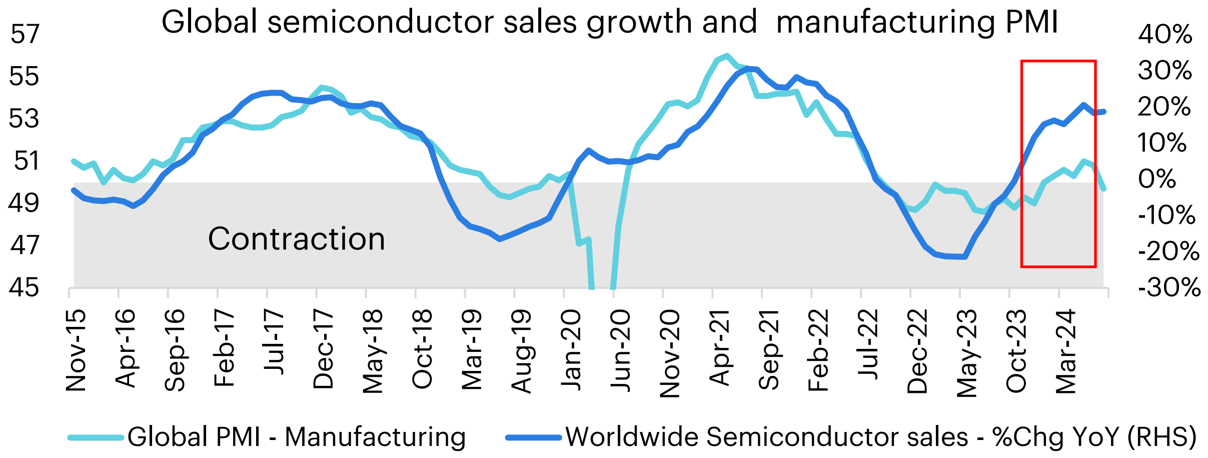
Source: CEIC, InnovestX Research

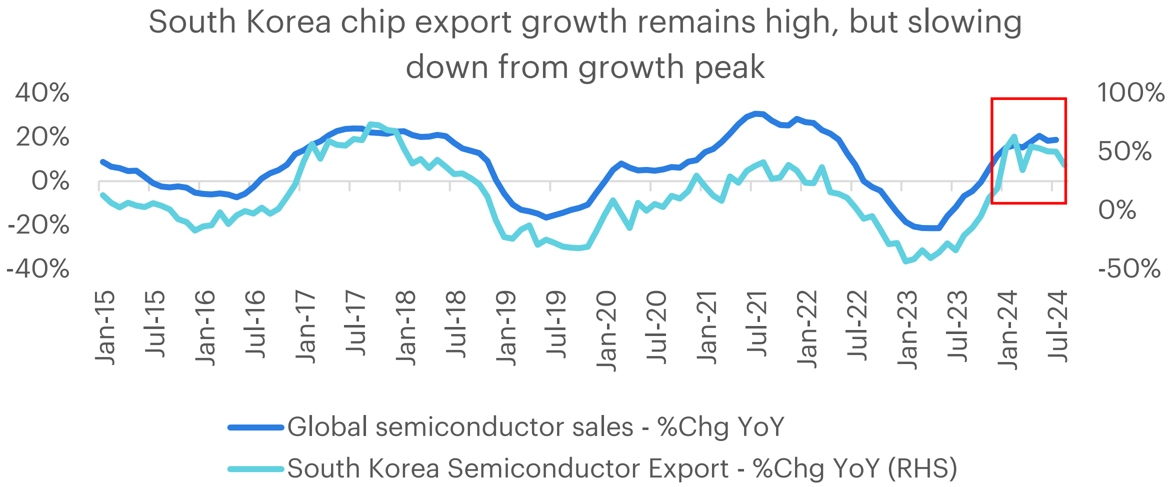
In the US, manufacturing and employment growth data has been inconsistent between June and August 2024, showing signs of a cooling economy, particularly in the labor market, following a robust 2023 and 1H24. Meanwhile, the EU appears set for improvement after a nearly stagnant performance last year, with strong services sector growth balancing out struggling factory activities. Emerging market economies remain a driving force for the global economy. Robust growth in South Korea, Taiwan, and India is helping to counter China's weak recovery.

We think it makes sense to lean against extreme concerns and keep the faith in the modal view of continued expansion and decelerating inflation rather than imminent recession. Recession is far from our central case, but the recession probability is rising.

The global economy is exhibiting slower recovery than anticipated, particularly in the industrial and manufacturing sectors. Defensive stocks are performing well, while cyclical sectors and emerging markets show lackluster returns. This suggest that manufacturing recovery may stay weak longer than expected with no clear indicators of a boom or strong demand growth.

Chips power growth momentum
… high growth remains, but has passed peak



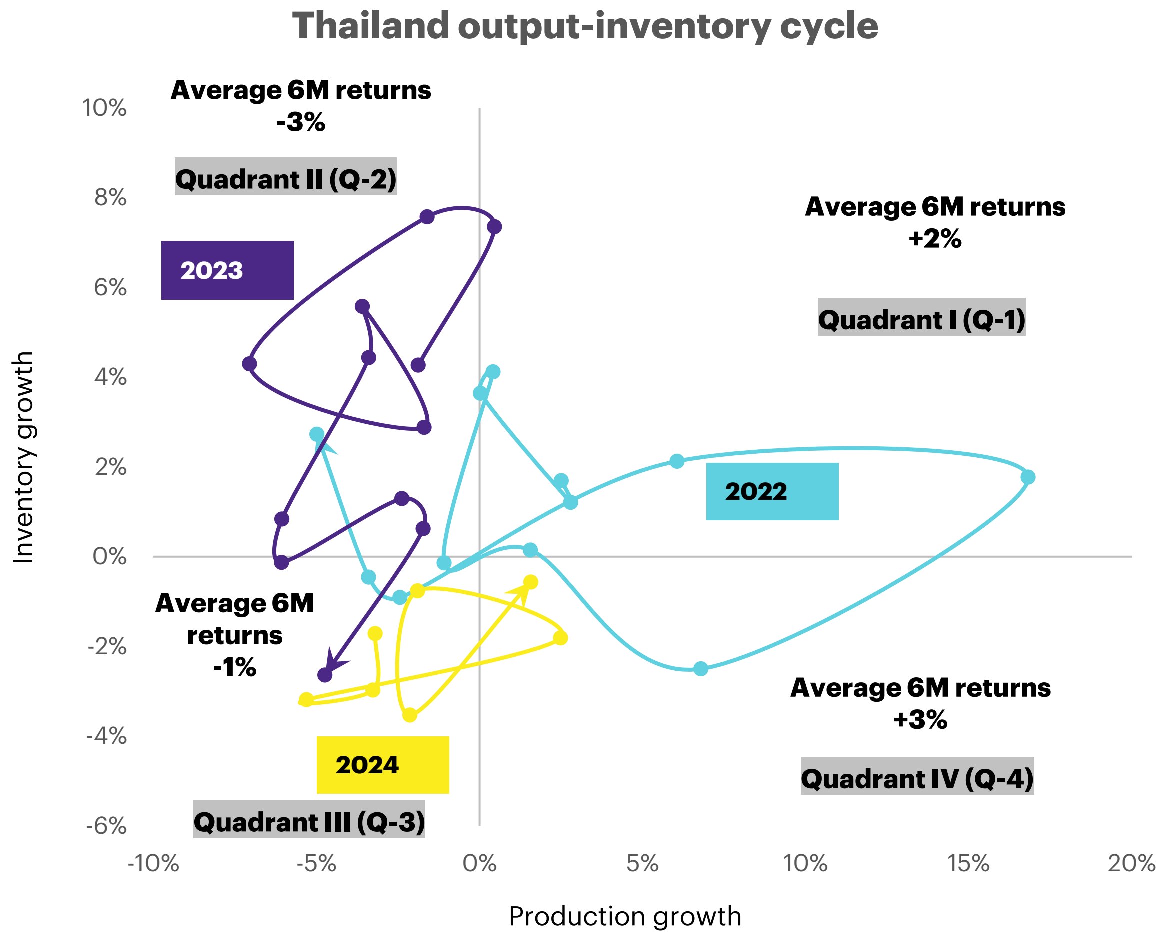


According to data from Jul 2024, global semiconductor sales rose 18.7% YoY and 2.7% MoM, the fourth month of increases. Demand for chips used in AI applications remains robust, especially for CoWoS products, with no notable slowdown in demand for HBM products. In China, semiconductor demand shows mixed signals, but no significant slowdown has been observed. However, global sales fell below seasonal trends, and recovery appears limited. Demand for consumer applications, automotive and power semiconductors is showing signs of a pause.

The growth rate of semiconductor shipments is decelerating from its peak, primarily due to the high base effect from last year's surge in AI chipset demand. In Aug 2024, South Korea's semiconductor shipments grew 39% YoY, following a rise of 50-56% from Apr to July. Given the sluggish global manufacturing activities, we believe that the growth rate of semiconductor sales has peaked but will likely return to normal growth rather than experience a sharp decline in 4Q23 through 1H25. The recovery of smartphones and PCs is driving growth. Historically, the sales cycle averages 32 months, with the current cycle at one-third of this.

Source: CEIC, InnovestX Research

Healthy inventory cut
…to bolster Thailand's production recovery in short-term



Source: CEIC, InnovestX Research

Thailand's production cycle could stay in the recovery phase for a few months, helping industrial manufacturers revive sales. Thailand's industrial production rose 2% YoY in Jul 2024 (vs -3% in 1H24) while inventory is down 1% YoY over eight months. Demand for electronic parts will recover, backed by seasonal production pickup for smartphones and PCs. If demand for electronic products, chemical products and automotive rebound, overall demand growth will accelerate further. The rebound in automotive output us expected to be muted.

The historical correlation between the SET Index and Thailand's output and inventory cycle suggests that when the benchmark rises, the cycle often moves from Q-3 to Q-4 then shifts to Q-1. The index usually drops when cycle moves to Q-2 from Q-1. The production cycle may continue to be in the recovery phase or Q-4 until late 2024 with average 6M return of 3%. The historical duration in Q-4 on average is five months. However, the strong current output outflow from China could cap upside of this cycle.

After that, the production cycle may migrate to the peak phase of Q-1, which offers 6M average return of 2% and it could stay in Q-1 for 12 months.

Thailand's inventory to shipment ratio

Necessity is a more favorable condition than cyclical

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
Food Products	100	100	97	110	95	87	84	85	92	89	92	95	107	109	95	115	92	100	96	99	96	85	86	96	98	103	102	108	97	100	92
Beverages	104	96	86	123	130	112	127	123	131	127	119	112	149	162	130	139	144	154	147	121	131	134	123	101	138	136	122	111	129	131	131
Paper & Paper Products	95	90	82	96	92	96	115	117	118	120	117	142	129	128	110	132	126	126	139	137	132	130	128	145	131	123	107	118	104	116	141
Refined Petroleum Products	86	97	85	93	83	83	95	104	113	115	113	90	91	99	79	91	85	98	100	105	98	97	79	72	87	88	84	94	87	85	84
Chemicals & Chemical Products	108	108	90	117	108	107	132	128	132	135	146	150	130	125	109	136	107	117	112	107	108	112	120	115	98	105	103	118	105	106	105
Rubber & Plastic Products	101	102	90	102	93	89	93	87	95	98	94	96	98	95	86	103	83	91	90	75	80	78	78	77	85	77	72	81	83	84	78
Computer, Electronic & Optical Products	123	121	79	201	168	100	150	123	82	122	97	112	136	112	94	202	123	90	145	150	99	146	153	94	112	132	90	143	140	89	173
Motor Vehicles	81	86	75	95	79	83	72	97	89	96	117	75	106	115	119	146	137	148	113	138	130	125	137	129	165	154	137	167	142	133	140
Frozen Chicken	105	94	88	100		79	79	85	98	98	101	98	116	111	103	112	99	97	108	109	122	117	108	99	92	82	77	79	70	74	74
Frozen & Chilled Pork	127	144	102	80	83	89	68	71	80	73	80	76	93	96	74	85	86	92	86	82	94	92	103	94	100	103	86	86	89	96	84
Canned Tuna	116	87	84	105	85	76	76	76	75	70	75	66	84	80	78	97	89	114	105	106	109	93	92	95	94	81	88	98	94	81	78
Vegetable Oil	75	103	131	122	107	113	108	159	142	147	124	143	169	178	133	133	103	159	138	139	101	59	48	108	95	131	64	82	116	88	86
Prepared Feeds for Pets	145	123	132	179	135	137	143	123	136	134	147	116	145	151	154	197	150	150	147	143	119	121	114	115	126	133	129	144	155	155	173
Energy Drink	105	117	89	110	111	79	128	118	86	100	99	81	170	140	98	165	110	99	107	162	117	137	115	97	154	142	110	148	110	119	162
Coffee, Tea, Herbal Tea Products	127	88	72	76	82	72	82	86	104	122	96	72	120	84	85	75	75	74	73	95	104	82	80	80	107	102	89	82	76	81	95
Textiles	92	91	87	97	96	102	113	107	107	126	123	148	128	136	121	155	141	151	148	145	145	144	142	164	150	147	136	170	146	170	169
Cement	77	80	57	88	71	68	89	99	124	112	209	139	155	110	71	106	88	93	108	186	190	262	139	124	163	137	121	120	118	120	158
Printed Circuit Boards	113	115	104	118	118	131	137	107	95	118	119	169	128	125	124	145	135	134	125	143	145	149	148	152	124	143	129	147	129	134	152
Printed Circuit Board Assembly	113	114	102	117	117	126	129	98	87	113	114	171	127	125	123	145	136	132	125	144	144	149	150	155	124	145	128	149	130	135	156
Storage Devices	146	135	63	304	235	82	193	153	47	143	92	63	162	111	46	275	123	45	167	149	40	119	119	42	86	82	33	74	56	39	104
Transformers & Electricity Distribution	140	126	140	119	101	115	118	145	91	101	142	142	173	108	102	183	124	119	147	120	127	137	130	115	115	105	108	126	101	91	101

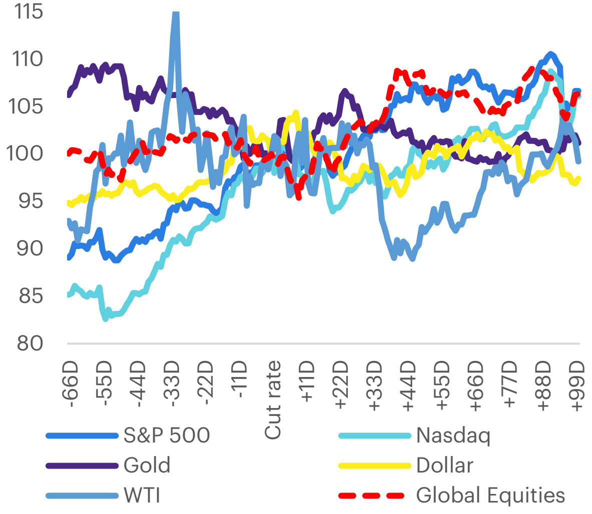
Source: CEIC, InnovestX Research

Kick-off for rate cutting cycle

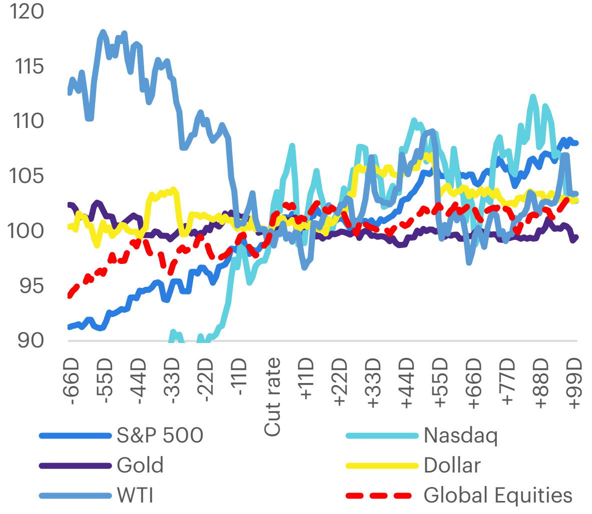
US interest rate is at the turning point

	Recession	Rate policy	Real GDP Growth (%Chg YoY)	Core PCE (%Chg YoY)	Unemployment rate	1Y rate vs Fed Funds rate	S&P 500 P/E	S&P 500 1Y returns	Global market 1Y returns
Sep-84	No	Normalisation	6.9%	3.7%	7.3%	29	na	9%	na
Jun-89	No	Normalisation	3.7%	4.2%	5.3%	-161	19.3	13%	6.0%
Jul-95	No	Normalisation	2.7%	2.0%	5.7%	-25	18.1	18%	6.4%
Current			3%	2.6%	4.3%	-155	20.2		

Price performance during the first rate cut in 1989



Price performance during the first rate cut in 1995



Source: CEIC, Bloomberg, InnovestX Research

Compared to the beginning of the year, a more limited easing scenario has become significantly more probable. The current US rate cycle is approaching a shift towards cutting interest rates, driven by subdued inflation and a cooled labor market. The chairman of the Fed has signaled a potential rate cut, leading us to believe the interest rate cycle is heading down.

