

3Q24 STRATEGY

CLOSING THE GAP

 Innovest^x Research



3Q24 InnovestX Strategy – Closing the gap

Signs of synchronized recovery. A recovery is emerging across different regions. The manufacturing sector is showing signs of improvement, especially in Asia, where the situation resembles the previous recovery phase of 2016-18. This suggests that the Asian manufacturing sector could continue to improve until the end of this year or early next year at least.

Soft landing in US could prompt a rate cut in 4Q24. The US economy is showing signs of deceleration. The high cost of borrowing dampens consumer spending and affects the production sector. We expect that the US economy will keep losing momentum, especially in the manufacturing sector and labor market, which will prompt the Fed to cut interest rates.

Thai economy recovers cyclically, but structural slowdown. We expect the Thai economy to regain some momentum, as the latest data shows signs of improvement in the manufacturing and tourism sectors. We project the economy will grow 2.0% in 2024 and 2.5% in 2025. The main economic risks stem from political issues, such as the possible delay of the FY2025 budget by at least two quarters, which would pressure domestic consumption.

Geopolitical risks are emerging. We anticipate a worsening in the situation ahead of the US presidential election. The relationship between the US and China will deteriorate, especially if Trump wins a second term as president that could lead to a strong dollar and rising inflation, both negative to markets.

Navigating a shifting macro backdrop. The prospects for GDP and earnings growth have improved as the global economy recovers from the pandemic. Markets anticipate a delay in policy rate cuts until 2Q24, which would stabilize the dollar and yield in 3Q24. Earnings will be the main factor driving equity returns, as valuations seem to reflect fair levels for Asia markets. The common thread for Asia market is currency weakness.

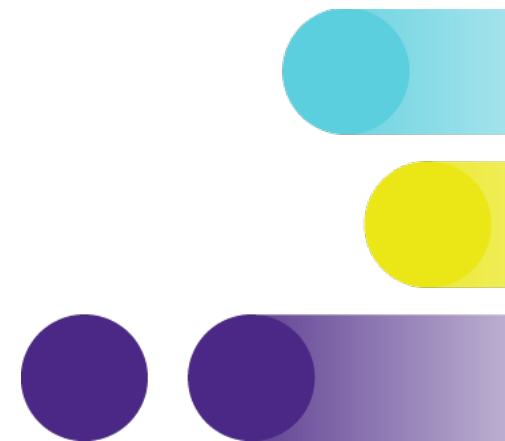
Closing the gap. Strong returns in the US, growth vs value and tech were not the result of irrational exuberance but reflected the wide divergence of profit growth. We expect EM earnings to bottom in 1Q24 and start to recover from 2Q24. We believe China and Thailand will narrow their gap with the US and EU in terms of price performance, driven by earnings growth.

Staying the course. Growth sectors will lag behind value and cyclical sectors except for tech. The Thai market is weak but could improve with more stimulus and earnings recovery. Political and economic news may boost the Thai market in 3Q24. We expect the SET Index to rally and reach 1500 by the end of 2024.

Focusing on earnings recovery. We like companies that are seeing steady earnings recovery and can benefit from global economic recovery and bypass the cloudy domestic growth outlook. This determines our selection of top picks for 3Q24, which are: ADVANC, KCE, OSP, PTTGC and TU.

3Q24 Global and Thai economic outlook: synchronized global recovery

InnovestX Securities Co., Ltd.