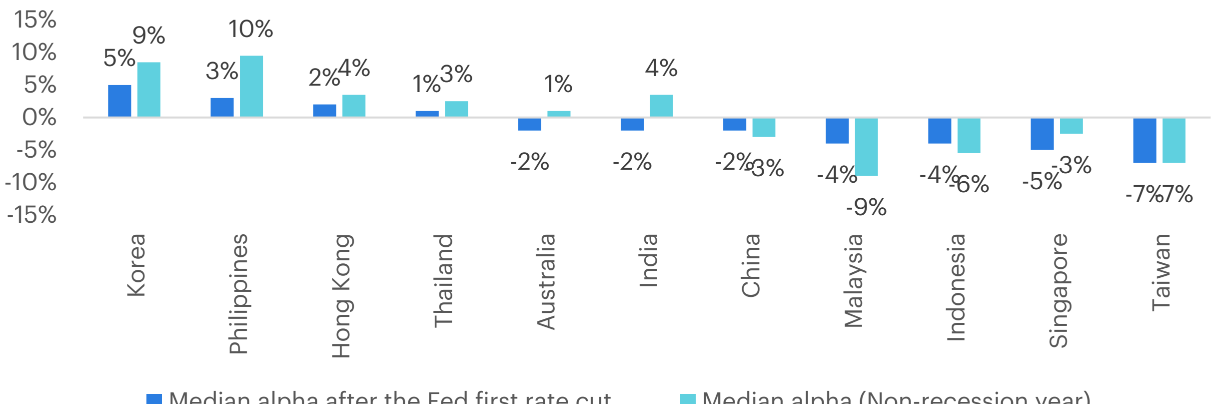
If the relief in inflation guides us towards non-recessionary cuts, there is likely still potential for the current bond and equity rallies to extend, even without significant further softening in growth. However, we are concerned that an oversized rate cut could send an erroneous signal about the imminent risk of recession.

We recommend that investors consider sectors with long duration, such as Commerce, Healthcare and Utilities, and focus on high-beta in yield-sensitive sectors like REITs, Property and Consumer Finance. Historically, stock markets have tended to rise both into and after the first US rate cut when easing has been driven by policy rate normalization. During the normalization-driven cutting cycles of 1989 and 1995, equity returns were notably positive in the year following the initial rate cut, despite volatility in the dollar and oil prices. Gold demonstrated a strong short-term performance and remained stable over a one-year horizon.

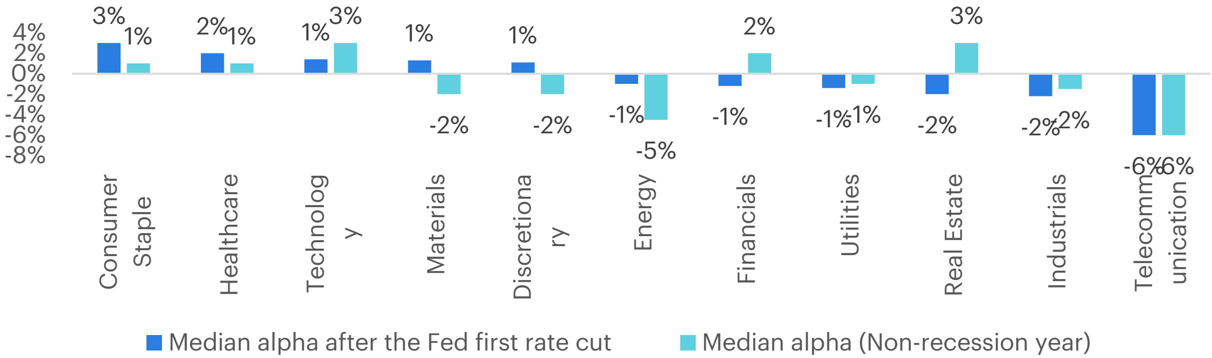
Fed cutting cycle on Asia markets

Post Fed cut performance depends on growth environment

Market performance after the start of past Fed cutting cycles - Compared to AEJ



Sector performance after the start of past Fed cutting cycles - Compared to AEJ



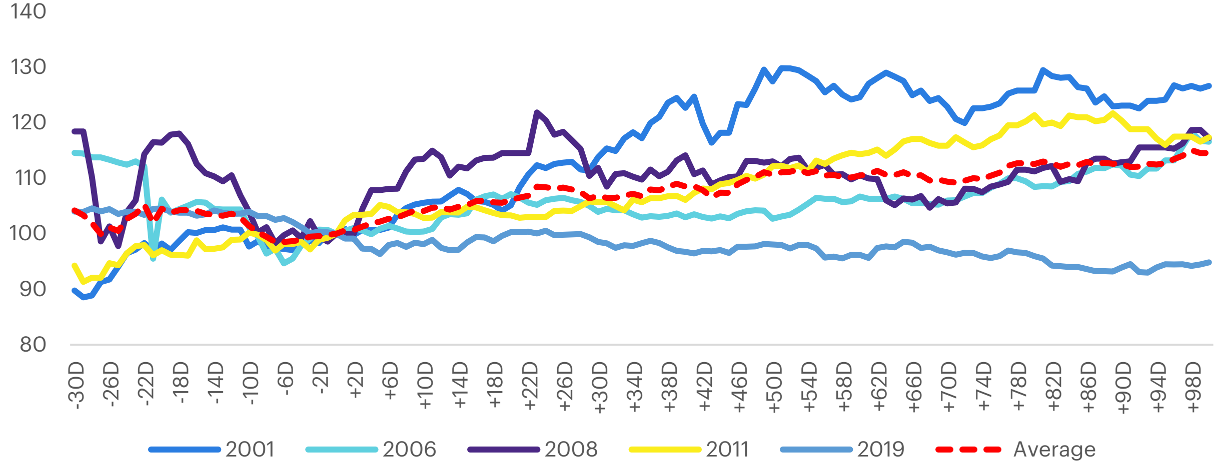
Source: CEIC, Bloomberg, InnovestX Research

In the past 35 years, the Federal Reserve has initiated a rate-cutting cycle eight times. The performance following the first rate cut has varied considerably, with a 3-month post-cut range exceeding +/- 20% and a median return that remains flat. These cycles have overlapped significant economic events such as the Asian Financial Crisis (1997-1998), the Tech Bubble (2001), the Global Financial Crisis (2008) and the COVID-19 pandemic (2020). Following the first rate cut, South Korea, the Philippines and Thailand demonstrated greater 3-month returns compared to Asia ex-Japan. Sector-wise, consumer staples and Healthcare have performed well after the initial rate cut, regardless of whether the economy was in a recession. In contrast, Energy, Utilities and Communications performed poorly in non-recession periods but generally fared better during recessions.

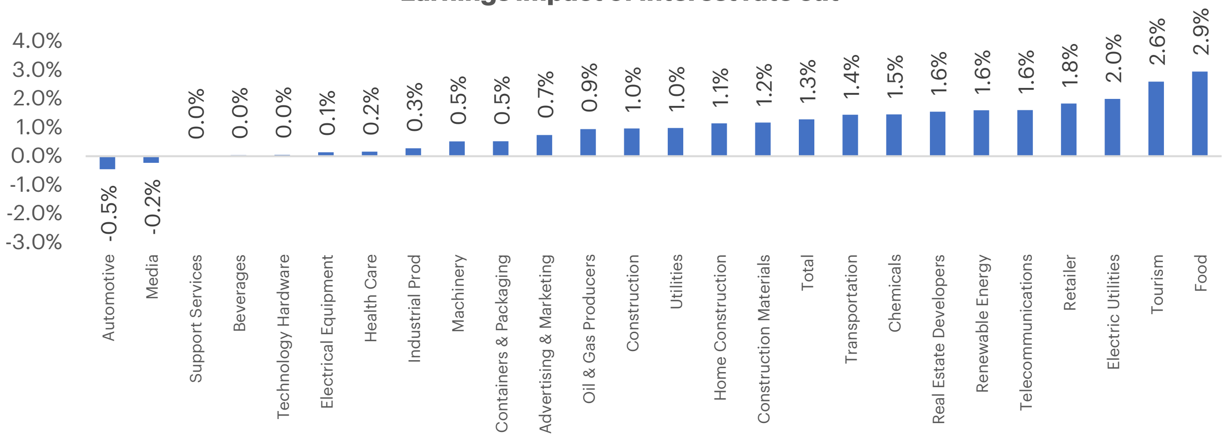
During periods of easing interest rates, regional performance tends to show positive monthly averages when rates decrease at a moderate pace (50bps), as a declining interest rate environment supports equity valuations. Our analysis indicates that each 25bps change in the US 10-year yield correlates with a 6% change in the regional index's forward price-to-earnings (P/E) ratio. Additionally, currencies typically strengthen in such conditions, resulting in Asian equity returns being consistently negatively correlated with the dollar (DXY).

Falling interest rate environment will support the Thai market
…contributing favorably to overall market sentiment

SET Index performed well after the first policy rate cut



Earnings impact of interest rate cut



Source: CEIC, Bloomberg, InnovestX Research

Companies with high leverage and substantial investment in Tourism, Food, Commerce, Communications and Utilities are positive impacted by interest rate cuts.

Assuming all interest-bearing debt is floating without any grace period, net profit for all companies is projected to rise by Bt17bn per year, or 1.3% from the base case, for every 25 bps cut in interest rates. This is equivalent to an increase of 20 points on the SET Index. The impact would be less significant if we consider the reduced net interest margin for banks, which is generally well-managed during periods of gradually falling interest rates.

Based on our assessment of the impact of interest rate cuts on Thai corporate earnings, the impact on most sectors is expected to be positive. Historical data from 2000 to 2020 indicates that the SET Index tends to rally following the first rate cut, with average returns of 5% one month after the initial cut, accompanied by a stable baht movement. Large-cap stocks have typically outperformed small-caps and Utilities, Transportation and Property have performed strongly following the first rate cut.

Performance of Thai sectors following the initial rate cut

The leading sectors were Utilities, Financials and Transportation

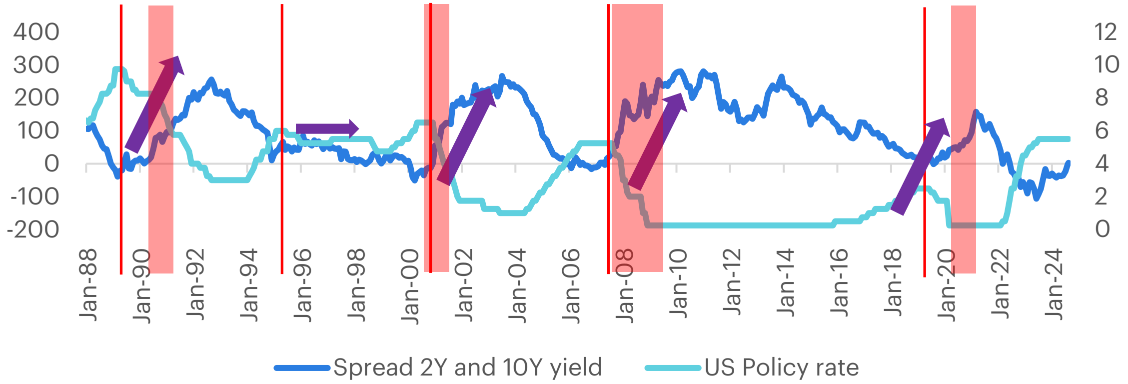
	3 months returns after first rate cut						
	2001	**2006**	**2008**	**2011**	**2019**	**Average**	**Hit rate**
Macro factor	Real GDP +4.1% YoY CPI +0.7% YoY Policy rate 2.5%	Real GDP +5.4% YoY CPI +3.1% YoY Curr Acct 1% GDP Budget 0.7% GDP Policy rate 5%	Real GDP -2% YoY CPI +0.4% YoY Curr Acct 0.3% GDP Budget -1.5% GDP Policy rate 3.75%	Real GDP -4% YoY CPI +4.2% YoY Curr Acct 2.6% GDP Budget -1.5% GDP Policy rate 3.5%	Real GDP -2.1% YoY CPI +0.9% YoY Curr Acct 6.9% GDP Budget -1.9% GDP Policy rate 1.5%		
Baht	-2%	-3%	2%	-2%	-1%	-1%	80%
SET Index	25%	5%	6%	17%	-2%	10%	80%
Small-Cap	38%	1%	3%	17%	-9%	10%	80%
Large-Cap	29%	6%	8%	19%	-1%	12%	80%
Energy	13%	3%	-2%	20%	2%	7%	80%
Utilities	22%	4%	13%	2%	10%	10%	100%
Bank	16%	9%	16%	22%	-7%	11%	80%
Commerce	10%	8%	11%	29%	-7%	10%	80%
ICT	13%	5%	9%	10%	-2%	7%	80%
Transportation	57%	9%	2%	20%	7%	19%	100%
Property	34%	9%	8%	18%	-8%	12%	80%
Electronics	41%	-1%	0%	12%	1%	11%	80%
Healthcare	23%	11%	12%	3%	-6%	9%	80%
F&B	32%	-1%	7%	16%	-3%	10%	60%
Financials	37%	6%	2%	10%	1%	11%	100%
Con Mat	65%	2%	13%	14%	-3%	18%	80%
Petrochem	52%	11%	-1%	20%	-5%	15%	60%
Tourism	12%	5%	0%	5%	-4%	4%	80%
REIT				3%	-2%	0%	50%
Insurance	16%	-1%	6%	-1%	-4%	3%	40%
Packaging	45%	3%	0%	8%	-3%	10%	80%
Media	38%	9%	5%	16%	-4%	13%	80%
Automotive	46%	-4%	-9%	15%	-11%	8%	40%

Source: CEIC, InnovestX Research

Yield curve steepening to accelerate as Fed rate cuts begin

But a bull steepening yield curve isn't necessarily detrimental

Fed rate cut and yield curve steepening



Average 6m returns during bull and bear steepening

Source: CEIC, Bloomberg, InnovestX Research

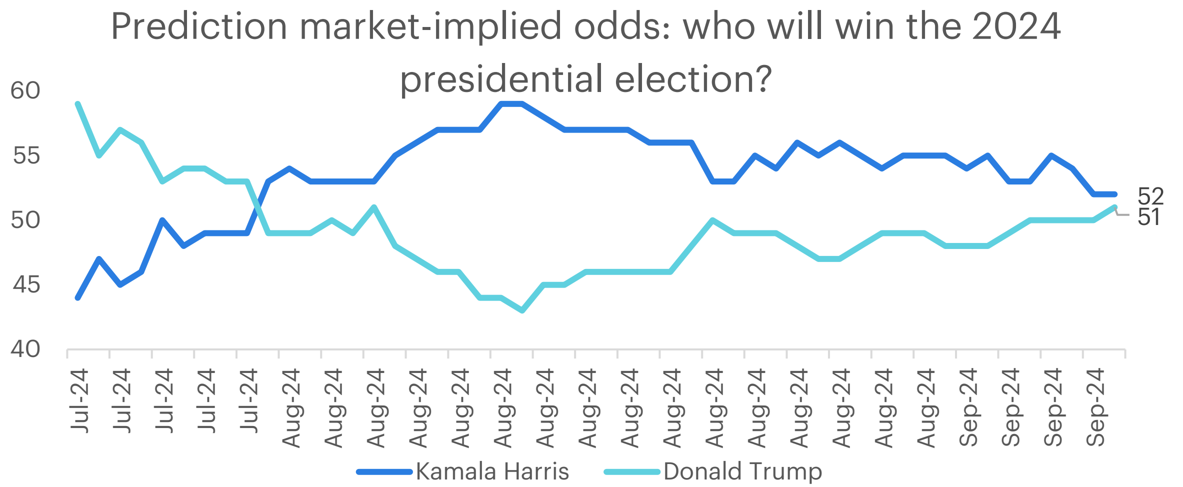
The Fed first rate cut in this cycle may be the start of long-end yield curve steepening if history is a guide. The Treasury yield curve's bull steepening may accelerate as the Fed starts its rate-cutting cycle. After four of the five previous initial Fed rate cuts, the 2-10, 10-30 yield spread kept widening during the cutting cycle.

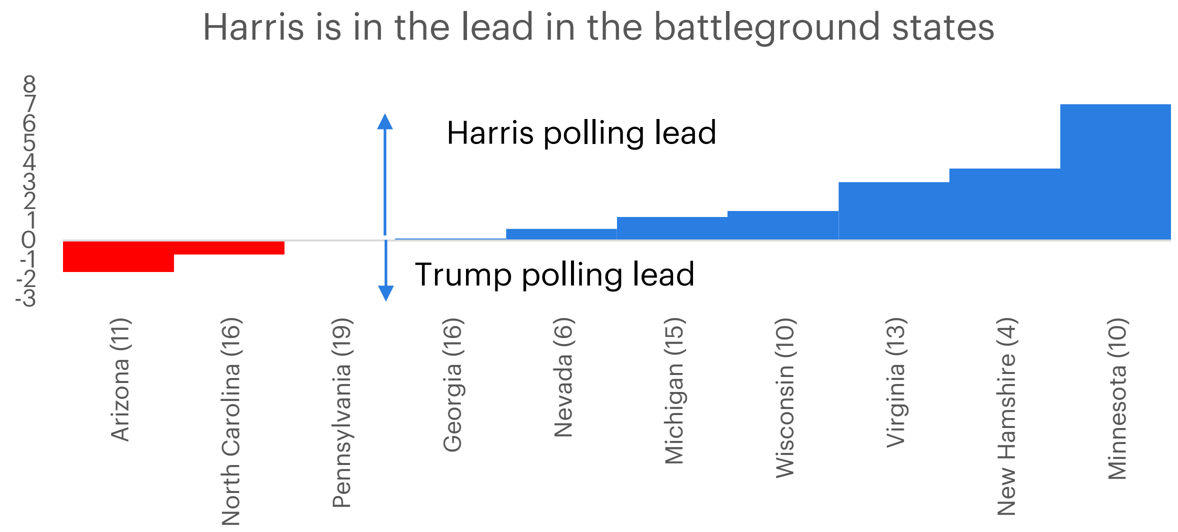
Periods of economic weakness and monetary easing are traditionally associated with bull steepening. Then, bull steepening in the yield curve is generally seen as a precursor to a recession, but it is often preceded by bear steepening. Based on historical data, annualized returns were -16%, with a volatility of 20.5% during the period of bull steepening, while the bear-steepening period saw the market notch an annualized return of 27.2%, with a volatility of 18.2%. It rather looks like the steepening has little to do with anything: returns instead seem to be dependent upon whether yields are rising and falling.

In bull steepening periods, gold and the dollar rose while risky assets and cyclical sectors tumbled. Defensive sectors such as Healthcare and Staples outperformed and these also performed well during bear steepening. There have been five episodes of bull steepening with no recession. Average return on global equities was 9% including +11% for DM and +8% for EM with stable oil price. The dollar depreciated by 4%, while gold rose 3%.

US election is in the final stretch with a closing race

Trump is more positive to the market than Harris





Vice President Harris leads former President Trump by around 2pp in national polling averages and 0.5pp in the swing states that will provide the winning electoral votes (currently this appears to be Pennsylvania). Prediction market averages imply 52% odds that Harris wins the election in Nov. However, the odds for winning are lower than the margin of error of plus or minus 2%.

In the past, four presidential election were very close - in 2000, 2004, 2016 and 2020. We find that the market was directionless and volatile. The trend emerges after the result of the election is known. Small-cap and cyclical outperformed.

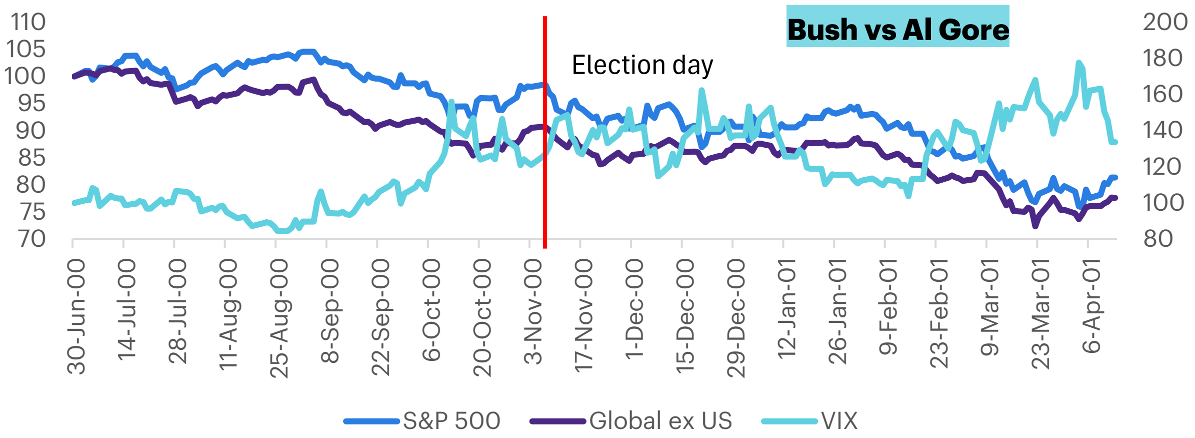
Based on policy analysis, if Trump wins, we expect a negative impact on macro factors: on tariffs, inflation, fiscal policy, trade war and tech war with a positive impact on micro factors such as a corporate tax cut and deregulation of capital increases for large banks. On this basis, a win by Trump appears more positive to markets. While Harris will focus on antitrust actions, corporate tax hikes, drug price negotiations and a compromise stance on foreign policies, this indicates Harris would have less negatives on macro factors and more negatives on micro than Trump. We are concerned about the tech war and tariffs that could damage China's growth outlook and valuation.

Source: Bloomberg, SET, InnovestX Research

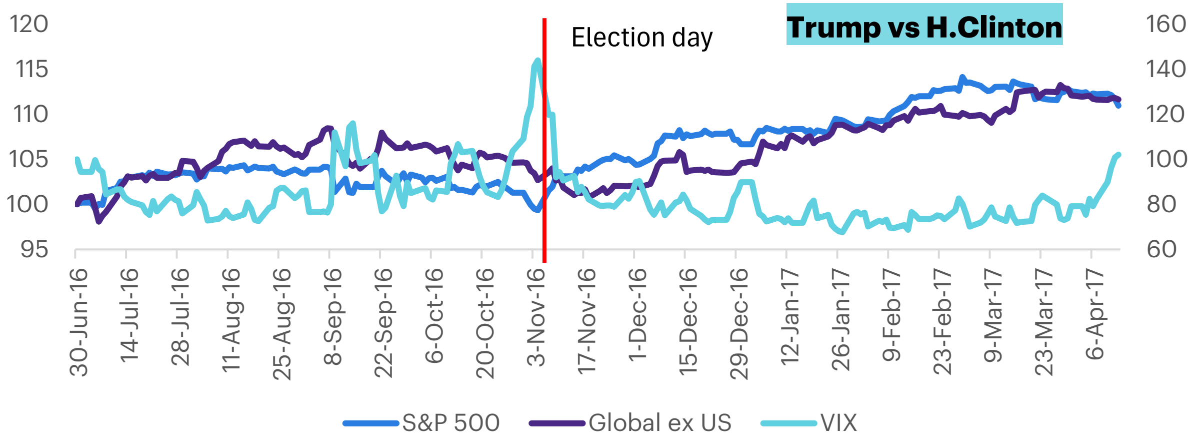
Close election race

Market reaction – sideways before election, volatility surge

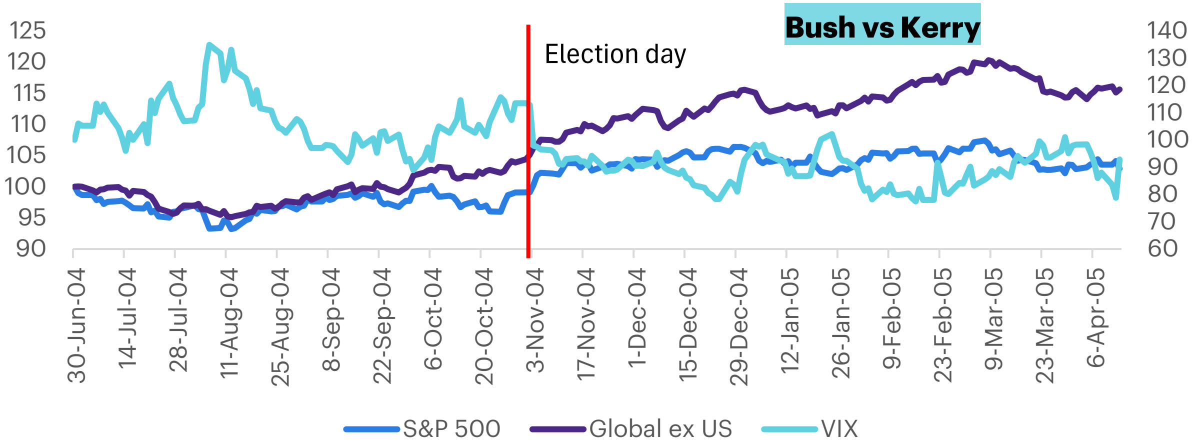
Price performance during US presidential election in 2000



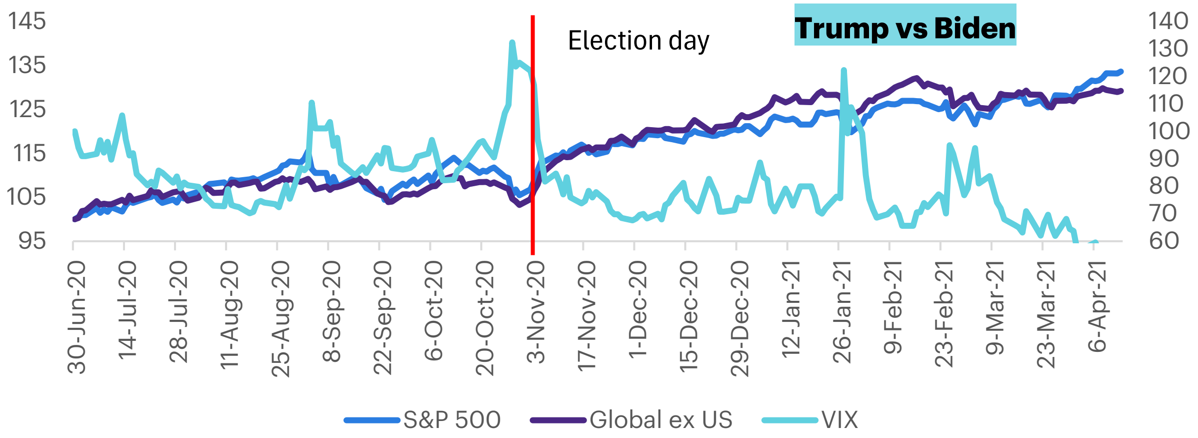
Price performance during US presidential election in 2016



Price performance during US presidential election in 2004



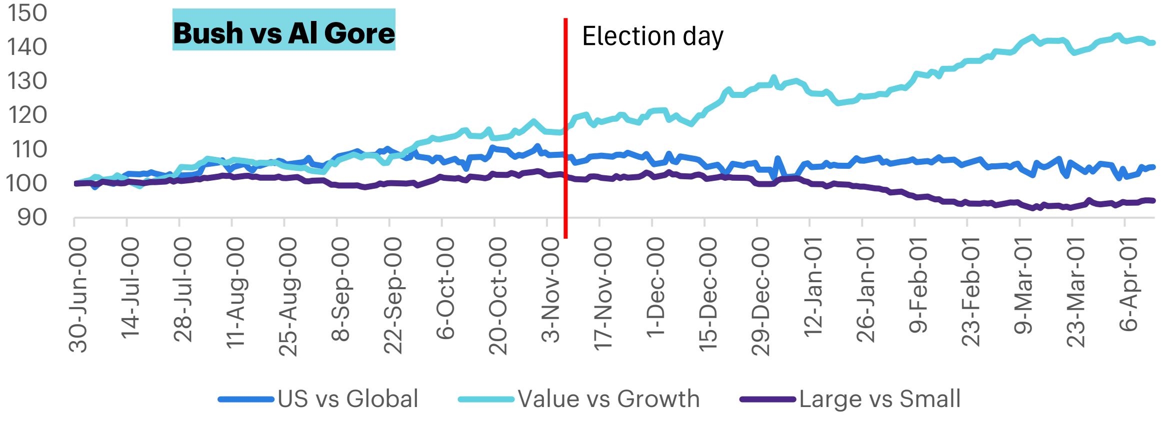
Price performance during US presidential election in 2020



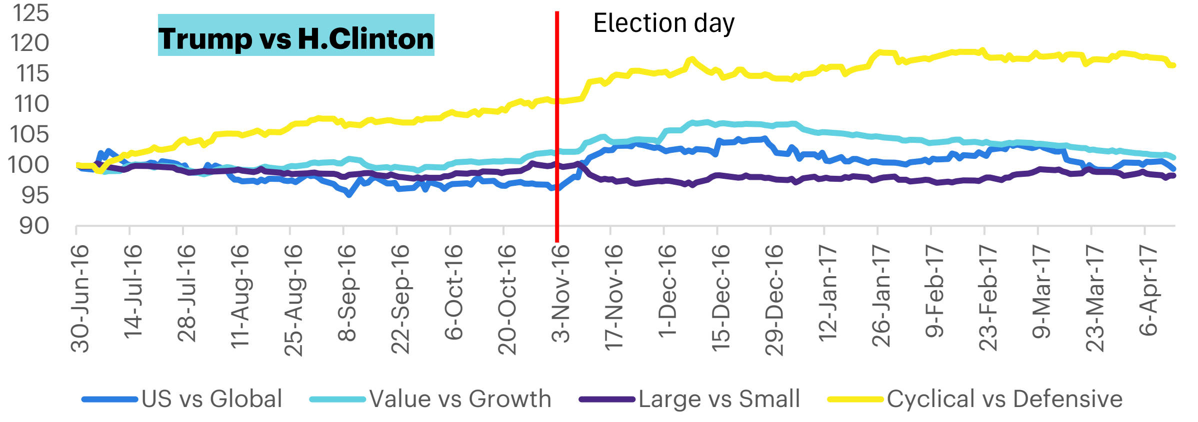
Close election race

Market reaction – small-cap and cyclical outperformed

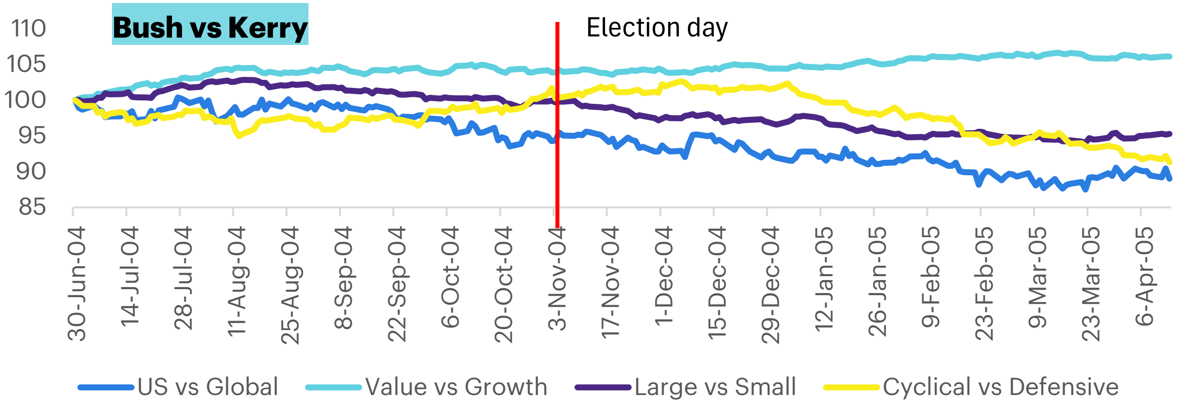
Relative price performance during US presidential election in 2000



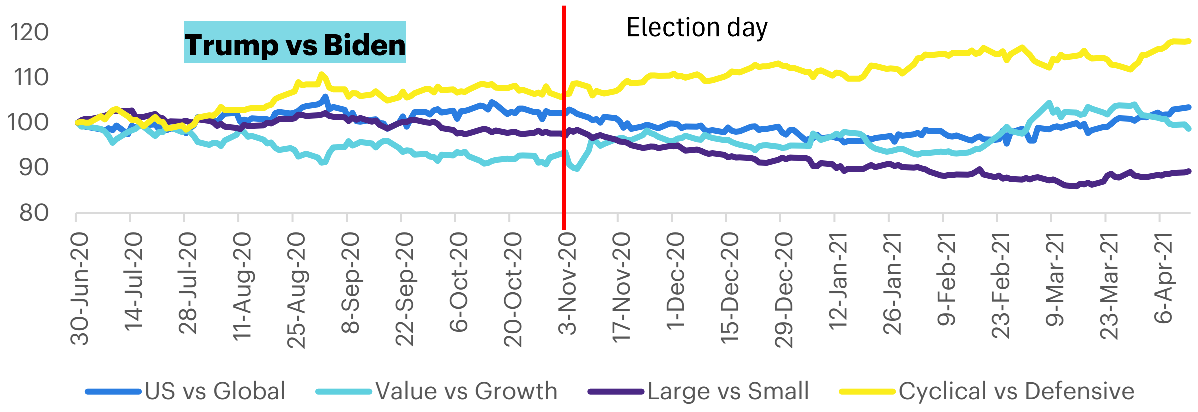
Relative price performance during US presidential election in 2016