3Q24 Global Economic Outlook: Synchronized recovery

- In the world economy, we are seeing signs of a synchronized recovery, trickling down from the large economies, especially the United States, followed by Europe and now seeping into Asia, with the latest Global PMI improving, led by the service sector. The manufacturing sector is also coming back, especially in Asia where the recovery is clear, similar to in 2016-18, whether measured by PMI, MPI or exports, and will take approximately two years. This means it is possible Asia's manufacturing sector will climb back up through the end of this year or into early next year.
- The US economy has clearly begun to slow down. High interest rates affect purchasing power and in turn the manufacturing sector, especially ISM Manufacturing. Though inflation has begun to slow, it remains high. The unemployment rate has reached target and will continue to slow from now on. This picture leads us to believe the Fed will maintain its GDP forecast, maintain its unemployment rate goal, but adjust its Core PCE target slightly. We expect the dot plot to fall to 4.88%, decreasing twice. In the next period, we view that the US economy will continue to slow down, especially the manufacturing sector and labor market, allowing the Fed to reduce interest rates in November-December.
- Europe's economy is beginning to show signs of recovery, led by the service sector, with both the PMI and GDP indexes for 1Q21 in Europe hinting at recovery. The southern European countries are the key to pulling up Europe's economy as a whole. Large economies like Germany are starting to recover as well. Despite the onset of recovery, the economy remains fragile. Inflationary pressures in Europe are lower than in the United States, allowing the ECB to cut interest rates first, which it began in June, following the SNB and Riksbank of Sweden, which have begun to reduce interest rates.
- We view that China's economy is still at risk of a liquidity trap. It has, however, turned to focus on supportive policies: 1) the government began selling long-term bonds with maturities of 20-50 years worth 1 trillion yuan to stimulate the economy. They will be sold out in November and are expected to increase GDP by 1% from the base case. 2) It announced the cancellation of the minimum mortgage interest rate. 3) It has reduced down payments on home loans. 4) The central bank (PBOC) plans to set up a fund worth 300 billion yuan to buy unsold houses. 5) The local government has started a plan to encourage companies and households to upgrade their machinery and appliances, using tax measures to subsidize the purchase of electrical appliances and cars. We believe China will push its economy into recovery via the export of cheap goods and encouraging its citizens to switch up to electrical appliances. We believe the real estate sector funds to be established by the PBOC will help absorb some of the excess supply in the housing market.
- We see geopolitical risk as most severe ahead of the US presidential election. We focus on the cold war with China, which includes a trade war, a tech war and a financial war as well as Taiwan risks, with the trade war being the most important to watch. Although the tariffs on EVs and others initiated by President Biden are not severe, the cold war between the United States and China will become more severe over time, especially if Trump becomes president for the second time, because he plans to announce 10% tariffs on all countries around the world. He also wants to increase tariffs on all types of Chinese imported goods by 60%.

3Q24 Thailand Economic Outlook: Cyclical rebound with political risk

- In term of Thai economy, we view that the Thai economy will begin to recover in momentum, with the latest Thai economic figures showing a clearer signal of recovery. industrial sector recovered for the first time in 19 months following a recovery in exports. The agricultural sector recovered following prices. But the quantity is still shrinking. Investment began to recover following imports of machinery. Consumption began to slow down. But durable goods are beginning to recover. Recently, we developed the INVX Thailand GDP-Now Model and found that 2Q24 GDP (with actual data for April) will expand by approximately 2.3%, close to our Macro model which is expected to be at 2.5. %
- However, we believe that the economic risks will mainly depend on political issues. Especially the Constitutional Court case of Prime Minister Settha appointing Mr. Phichit Chuenban as Minister attached to the Prime Minister's Office. We analyze the situation into 3 cases: (1) Base case where the court decides in favor of Prime Minister Settha, this will allow the current administrative process to continue. The economy will expand at 2.5% in 2024 and 3.0% in 2025, respectively.(2) In a worse case where if the court decides not in favor of Prime Minister Settha and brings into the process of selecting a new prime minister but still gets a prime minister from the Pheu Thai Party, we forecast the economy will expand at 2.3% in 2024 and 2.7% in 2025, respectively. (3) In the worst case scenario, if the court decides not in favor of Prime Minister Settha and brings into the process of selecting a new prime minister, but was unable to recruit a prime minister within the third quarter. We forecast the economy will expand at 2.0% in 2024 and 2.5% in 2025, respectively.

Content

1. **Global economy: ray of light at the end of the tunnel**

1. US economy
2. European economy
3. Chinese economy
4. Summary of the world economic outlook

2. **Geopolitics, a risk that must be closely watched**

1. China derisking and four wars to curb its supremacy
2. A collapse in the world order and its implications for the economy.