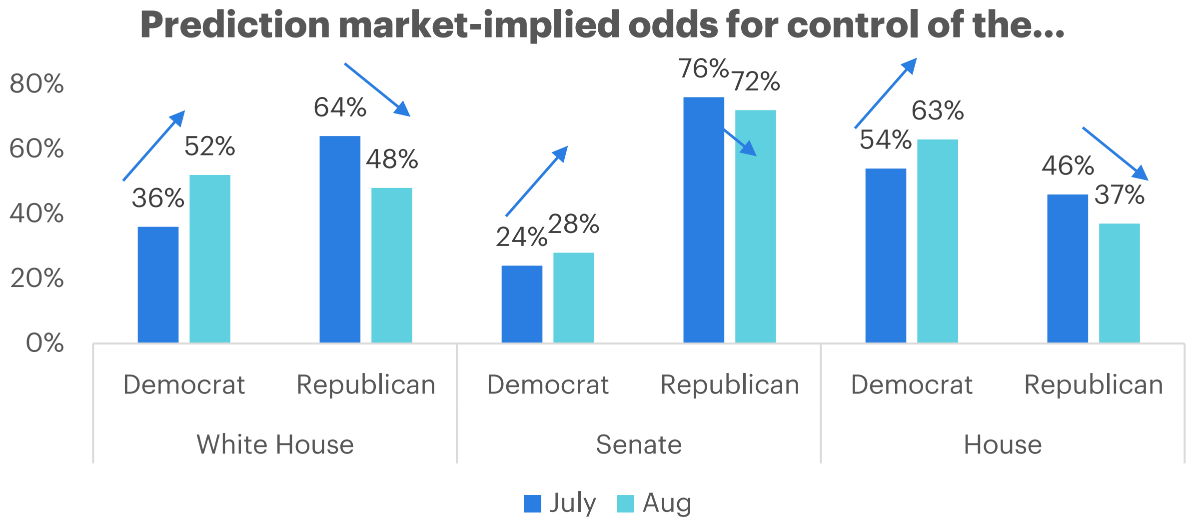
Relative price performance during US presidential election in 2004

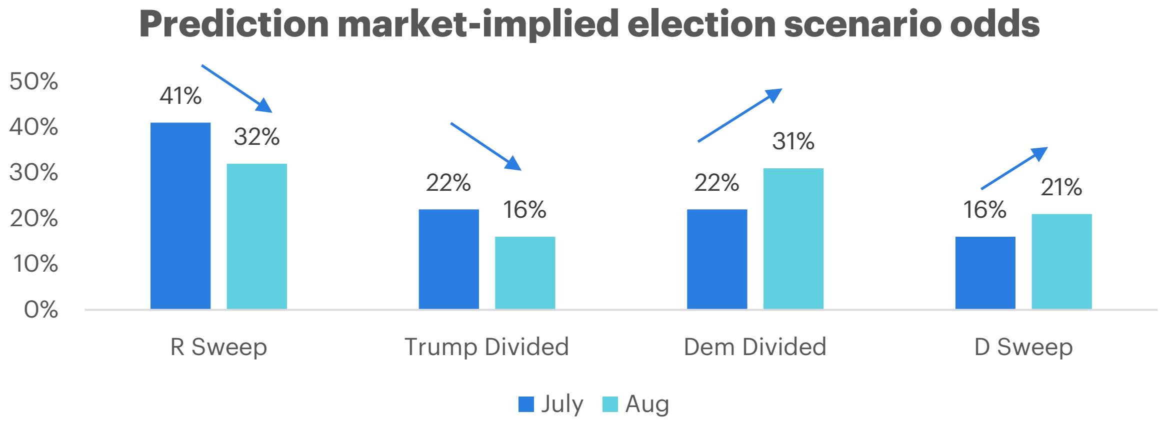


Relative price performance during US presidential election in 2020



Republican sweep or Democrat divided?
...but the outcome is very uncertain





Overall performance in the four-year term

Democrat + Sweep

- S&P 500 Annual Average Return = 14%

Republican + Sweep

- S&P 500 Annual Average Return = 14.5%

Democrat + Divided

- S&P 500 Annual Average Return = 16.6%

Republican + Divided

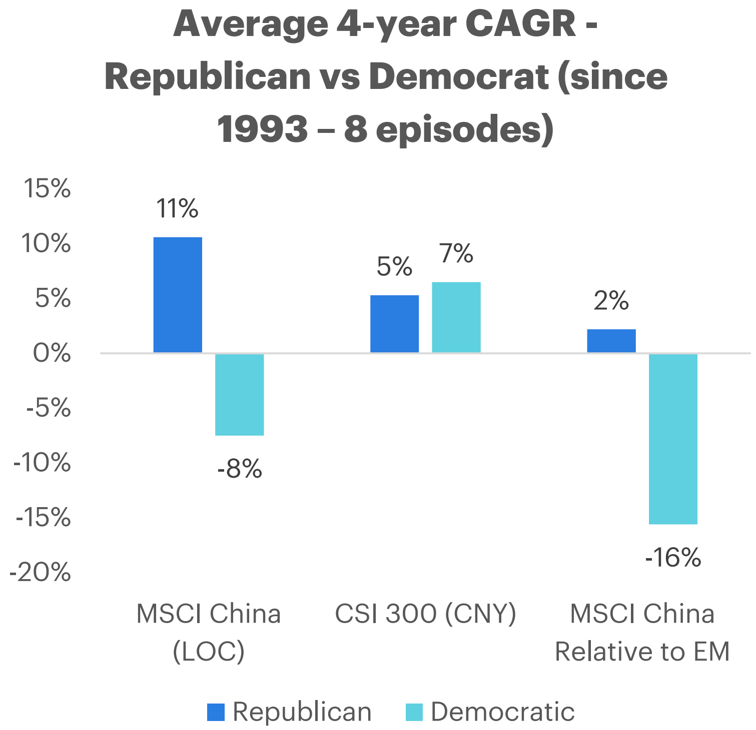
- S&P 500 Annual Average Return = 7.3%

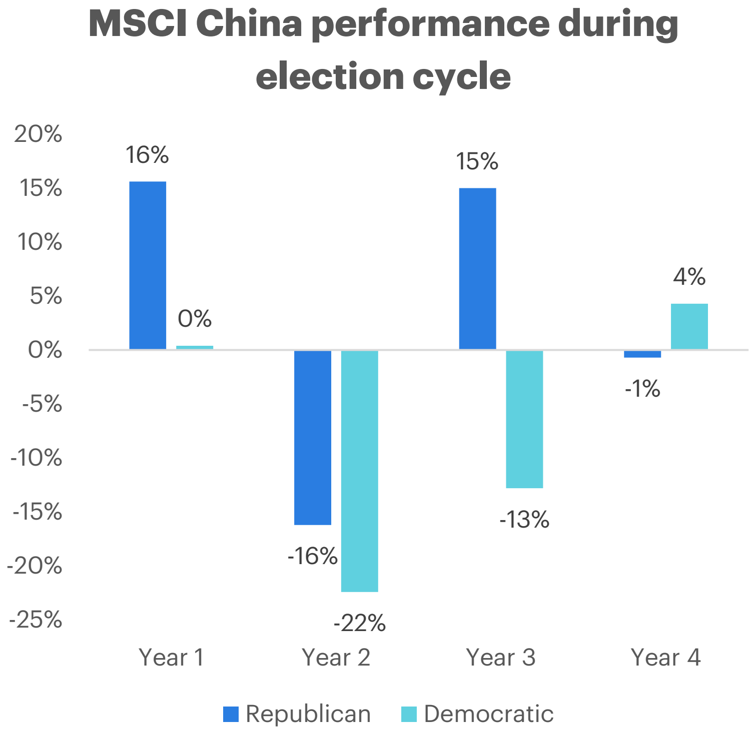
Policy comparison - Trump vs Harris
Trump, Harris win will affect banks, health, EV and tax

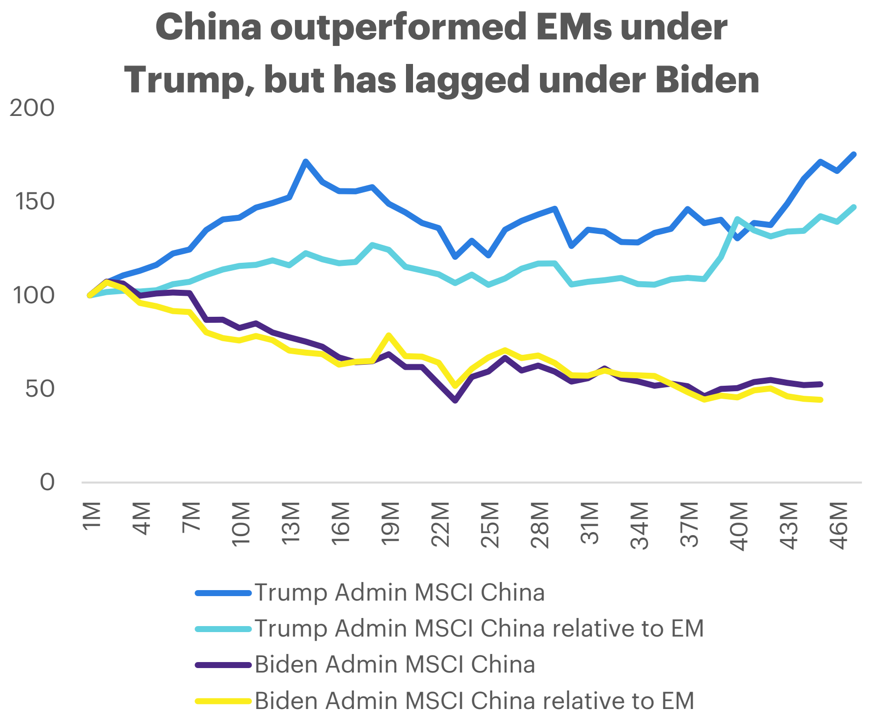
	If Trump wins → positive to market, negative to China	If Harris wins → lower economy risks
Bank capital requirement (large banks to increase capital by 5-19% on Basel III)	Likely tilting toward deregulation. Any changes would take years to implement.	Odds will increase if Harris wins the presidency. Scrutiny on climate and bonuses could also intensify during a Harris administration.
Nonbank regulation	Much of the regulatory emphasis on nonbank financials likely will be paused in favor of the current regime. Firms will find this manageable in terms of cost and burdens.	Non-banks will likely face a changing and harsher regulatory climate if Harris wins. The Financial Stability Oversight Council has completed an analysis into the systemic risk of the non-bank financial industry and whether regulations are necessary.
EV tax credit	The credits and broader EV policies are vulnerable if Trump wins: he will continue to politicize EVs as a boon to China's economy while trying to replace the IRA tax credits.	Tesla, Rivian and EV will continue to benefit from the Inflation Reduction Act's tax credits for purchases of EVs if Harris wins the election.
Affordable Care Act subsidy	Subsidies aren't targeted to lower-income individuals and reduce incentives for health insurers to reduce premiums. The subsidies expire at the end of 2025, and there is little chance Trump would extend them.	Subsidies will be extended if Kamala Harris wins, regardless of which party controls Congress.
Broadband, Internet Regulatory	Leave broadband largely unregulated at the federal level. Federal Communications Commission reverses course on regulation of their top product.	FTC would finish its data-privacy rulemaking.
Corporate tax rate	Plan to cut corporate tax rate from 21% to 20%	Though the federal corporate tax rate won't rise automatically after the Tax Cuts and Jobs Act expires, Harris may choose to bump it up by 2-3 percentage points.

Empirical evidence

…China equities tend to trade better under Republican presidents

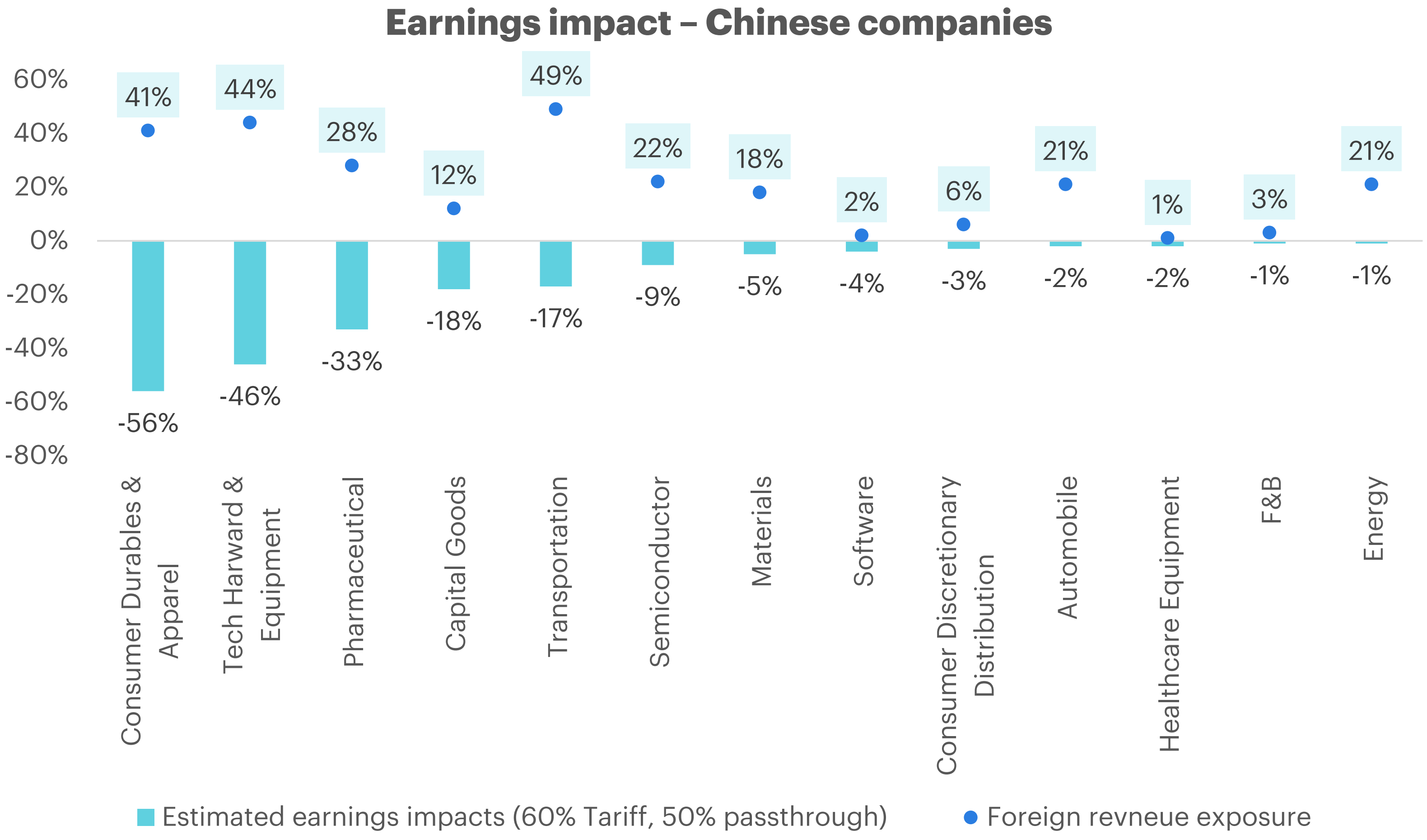






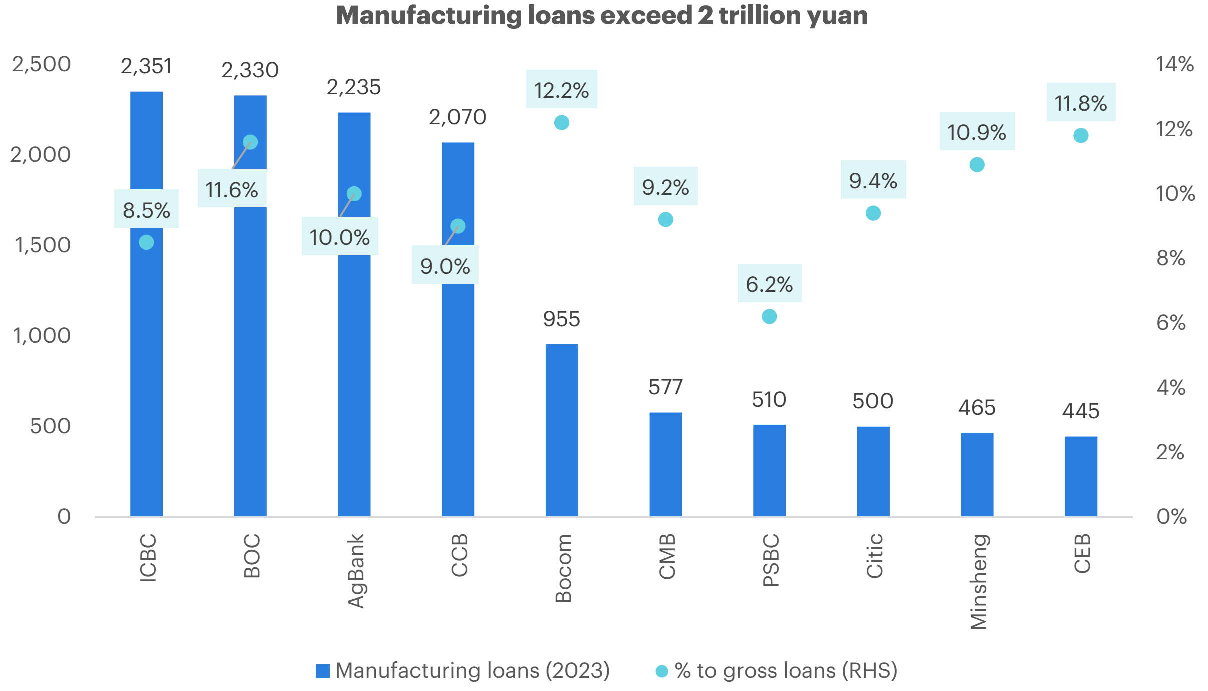
Historical data indicates that Chinese equities, both A-shares and H-shares, tend perform more favorably when the White House is under Republican leadership. In the past eight US presidential cycles (including the current one), MSCI China has, on average, appreciated by 52% during Republican administrations, compared to a decline of 19% under Democrat administrations, outperforming broader EM equity index by 12% and -43%, respectively, over the four-year span. However, Trump's policy towards China was considerably more hawkish than those of his Republican predecessors, suggesting that historical trends may not necessarily hold if he were to be reelected.

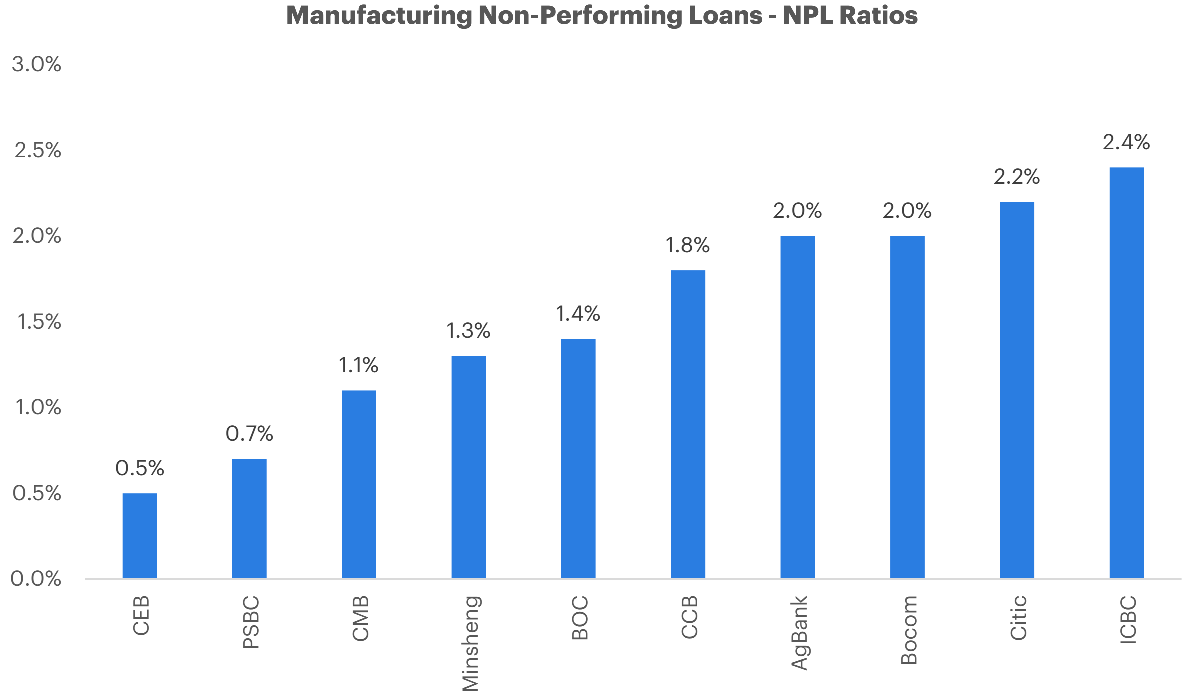
Impact of 60% tariff rate
…10-15% earnings impact & 5-10% valuation impact



Bear case	Worst case
50% tariff passthrough, GDP D/G 1ppt, outflow	No tariff passthrough, GDP D/G 2ppt, huge outflow, no policy support
P/E -5%	P/E -10%

US tariffs
…May threaten China banks' manufacturing loans

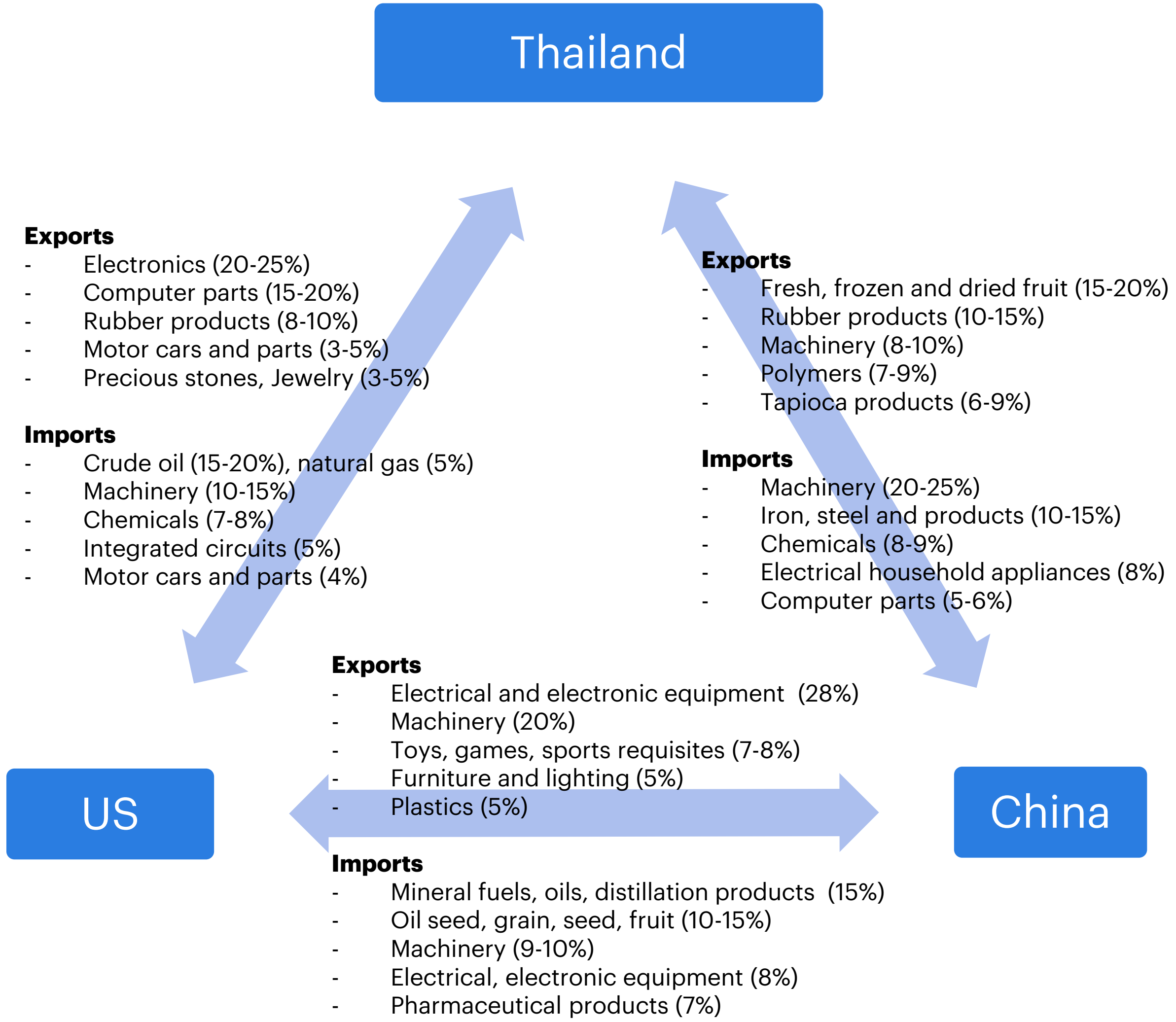




Each of China's Big Four banks holds at least 2 trillion yuan ($275bn) in manufacturing loans, leaving them exposed to exports to the US. Loans to manufacturers were 9-12% of the total at the Big Four banks with their average manufacturing NPL ratio at 1.8% (vs an overall ratio of 1.3%). Tariffs could worsen sales and solvency at exporters focused on the US market, with textiles, consumer products, EV, electronics and electrical equipment likely the hardest hit. Thus, a greater number of name defaults might emerge among export-oriented manufacturers. Manufacturing loans extended by Chinese banks could deteriorate in quality, with charges wiping out 3-5% of pretax profit.

US election is coming

…What does the US election mean to Thailand?



The global economy and global trade are facing unprecedented challenges and uncertainties due to the trade conflict between China and the US. The US has imposed tariffs and restricted access to advanced technology for over six years to hinder the development of China's fast-growing and strategically important sectors, such as electric vehicles, solar cell modules and batteries, which have strong supply chains in China. Trade and technology conflicts are not easy nor quick to resolve.

We expect the tariffs to persist for several years, especially if Trump is reelected. China has become more aggressive in retaliating against the US on various fronts, such as technology, trade and military. The disputes between the two sides are widening and likely to affect other countries that are allied with China, such as Thailand and other ASEAN countries.

Thailand is not directly involved in the conflict, but we see negative spillover effects from the influx of cheap products from China, which pressure inflation, competitiveness and profitability. Technology transfer and investment from relocation are limited. The products that Thailand exports to China and to the US are different. Therefore, the direct impact of the China-US conflict on growth is limited. We are more affected by the spillover effects from China.

Source: Bloomberg, SET, InnovestX Research

Sector and earnings outlook

Sector outlook for 4Q24

Internal aspects are more fascinating than external appearances

Air Transportation

Revenue for AOT and AAV will improve QoQ driven by the 4Q high season for Thai tourism. AAV's earnings risk will be on the cost side due to fluctuation of jet fuel price and currency as jet fuel accounts for ~40% of operating cost and US$-linked costs (jet fuel, maintenance and aircraft rental) account for ~67% of operating cost.

Automotive

Consumer demand and purchasing power (or borrower creditworthiness since most domestic vehicle sales are financed through hire-purchase loans from financial institutions) for discretionary goods such as automobiles are closely tied to the economy. The troubling economic backdrop that includes high household debt with slow economic recovery and rising non-performing (NPL) and special-mention (SML) loan ratios in the auto segment leads us to believe the domestic auto market will not see much improvement in the near term.

Bank

In 3Q24F, we expect earnings to be little changed QoQ and YoY on the back of weak loan growth, stagnant NIM and stable credit cost.

In 4Q24F, we expect earnings to fall QoQ (but grow YoY) due to seasonally higher opex and credit cost at some banks (KBANK, KTB and TISCO).

Commerce

Sector earnings will grow YoY in 4Q24F, backed by sales growth (SSS growth, lifted by better sentiment from the new government's stimulus and continued store expansion) and wider margin from growing tourists, the disbursement of the government investment budget, and up QoQ on seasonality. The digital wallet measure, if approved in 4Q24, will be an earnings upside.

Construction Materials

In 4Q24, we expect the sector's earnings to decline QoQ as it is the year's lowest season for construction materials plus there is low consumer spending in a high-interest-rate environment and high household debt levels. However, good news of government fund disbursement will be a catalyst for the sector. It should be positive on the cost-savings programs for the sector. SCC's LSP project will start operations with negative cashflow as chemical spreads are below cash cost.

Electronics

Expect earnings to remain strong in 4Q24 on the back of high demand for electronics and expect more action from the new AI smartphone/PCs, which are expected to continue to grow electronic component demand. Regarding the EV outlook, we expect short-term hiccups due to a price war and the escalating US-China trade war. However, the medium to long-term outlook remains positive for EV demand. We also expect the US-China decoupling of global activity and trade to benefit Thai electronics companies in terms of new orders from supply chain relocation.

Energy

Oil & Gas: Weaker-than-expected global economies pressures global energy demand prospects and crude prices despite signs that OPEC+ may delay a planned crude production increase in response to concern about weak energy demand. This could hurt earnings of oil and gas companies.

Utilities: expect higher gas cost in 4Q24 after a global market LNG price hike on geopolitical issues while electricity tariff will stay at current levels to ease EGAT's debt burden.

Finance

In 2H24, we expect earnings to be essentially flat QoQ and YoY, underpinned by QoQ stable loan growth, a QoQ fall in NIM from rising cost of funds and continued high credit cost.

Food & Beverage

Food: We expect 4Q24F earnings to grow YoY on better local livestock prices, lower feed costs, higher overseas swine prices in key countries and lower tuna raw material costs, but fall QoQ on seasonality.

Beverages: Domestic sales may soften from lower demand caused by the flooding in 3Q24 and difficulties in transportation, while overseas sales will be in a low season.

Healthcare

4Q24 operations and earnings will soften QoQ on seasonality. There is also an overhang for private hospitals participating in SC services (BCH, CHG and RJH) due to a potential budget shortfall in 2024 for the high-cost care (RW>2). Some hospitals such as BCH will conservatively lower the rate it uses to record SC revenue in 4Q24 for high-cost care (RW>2), thereby weakening earnings in 4Q24.

Hotel

Thai tourism is approaching the usual Q4 high season. However, earnings will be mixed on hotel-specific factors. In 2H24, we expect MINT's core earnings to grow both YoY and HoH backed by strong hotel operations in Europe on an ARR increase. We expect ERW's 3Q24 operations to be hit by the incident at *The Grand Hyatt Erawan Hotel* and higher interest expense, bringing core earnings in 2H24 down YoY and HoH. For AWC and CENTEL, we expect 2H24 core earnings to grow YoY but drop HoH on seasonality.

ICT

Sector earnings should continue to grow QoQ and YoY in 3Q24 (results will be released in mid-November), driven by cost reduction and a better competitive landscape in terms of pricing. Additionally, the new iPhone was launched in early Sep and this will help support sector earnings.

Land Transportation

We expect news flow to focus on the policy to charge a flat Bt20 for trips, which will be linked to potential concession buyback from BTS and BEM. This will be an overhang for the sector though much time would pass before any conclusion.

Petrochemicals

Supply overhang in the polyethylene markets is expected to extend into 4Q24, which is the industry's low season, as several chemical makers prepare to bring new capacity online, especially in Asia, while producers in the US and Europe will continue to rationalize their output. Weaker demand in China remains the key risk to the sector's recovery.

Property

Expect 4Q24 to be the highest quarter in 2024, backed by backlog recognition, demand growth as the stimulus policies come close to expiring and benefit from lower interest rate.

Source: InnovestX Research

Summary of 4Q24 sector outlook

	4Q23	1Q24	2Q24	3Q24	4Q24	Catalysts	Risks
Electronics	6.5	6.5	7	7.5	8	Expect 4Q24 earnings to increase QoQ on strong orders for AI-related products and high margin HDI products, expected to drive earnings up QoQ.	Interruption by unpredictable events, especially concerns over a tech war between China and US and the EV price war.
Utilities	7	7	8	8	8	Higher gas cost along with the rise of market LNG price while electricity tariff stays at the current level.	Higher gas cost as the LNG Japan/Korea price rises to raise gas cost; lower than expected Ft rate hurting SPP margin.
Commerce	8	8	8	6	8	Better sentiment from the setup of the new government with potential stimulus, the disbursement of the government budget and more tourists.	Key risks are changes in purchasing power and in government policies
Property	6.5	6.5	6.5	7	7.5	Expect 4Q24 to be the highest quarter in 2024 backed by backlog recognition, demand growth as stimulus policies approach expiration and benefit from lower interest rate.	Competition and inventory sell-off may pressure gross margin.
Energy (Oil & Gas)	7	7	5	7	7	Improving domestic demand for automotive and jet fuel, stable oil price and lower downside risk from stock loss, higher sales volume of E&P.	Economic slowdown and slower than expected tourism recovery, volatile oil price due to geopolitical tension, government's new energy policies
Healthcare	7	7	7	7	7	Healthy earnings growth from resilient revenue and margin	Slow patient traffic. Workforce shortage. Intense competition.
ICT	6	5	6	7	7	Potential earnings surprise on cost synergy and new iPhone launch to support earnings.	Weaker-than-expected economy, which would curtail revenue growth
Tourism	8	7	7	7	7	High tourism season. Growth will be driven primarily by ARR as occupancy rate is expected to stay at the current high level, backed by growing Thai tourism	Global economic slowdown. Cost inflation. Initial cost from new investments. Airline: Rising jet fuel price and weakening baht
Beverage	7.5	7	7.5	7	6.5	Domestic demand hurt by flooding, while overseas, especially CLMV is in low season.	Limited upside on gross margin
Food	4	5	6	8	6	Potentially lower local livestock prices from seasonality in early 4Q24, improving overseas swine prices, manageable tuna raw material costs.	Key risks are weak product prices from new supply and fragile purchasing power.
Bank	6	6	5	6	6	Expect an ease in credit cost in 2H24 and 2025 with a gradual recovery in loan growth.	Asset quality risk from an uneven economic recovery and geopolitical risk and downside risk to NIM from higher possibility of policy rate cuts
Finance	4	5	5	6	6	Moderate loan growth and upside to NIM from a higher possibility of policy rate cuts.	Asset quality risk from an uneven economic recovery, rising cost of funds and rising competition from banks
Land Transport	5	5	7	7	5	Favorable outcome of a potential buyback of concessions from BTS and BEM	Policy risk, specifically the Bt20 fare policy
Chemical	5	6	5	6	5	Capacity rationalization, easing destocking and global economic recovery driven by easing monetary policy	Bearish market sentiment on the global economic recovery, capacity additions, resurgence of US-China trade war
Insurance	6	6	5	5	5	Improving underwriting margin	Downside risk to premium growth as a result of lower purchasing power, volatile capital market, and falling bond yield
Con Mat	4	4	5	5	4	4Q24 earnings to soften, pressured from low season (long holidays) and the impact of high household debt and high interest rate environment. SCC's LSP project to COD with negative cashflow as chemical spreads are below cash cost.	Prolonged weak economic activates amid high interest rate environment, high household debt and the delay of government's disbursement program.
Automotive	4	4	4	4	4	Government measures to improve consumer demand and purchasing power (or borrower creditworthiness)	Negative economic backdrop that includes high household debt with slow economic recovery and rising NPL and SML ratios in the auto segment.

Source: InnovestX Research

Earnings momentum in 3Q24 and 4Q24

SECTOR	3Q24		4Q24		Reason
	YoY	QoQ	YoY	QoQ	
Energy (Oil & Gas)	-	+	=	+	Energy – core profit is expected to improve QoQ in 3Q24 on higher GRM, though slower than previously expected. This is expected to improve further in 4Q24 due to seasonal demand for diesel and jet fuel. Profit of E&P will continue to rise on higher sales volume and ASP.
Commerce	+	-	+	+	4Q24F earnings will grow YoY in tandem with better sales from better consumption sentiment, more tourists and the return of the disbursement of government investment budget and up QoQ on seasonality.
Electronics	+	+	+	+	We expect core earnings to increase QoQ in 3Q24 due to the high season of the sector together with the positive impact of the new AI smartphone/PCs cycle that will support overall demand for electronic components but with a partial offset from the impact of the baht appreciation against the USD.
Beverage	+	-	=	-	3Q24F domestic sales will be pressured by flooding while 4Q24F will be a slow recovery with limited upside gain in gross margin.
Healthcare	+	+	=	-	3Q is normally a high season for healthcare services. 4Q24 operations and earnings will soften QoQ on seasonality and, additionally, private hospitals participating in SC services (BCH, CHG, RJH) may conservatively lower their rate used to record SC revenue for high-cost care (RW>2) in 4Q24, thereby weakening earnings in 4Q24.
Tourism	+	+	+	+	Thai tourism is approaching the usual 4Q high season.
Utilities	=	-	+	+	Utilities – higher gas cost QoQ and flat Ft rate QoQ will hurt SPP EBITDA margin in 3Q24 but this will be offset by forex gain and new capacity (especially GULF). Ft rate is expected to be unchanged in 4Q24 due to an effort to lower EGAT's debt burden caused by high energy cost in 2022.
Property	-	+	-	+	Net profit will be at the year's highest in 4Q24, but drop from 4Q23 without LH's extra gain from divestment.
Bank	=	=	+	-	In 3Q24F, we expect earnings to be little changed QoQ and YoY on the back of weak loan growth, stagnant NIM and stable credit cost. In 4Q24F, we expect earnings to fall QoQ (but grow YoY) due to seasonally higher opex and credit cost at some banks (KBANK, KTB and TISCO).
Chemical	-	+	-	-	Product spread remains weak, and more asset impairments will be booked in 3Q24, though at a lower magnitude than 2Q24. 4Q24 earnings will continue to weaken due to low season and bearish market sentiment on volatile oil price due to geopolitical risks and uncertain global economic outlook.
Con Mat	-	-	-	-	We expect the sector's earnings to decline QoQ due to low season for the sector and low consumer spending in a high interest rate environment and high household debt levels. SCC's LSP project will start commercial operations with negative cashflow due to weak chemical spread.
Insurance	+	=	+	=	In 2H24, we expect weak premium growth, better underwriting margin, stable ROI.
Finance	+	=	+	=	In 2H24, we expect earnings to be essentially flat QoQ and YoY, with QoQ stable loan growth, a QoQ fall in NIM from rising cost of funds and continued high credit cost.
Food	+	+	+	-	4Q24F earnings will grow YoY from higher local livestock prices, lower feed costs, improving overseas swine prices, and manageable tuna raw material costs (but down QoQ from seasonality.
ICT	+	+	+	-	3Q24 earnings are expected to grow QoQ and YoY, supported by the new iPhone launch and ongoing cost synergy. In 4Q24, the drop QoQ will reflect seasonally higher marketing expenses.
Land Transport	+	+	+	-	Improving ridership will support 3Q24 earnings. In 4Q24, there will be no dividend income for BEM, which will drag on sector QoQ growth.
Automotive	-	+	-	-	The YoY downtrend will continue, dragged down by the slowdown of auto production due to a sluggish domestic auto market on a slow economy and tighter auto loan extensions.

Source: InnovestX Research

Sector outlook for 2025

Air Transportation

After strong growth in 2024, we expect 2025 to be a year of normalization for air transportation sector. For AOT, we estimate a core profit of Bt23.3bn in FY2025 (+21% YoY) based on international passenger forecast of 84mn or 100% of pre-COVID-19 level (up from 74mn in FY2024, 88% of pre-COVID-19 level). After a turnaround in 2024, we expect AAV's operations and core earnings to normalize to 7% growth in 2025 to Bt3.3bn. This is based on a view of normalizing fare to Bt2,048/pax (+1% YoY) in 2025, aligning with rising ASK capacity which is expected to be at 102% of pre-COVID-19 level in 2025 (from 96% in 2024).

Automotive

We have a cautious view on automotive sector since there are no clear signs of industry recovery. We expect some improvement in auto production at 1.74mn in 2025 (5% growth). Amid the challenging environment, we do not expect Thai auto production to approach pre-COVID-19 level for at least three years. A sector catalyst would be an improved economy, which in turn would boost domestic auto demand and HP loan quality, consequently allowing greater access to auto loans. This would clearly signal an approaching turnaround in the Thai automotive industry and earnings.

Bank

In 2025, we expect the sector's earnings growth to pick up to 9% from 4% in 2024, underpinned by 3% loan growth, flattish NIM, a 13 bps reduction in credit cost, a modest recovery in non-NII and stable cost to income ratio.

Commerce

The sector SSS is expected to grow 3% YoY in 2025, boosted by more tourists and the return of disbursement of the government investment budget, not yet including upside from new government stimulus, i.e. the digital wallet. This, together with store expansion and wider margin, will lead sector earnings to grow 11% YoY in 2025F

Construction Materials

We see an improved outlook for the sector's earnings in 2025, backed by the return of cement demand upon the disbursement of the FY2025 government budget and lower interest rate, but with a partial offset from high household debt. We expect SCC's LSP project to reach breakeven as we expect chemical spread to rebound along with a better global economic outlook once interest rate starts to come down.

Electronics

The global electronics market in 2025 is anticipated to see another year of growth, backed by AI-driven technology adoption that will continue to boost overall electronic component demand. Interest rates are expected to cycle down globally, which will support AI smartphone/PC, automotive and NEV demand. Thai electronics companies are expected to benefit from capacity expansions, such as DELTA's new factory scheduled to commence operations in early 2024, KCE's efforts to eliminate bottlenecks in its high margin HDI production, and HANA's installation of new silicon carbide machines. The risk factor is a new round in the US-China trade war that will pause some demand.

Energy

Oil & Gas: Global oil price is expected to continue to trend down and hover in a range of US$70-85/bbl pm the unwinding of an extra production cut by OPEC+ and slower demand in China. The persistent geopolitical tension remains the key upside risk for oil price in 2025. Downside risk on demand growth persists given increasing economic headwinds and delays in interest rate cuts.

Utilities: We expect gas price to be flat YoY in 2025 while electricity tariff will stay at current levels in an effort to alleviate EGAT's burden. SPP margin will be stable YoY. Growth drivers will be the new round of renewable energy phase II and PDP2024 bidding.

Finance

In 2025, we expect MTC to have the strongest earnings growth at 23%, followed by TIDLOR at 16% and SAWAD at 8% (-1% for EPS), driven by moderate loan growth and a slight reduction in credit cost. We expect a modest earnings recovery at 3% for KTC and AEONTS due to weak loan growth and stable credit cost.

Food & Beverage

Food: We expect 2025F earnings to grow 13% YoY, with improved earnings for all players, boosted by better local and overseas livestock prices and margin in key countries from early 2024 from better supply management, together with wider margin at the aquatic player from better sales volume and manageable tuna raw material costs.

Beverage: Limited sales growth in the domestic energy drink market; while expansion overseas is expected, the risk is also high. Upside growth on gross margin is limited after a jump in 2024.

Healthcare

We stay positive on healthy earnings growth from resilient revenue and margin for the healthcare service sector. Hospital expansion is resuming and will drive long-term growth especially in the EEC area (Chonburi, Rayong and Chachoengsao), where demand for healthcare is increasing in tandem with economic activities.

Hotel

We expect Thai tourism to reach pre-COVID-19 level in 2025 at 40mn international tourists, 14% YoY growth. However, hotelier earnings will be mixed in line with company-specific factors. We expect AWC to deliver the strongest core earnings growth in 2025 at 23% YoY underwritten by ramping up hotel operations. We expect MINT's core earnings to grow 8% YoY in 2025, based on 6% revenue growth, which is more conservative than its target of 8-10%. We view 2025 as an unexciting year for ERW (operations will have a short-term hiccup from a hotel renovation) and CENTEL (initial cost burden at two new hotels in Maldives.

ICT

We maintain our positive view on the sector in 2025 on multiple factors. We believe improving pricing competition and cost synergy for the sector will continue. We also see potential earnings upside for both TRUE and ADVANC. In 2025, there will be a license auction, but we see this as of no real concern as we expect bidding competition to be mild.

Land Transportation

Sector earnings will continue to improv, driven by the MRT (Blue, Pink and Yellow lines) ridership. We see limited chance for expressway growth as there will continue to be partial closure of its expressway. The new project focus is the double-deck and South Purple line projects.

Petrochemicals

Demand is expected to recover gradually in 2025, but the resurgence of a trade war and slower global economic growth will remain headwinds. Supply additions are expected to slow from 2024. Product spread is expected to improve marginally but remain weak against the 5-year average. Market sentiment will remain bearish as the demand-supply imbalance continues in Asia.

Property

2025F presales should recover from 202,4 backed by lower interest rate and consumer confidence. However, we expect competition in low-rise will remain high since developers must fulfill their short-term backlog.

Source: InnovestX Research

2024 earnings outlook
Recovery remains intact in 2H

	Consensus		InnovestX		3-Yr CAGR
	2024F	2025F	2024F	2025F	(2022-2025)
Agribusiness	34%	2%	46%	3%	0%
Automotive	-17%	9%	-26%	11%	-7%
Banking	2%	5%	4%	8%	10%
Commerce	16%	14%	14%	15%	14%
Construction Materials	-20%	34%	-45%	88%	5%
Electronic Components	20%	11%	16%	9%	12%
Energy & Utilities	-1%	6%	6%	13%	8%
Finance & Securities	9%	12%	5%	10%	3%
Food & Beverage	281%	9%	286%	6%	-2%
Health Care Services	11%	9%	11%	8%	6%
Telecommunication	182%	20%	141%	30%	17%
Insurance	7%	4%	16%	10%	9%
Packaging	17%	12%	26%	5%	6%
Petrochemicals & Chemicals	-67%	218%	-10%	328%	3%
Property Development	0%	6%	-5%	4%	-4%
Tourism & Leisure	46%	14%	32%	10%	34%
Transportation & Logistics	220%	35%	420%	48%	nm
Total	**14%**	**14%**	**16%**	**18%**	**10%**

Source: Bloomberg, InnovestX Research

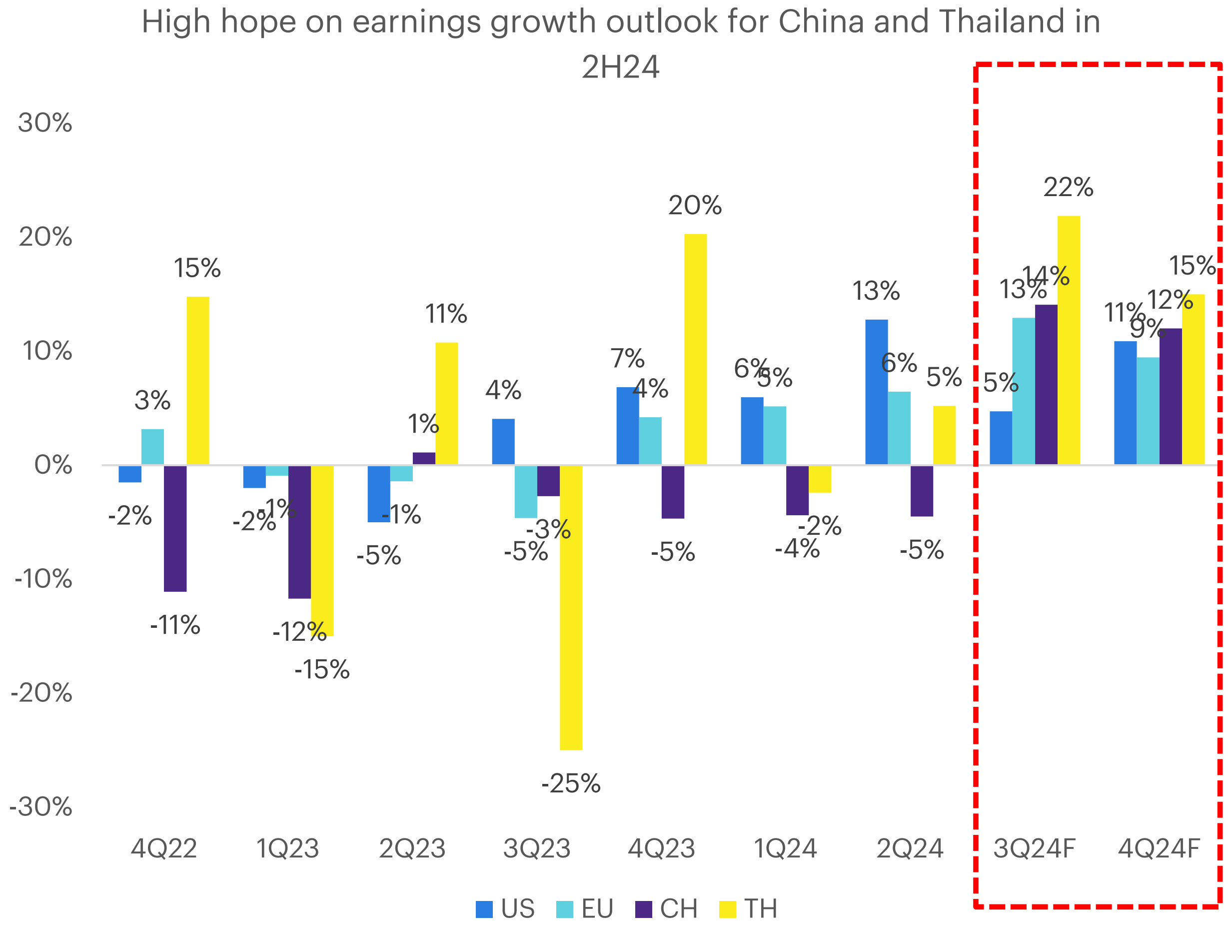
The recovery in earnings in 2Q24 was gradual with net profit growth of 20% YoY, driven by revenue growth and stable margins. Without the Energy sector, net profit rose 7.3% YoY but declined 7% QoQ due to seasonal weakness. The Market for Alternative Investment (mai) performed poorly, with net profit falling 62% QoQ and 5% YoY.

We forecast a higher growth rate in 2024 from 2023 off a low base. Private consumption, tourism, and public expenditure are expected to provide sustained stimulus for the remainder of the year. However, the earnings growth rate in 2024 has been revised down from 22% YoY at the end of 2Q24 to 16% YoY in Sep due to slower-than-expected recovery in China.

In 2H24, we anticipate continued earnings growth, with most of sectors, except for Chemicals, Construction Materials, and Automotive, showing YoY improvement off a low base, declining costs and a recovery in service activities, which should offset weakening external demand.

Our projections indicate 18% earnings growth in 2025 (vs consensus of 14%), driven by anticipated benefits from rate cuts and economic stimulus measures. However, we have a cautious stance on global economic growth in 2025.

2H24 earnings outlook
Better growth



The US is experiencing a deceleration in economic growth, partly due to a high interest rate and global challenges, while inflation is easing worldwide. A weaker dollar is further bolstering EM performance. Concerns persist regarding China's slowing economy and the repercussions of its property sector crisis. The heavy reliance by EMs on China make their growth prospects uncertain. However, early signs of recovery are beginning to emerge, thanks to a low base effect. We believe EM earnings hit nadir in 1H24, then starting to recover in 2H24.

We estimate an expansion in the Thai market's net profit of 22% YoY in 3Q24 and 15% YoY in 4Q24, driven by a 2-3% YoY increase in revenue and 50bps YoY margin expansion.

Thailand is poised to narrow the gap with the US, EU and Asian peers regarding price performance, driven more by earnings growth and a weak dollar than by valuation expansion. An economic and earnings performance in Thailand that exceeds expectations could brighten market sentiment in 4Q24.

Source: Bloomberg, InnovestX Research

SET Index scenario & picks

Sector weightings and valuations in 4Q24

Sector	Recommended sector weighting	Current SET weight	2023 returns	YTD returns	Growth		Net profit CAGR 22-25	P/E		P/B		Dividend yield		Ev/Ebitda (x)	
					24F	25F		24F	25F	24F	25F	24F	25F	24F	25F
Commerce	Overweight	9.9%	-21%	3%	14%	15%	14%	26.1	22.7	1.7	1.6	2	2.2	11.3	10.5
Electronics	Overweight	7.9%	4%	11%	16%	9%	12%	52.6	48.3	10.6	9.3	0.6	0.7	42.4	38.4
Healthcare	Overweight	5.4%	-7%	1%	11%	8%	6%	28.1	25.9	4.8	4.6	2.4	2.7	17.1	15.8
REITs / PF / IF	Overweight	1.7%	-15%	0%	763%	3%	8%	n.m.	9.2	0.6	0.6	12.6	13.3	8.3	7.8
Utilities	Overweight	4.8%	-23%	17%	27%	27%	41%	31	24.4	2.7	2.5	1.3	1.6	19.5	17.4
Telecoms	Overweight	10.4%	-10%	27%	141%	30%	17%	36.2	27.8	6.4	6.1	2.4	2.9	8	7.5
Air Transportation	Neutral	5.3%	-21%	6%	117%	33%	n.m.	46.6	35.2	6.9	6.2	0.5	0.6	19.7	16.9
Bank	Neutral	11.0%	-1%	5%	4%	8%	10%	7.7	7.1	0.7	0.6	5.9	6.3	na	na
Energy	Neutral	19.5%	-18%	-5%	6%	13%	8%	10.8	9.5	0.9	0.9	4.4	4.8	4.8	4.4
Food & beverage	Neutral	5.5%	-13%	0%	286%	6%	-2%	15.6	14.7	1.1	1.1	1.7	1.4	9.8	9.4
Hotel	Neutral	1.6%	-13%	-6%	32%	10%	34%	23.7	21.6	1.8	1.8	1.4	1.5	13.3	13.1
Land Transportation	Neutral	1.0%	-17%	-13%	117%	33%	n.m.	46.6	35.2	6.9	6.2	0.5	0.6	23.2	21.8
Residential/IE	Neutral	5.5%	-15%	-7%	-15%	4%	-4%	12.2	11.7	1	1	4.3	4.6	13.7	12.9
Agribusiness	Underweight	0.5%	-22%	14%	46%	3%	0%	7.4	7.2	0.8	0.7	2.7	2.8	5.8	5.3
Automotive	Underweight	0.4%	-16%	-26%	-26%	11%	-7%	9	8.1	0.7	0.7	5.6	6.2	2.9	2.3
Building Materials	Underweight	2.9%	-16%	-14%	-45%	88%	5%	23.5	12.5	0.7	0.7	2.4	4	10.3	7.5
Petrochemical	Underweight	1.6%	-25%	-22%	-10%	328%	3%	-22.6	9.9	0.5	0.5	2.8	4.9	6.3	5.4

Source: Bloomberg, InnovestX Research

SET Index targets: 1500 for 2024 and 1550 for 2025

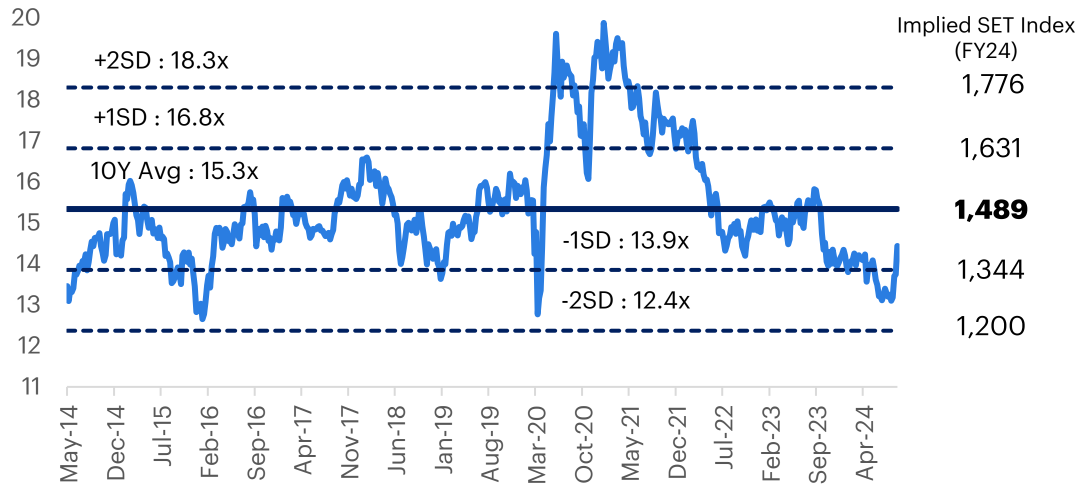
Stay invested; volatility ahead

		Target PB		Market Cap	
	Book value (2024)	**SD band**	**Justified PB**	**SD band**	**Justified PB**
Energy	3,389,432	1.1	1.0	3,598,783	3,389,432
Utilities	82,421	2.3	2.5	191,992	206,054
Bank	2,947,509	0.7	0.8	2,183,585	2,269,582
Trans	495,888	2.7	3.0	1,347,324	1,487,663
ICT	568,758	3.0	2.9	1,706,273	1,649,397
Food	611,853	2.2	2.2	1,355,475	1,315,484
Commerce	787,255	3.0	3.1	2,395,261	2,401,129
Petro	531,661	0.8	0.7	417,484	372,163
Healthcare	226,554	4.5	4.5	1,025,394	1,019,492
Electronics	161,317	3.0	4	485,920	645,268
Property	803,770	1.0	1.1	806,469	884,147
Tourism	152,107	2.2	2.4	339,609	365,056
Media	87,082	2.2	1.4	188,291	121,915
Con Mat	601,650	1.3	1.4	806,757	842,309
Finance	348,030	2.3	2.2	788,150	765,667
Others	1,010,973	0.8	0.8	808,778	808,778
Implied target				**1,492**	**1,500**

Source: Bloomberg, InnovestX Research

Yield Gap	EPS FY2025				
	-5%	**-1%**	**Base (EPS 100)**	**+1%**	**+5%**
+1SD (2.9%)	1,601	1,668	1,685	1,702	1,769
Avg (3.6%)	1,440	1,501	**1,516**	1,531	1,592
-1SD (4.3%)	1,309	1,364	**1,378**	1,391	1,447
-2SD (4.9%)	1,199	1,250	1,262	1,275	1,326
Forward P/E					
-2SD (12.4x)	1,175	1,224	1,237	1,249	1,299
-1SD (13.9x)	1,316	1,371	**1,385**	1,399	1,454
Avg (15.4x)	1,457	1,518	**1,534**	1,549	1,610
+1SD (16.8x)	1,598	1,665	1,682	1,699	1,766

P/E band - SET Index is trading below long term average



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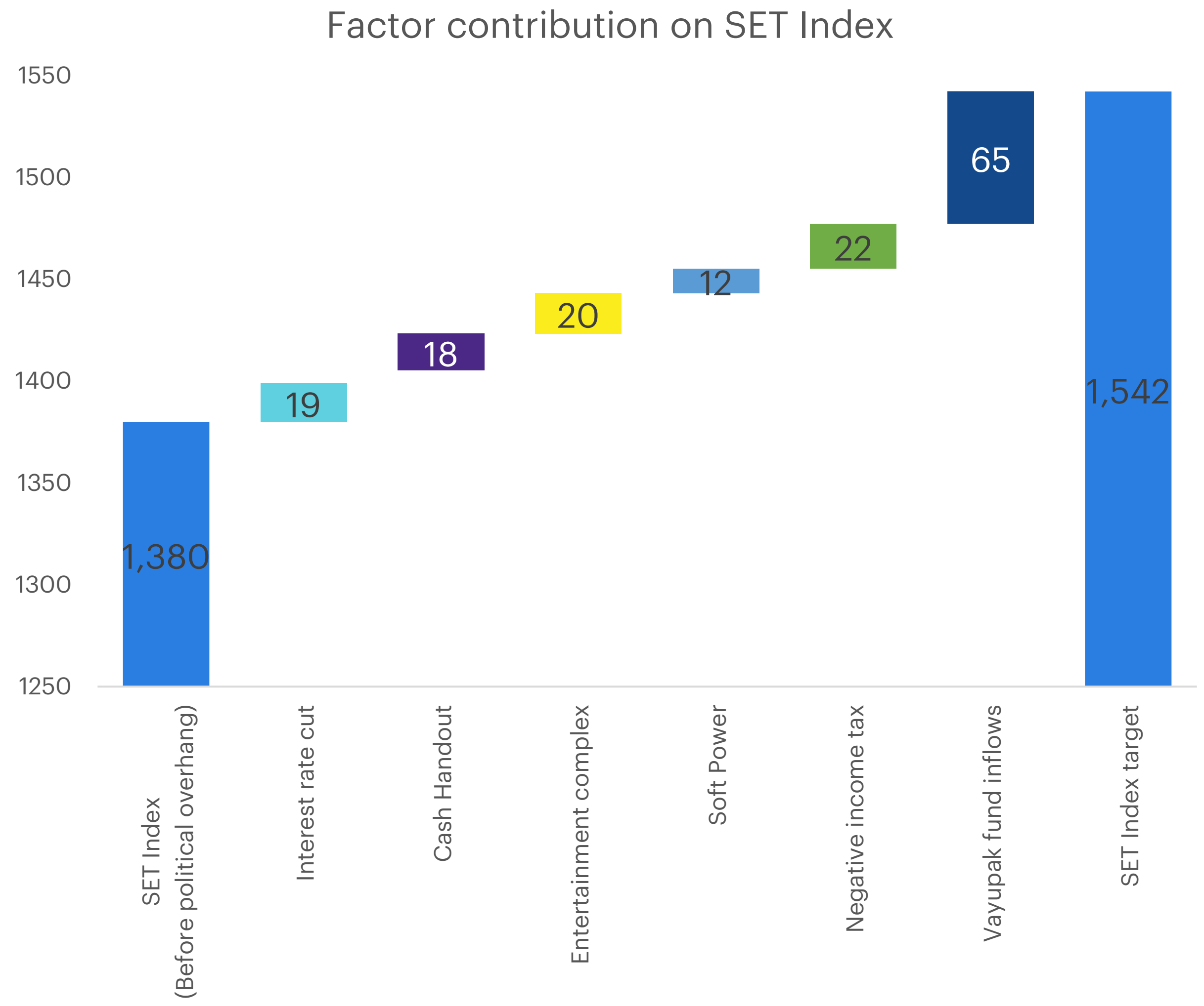
SET Index scenario



Source: Bloomberg, SET, InnovestX Research

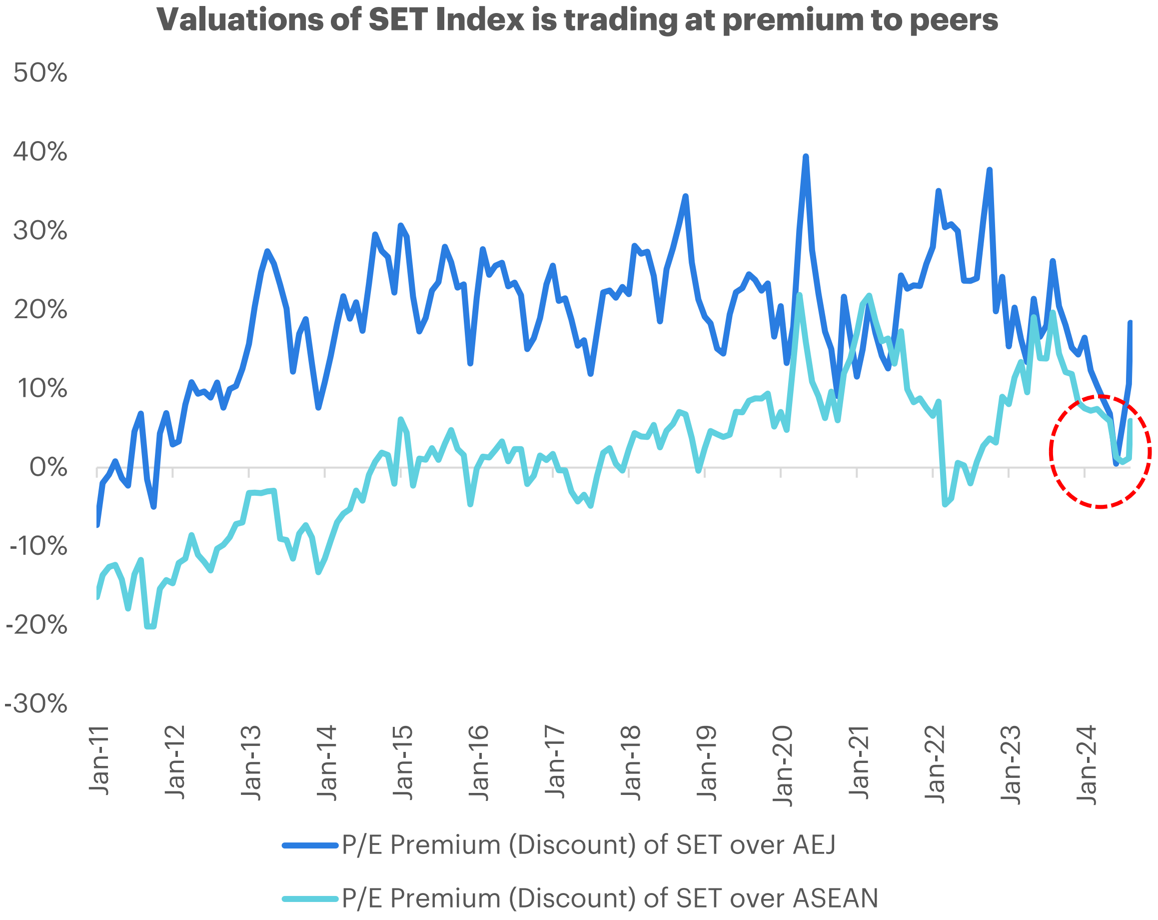
Given the anticipated emergence of positive factors following a reduction in political uncertainties, we expect the SET to move up in 4Q24 but with volatility, potentially reaching our target of 1500. Should all policies be implemented as planned, we believe the SET could rise to 1550.

Key contributions include:

1) **Interest rate cut** – A 25 bps cut is estimated to add 1.3% to earnings, contributing 19 points to the SET Index.
2) **Cash handout** – Expected to boost GDP and earnings growth in the short term, potentially adding 18 points to the SET Index.
3) **Entertainment complex**– Government studies estimate an added value of Bt20bn per year for operators, potentially contributing 20 points to the SET Index (Casino P/E 12x).
4) **Soft power** – Accelerating traffic to pre-pandemic levels and 5% spending growth could contribute 12 points to SET Index.
5) **Negative income tax** – With an expected boost to GDP of 0.1% per year, this could add around 22 points to SET Index.
6) **Vayupak fund inflows** – New domestic inflows ranging between Bt100-150bn (0.6-0.9% of market cap) are expected to support SET Index during downturns, contributing ~50-80 points.

Thai market valuation is re-rated on confidence

Returning to trade at a premium relative to peers



Source: Bloomberg, InnovestX Research

Despite political instability, the SET Index has enjoyed a higher valuation than peers of 10-30% since 2012 due to the strong growth story of domestic consumption, exports and tourism.

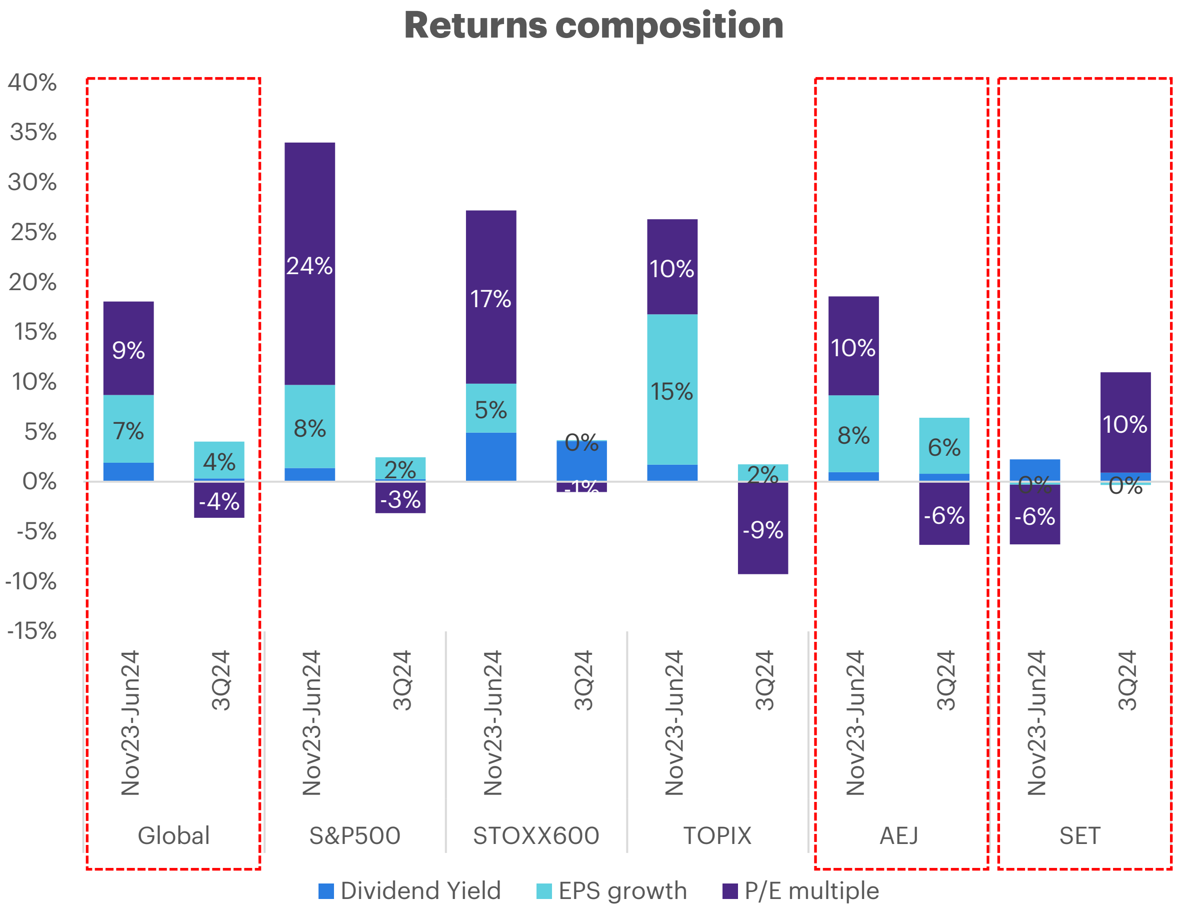
The winds of fortune have turned turning against the slow-growing economy, which faces structural challenges, AI competition from North Asia, and political overhangs. This has caused valuation to decline to the lowest level compared to Asia ex-Japan and ASEAN peers in 12 years and 2 years respectively in 2Q24. In 3Q24, the SET valuation fall to trade on par with peers.

We believe earnings will likely drive the equity returns as valuations seem reasonable. Positioning remains light, which lends an upward bias to performance if fundamentals are supportive. In addition, an easing political climate, improving investor confidence, economic stimulus measures and other long-term plans limit the downside risks for the market and support a valuation premium in the short term.

Thus, we believe the SET should trade at a P/E of ~15x based on fundamentals. A valuation premium of 20% over peers seems over-valued, as long-term growth prospects are not compelling relative to regional peers.

Thai valuation expansion aligns with peers

Need more earnings growth to support the SET Index



Source: Bloomberg, InnovestX Research

Given the gloomy economic growth, political uncertainties, and structural challenges, the pressure on valuation since the onset of the global stock market rally in November 2024 is not surprising. The first half of 2024 brought a valuation de-rating across the board.

The underperformance of the SET Index from Nov 2023 to Jun 2024 was primarily due to a 6% valuation de-rating, while global and Asian peers experienced valuation expansion driven by strong earnings growth of 7% and 8%, respectively. The US showed the largest valuation expansion at 24%.

Many of the growth narratives in 3Q24, such as AI earnings, the US election, US economic growth, and China's recovery, are becoming increasingly negative and uncertain compared to 1H24. Consequently, valuations in key markets have been downgraded. On the contrary, the SET Index valuation has been upgraded by 10%, buoyed by rising confidence due to easing political concerns, although earnings have remained unchanged from 1H24.

In summary, we believe the upside for the SET will be driven by earnings growth resulting from government policy implementation rather than by valuation expansion, which is in line with global and regional peers amid the global economic slowdown.

SET Index scenario in 2024

Keep your finger on the pulse and prepare for swings in 4Q

1Q24

Global markets were supported by continued strength in the US economy, better-than-expected earnings in 4Q23, yen weakness, and China's stimulus that countered sluggish growth in EU and China and delayed a rate cut as well as geopolitical risk. The Thai market underperformed due to lower-than-expected economic and earnings growth amid ongoing concerns about growth in China.

Global market +6.1%
Bond market –1.2%
Gold +5.6%
SET Index -2.1%

2Q24

Despite the geopolitical backdrop in the Middle East and Taiwan and a delayed US rate cut, China's fiscal stimulus with supportive measures for property and signs of a rebalancing in economic momentum as well as continuous earnings growth supports the market. The Thai market underperformed due mainly to political uncertainty and unclear economic stimulus.

Global market +2.4%
Bond market –1.1%
Gold +2.9%
SET Index -5.6%

3Q24

The market shifted its focus towards the valuation of tech companies and weakening global growth. Investors moved out of growth companies and instead favored better valued and smaller companies. The Fed stance on cutting its rate has become more evident, leading to a weaker dollar that supports the outperformance of safe assets and benefits EM equities despite a sluggish recovery in China. The Thai market has surged thanks to optimism regarding political stability and new stimulus measures that bolster confidence in economic recovery

Global market +0.1%
Bond market +6.5%
Gold +7.3%
SET Index +9.7%

4Q24

SET Index target is 1500

Looking into 4Q24, three risks (weak dollar, US election, US-China relations) could heighten volatility in both global and Thai equity markets. The geopolitical risks between China and US are expected to persist. Uneven rate cuts by central banks may lead to currency fluctuation. In addition, the global economic growth outlook is weakening in 3Q24, which could dampen optimism for growth in 2025.

Source: Bloomberg, SET, InnovestX Research

Thai equity strategy

Walking a fine line in 4Q24; walking on eggshells in 2025

4Q24

- **Outlook** – The macro environment in 4Q24 is characterized by slowing growth with a steady step down in interest rate. Uneven central bank rate cuts will be seen in 4Q24 and lead to currency fluctuations. However, Asian and Thai equities may face higher volatility due to three factors: 1) slower recovery in China with a continuing property crisis, 2) uncertainty around the US election that could affect fiscal, tax, antitrust, and trade policies such as a tariff hike, 3) the US-China political tension on technology blockage that may led to retaliation by China, especially if Trump wins.
- **Strategy** - We anticipate a lot of market fluctuations in the last quarter of 2024. The lower rate is good for the market. EMs are still growing relative to DMs. A weak dollar could encourage fund inflows to EMs, and Thailand. We favor large-cap companies that mainly operate in the domestic market with policy support and have strong financial positions over sectors that depend on the economic cycle, as this can lower the impact of external volatility as well as a struggle from a strong baht.

2025

- **Outlook** – Overall, the economy is expected to slow, with limited chance of entering recession due to emerging challenges, especially given China's structural issues and rising geopolitical tensions. Trade and technology policies between the US and China are expected to be more aggressive in 2025-2026. The expected pivot to global monetary policy easing is now taking shape and this could reduce the impact of a global economic slowdown. Thus, we think continued expansion is far more likely than recession. However, Thailand's growth outlook remains soft with long-term structural challenges.
- **Strategy** – We believe the upside for the SET will be driven by earnings growth resulting from the government's policy implementation. On the positive side, earnings are expected to grow 18% in 2025 because of the rate cut and government stimulus. The baht is likely to strengthen, encouraging fund inflow, with China's slow recovery acting as the key headwind. As a result, we recommend to stay invested in the Thai market, being selective, choosing sectors with high domestic exposure over those with high external and currency exposure.

Source: InnovestX Research

Our top picks in 4Q24 – BDMS, CPALL, GPSC, HANA, LHHOTEL
Focusing on defensive growth

Based on our analysis, four stock characteristics will enable outperforming the market in 3Q24. We look at stocks that have:

1) Good balance sheets that will cushion in a highly uncertain environment and broad-based macro challenges.
2) Positive momentum from continuous smartphone, notebook and automotive recovery.
3) Earnings recovery in 4Q24 from revenue recovery and margin expansion.
4) Gain from lower interest rate on both earnings and valuation in 4Q24-1H25.
5) Benefit from government economic stimulus and supportive long-term policies.

As the global economy is showing early signs of a slowdown, we still favor stocks with solid financial positions and clear signs of earnings recovery in 3Q24 and 2H24. We look for companies that can grow faster than the market average and sustain their earnings momentum. We like companies that are showing a continuous earnings recovery and can benefit from improving domestic economic outlook and short-term stimulus. Therefore, our top picks for 4Q24 are BDMS, CPALL, GPSC, HANA, LHHOTEL.

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)	(%)	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F
BDMS	Outperform	29.50	36.0	24.7	32.6	29.0	26.8	14	13	8	4.9	4.7	4.6	15	16	17	2.4	2.7	2.9	19.2	17.4	16.2
CPALL	Outperform	66.00	77.0	18.7	33.3	25.5	22.1	41	31	16	5.3	4.7	4.2	17	20	20	1.5	2.0	2.3	12.0	10.8	9.9
GPSC	Neutral	45.00	60.0	35.1	37.1	27.7	23.8	311	34	16	1.2	1.2	1.1	3	4	4	1.6	1.8	2.0	12.8	11.6	10.9
HANA	Outperform	39.00	56.0	47.6	15.7	17.6	16.2	-16	-11	9	1.1	1.2	1.2	8	7	7	2.6	4.0	4.3	11.2	10.1	9.7
LHHOTEL	Outperform	12.50	15.0	29.3	7.9	9.5	9.1	104	-16	4	1.1	1.0	1.0	10	11	11	9.2	9.3	9.5	19.0	12.6	12.2
Average					**25.3**	**21.9**	**19.6**	**91**	**10**	**11**	**2.7**	**2.6**	**2.4**	**11**	**12**	**12**	**3.4**	**3.9**	**4.2**	**14.8**	**12.5**	**11.8**

Source: InnovestX Research

สิทธิชัย ดวงรัตนฉายา

นักกลยุทธ์อาวุโสตลาดหุ้นไทยและต่างประเทศ
ฝ่ายกลยุทธ์การลงทุน

ดร.ปิยศักดิ์ มานะสันต์

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Companies with Good CG Scoring

24CS, AMANAH, AMARC, AMC, APP, ASAP, BCT, BE8, BIG, BIOTEC, BLESS, BSM, BVG, CAZ, CCET, CHARAN, CHAYO, CHOTI, CITY, CMAN, CMR, CRANE, CWT, DHOUSE, DTCENT, EASON, FNS, FTE, GIFT, GJS, GTB, GTV, GYT, HL, HTECH, HYDRO, IIG, INGRS, INSURE, IRCP, ITD, ITNS, JCK, JMT, JR, JSP, KBS, KGEN, KJL, L&E, LEE, MASTER, MBAX, MEB, MENA, META, MGT, MITSIB, MJD, MOSHI, MUD, NATION, NNCL, NPK, NSL, NV, OGC, PAF, PCC, PEACE, PICO, PK, PL, PLANET, PLE, PMTA, PPM, PRAKIT, PRAPAT, PRECHA, PRIN, PSG, RABBIT, READY, RJH, RSP, RWI, S11, SAAM, SAF, SAMCO, SAWAD, SCAP, SCP, SIAM, SKE, SKY, SMART, SMD, SMIT, SOLAR, SPA, STECH, STPI, SVR, TC, TCCC[3], TEAM, TFI, TIGER, TITLE, TKC, TMI, TNH, TPA, TPAC, TRITN, UBA, UMI, UMS, UTP, VARO, VPO, W, WARRIX, WORK, WPH, YONG, ZIGA

Corporate Governance Report

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To recognize well performers, the list of companies attaining “Good”, “Very Good” and “Excellent” levels of recognition (Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2022 to 31 October 2023) is publicized.

[1]OISHI was voluntarily delisted from the Stock Exchange of Thailand, effectively on September 6, 2023

[2]SFP was voluntarily delisted from the Stock Exchange of Thailand, effectively on July 19, 2023

[3]TCCC was voluntarily delisted from the Stock Exchange of Thailand effectively on August 25, 2023

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, BBGI, 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, CPALL, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CSC, DCC, DELTA, DEMCO, DIMET, DOHOME, 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, 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, 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, TGE, 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, ALT, AMC, ASW, BLAND, BTG, BYD, CAZ, CBG, CV, DEXON, DMT, EKH, FSX, GLOBAL, GREEN, ICN, IHL, ITC, J, JMART, JMT, LEO, LH, MENA, MITSIB, MODERN, NER, NEX, OSP, OTO, PLUS, POLY, PQS, PRIME, PROEN, PRTR, RBF, RT, SA, SANKO, SCB, SENX, SFLEX, SIS, SKE, SM, SVOA, TBN, TEGH, TIPH, TKN, TPAC, TPLAS, TQM, TRUE, W, WPH, XPG

N/A

24CS, 3K-BAT, A, A5, AAV, ABM, ACAP, ACC, ACG, ADD, ADVICE, AEONTS, AFC, AGE, AHC, AIT, AJA, AKR, AKS, ALL, ALLA, ALPHAX, ALUCON, AMARC, AMARIN, AMR, ANAN, ANI, 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, BLC, BLESS, BLISS, BM, BOL, BR, BRI, BROCK, BSM, BSRC, BTNC, BTW, BUI, BVG, CCET, CCP, CEYE, CGD, CH, CHARAN, CHASE, CHAYO, CHG, CHIC, CHO, CI, CITY, CIVIL, CK, CKP, CMAN, CMO, CMR, CNT, COCOCO, COLOR, COMAN, CPANEL, CPH, CPR, CPT, CRANE, CRD, CREDIT, CSP, CSR, CSS, CTW, CWT, D, DCON, DDD, DHOUSE, DITTO, DOD, DPAINT, DTCENT, DTCI, DV8, EASON, ECL, EE, EFORL, EMC, ETL, EURO, EVER, F&D, FANCY, FE, FLOYD, FMT, FN, FORTH, 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, IIG, IMH, IND, INGRS, INSET, IP, IRC, IRCP, IT, ITD, ITNS, ITTHI, JAK, JCK, JCKH, JCT, JDF, JPARK, 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, MANRIN, MASTER, MATI, MCA, M-CHAI, MCS, MDX, MEB, MEGA, METCO, MGC, MGI, MGT, MICRO, MIDA, MJD, MK, ML, MORE, MOSHI, MTW, MUD, MVP, NAM, NAT, NC, NCH, NCL, NDR, NETBAY, NEW, NEWS, NFC, NL, NNCL, NOK, NOVA, NPK, NSL, NTSC, NTV, NUSA, NV, NVD, NYT, OHTL, ONEE, ORN, PACE, PACO, PAF, PANEL, PCC, PEACE, PERM, PF, PHG, PICO, PIN, PJW, PLE, PLT, PMTA, POLAR, POMPUI, PORT, POST, PPM, PRAKIT, PRAPAT, PRECHA, PRI, PRIN, PRO, PROUD, PSG, PSP, PTC, PTL, RAM, RCL, READY, RICHY, RJH, ROCK, ROCTEC, ROH, ROJNA, RP, RPC, RPH, RSP, S, S11, SABUY, SAF, SAFARI, SAFE, SALEE, SAM, SAMART, SAMCO, SAMTEL, SAUCE, SAV, SAWAD, SAWANG, SBNEXT, SCAP, SCGD, SCI, SCL, SCP, SDC, SE, SEAFCO, SECURE, SFT, SGF, SHANG, SHR, SIAM, SICT, SIMAT, SINGER, SINO, SISB, SJWD, SK, SKN, SKY, SLM, SLP, SMART, SMD, SMT, SNNP, SO, SOLAR, SONIC, SPA, SPCG, SPG, SPVI, SQ, SR, SRS, SSC, SSS, STANLY, STARK, STC, STEC, STECH, STHAI, STI, STP, STPI, SUC, SUN, SUPER, SUTHA, SVR, SVT, SWC, SYNEX, TACC, TAN, TAPAC, TC, TCC, TCJ, TCOAT, TEAM, TEAMG, TEKA, TFM, TGPRO, TH, THAI, THANA, THE, THG, THMUI, TIGER, TITLE, TK, TKC, TLI, TM, TMC, TMI, TMW, TNDT, TNH, TNPC, TOA, TPBI, TPCH, TPIPL, TPIPP, TPL, TPOLY, TPP, TPS, TQR, TR, TRC, TRITN, TRP, TRUBB, TRV, TSE, TTI, TTT, TTW, TURTLE, TVH, TVT, TWP, TWZ, TYCN, UAC, UBA, UMI, UMS, UNIQ, UP, UPF, UPOIC, UREKA, UTP, UVAN, VARO, VIBHA, VL, VNG, VPO, VRANDA, WARRIX, WAVE, WFX, WGE, WIN, WINDOW, WINMED, WINNER, WORK, WORLD, WP, YGG, YONG, ZAA

Explanations

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 1, 2023) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.