3. **The Thai economy recovering cyclically, but structurally slowing down**

1. Thai economy in first quarter 2023
2. Challenges of the Thai economy
3. Projection of the direction for the Thai economy and interest rate

Global economy: Ray of light at the end of the tunnel

InnovestX Securities Co., Ltd.

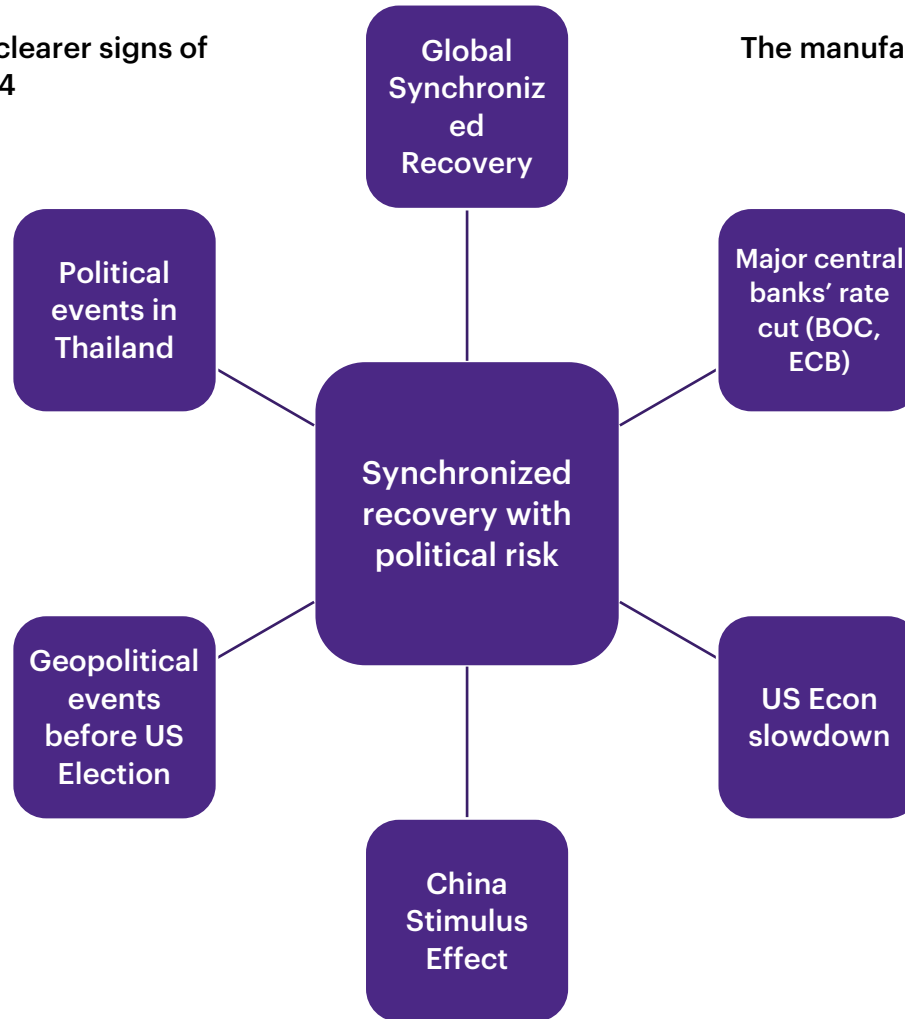


High points: Situations to keep an eye on in 3Q24

Leading economies have shown clearer signs of recovery since 1Q24

The manufacturing sector in Asia recovered more clearly in unison in May

Keep an eye on cases for Settha and Thaksin, Section 112, dissolution of the Progressive Party. and the election of the Senate and its effect on the preparation of the annual budget.



Leading central banks have begun to cut interest rates , e.g. SNB, Riksbank, BOC, ECB. Keeping an eye on the Fed.

Keep an eye on the trade war, tech war, Israel-Iran shadow war and the Russia-Ukraine war, in the leadup to the US presidential election

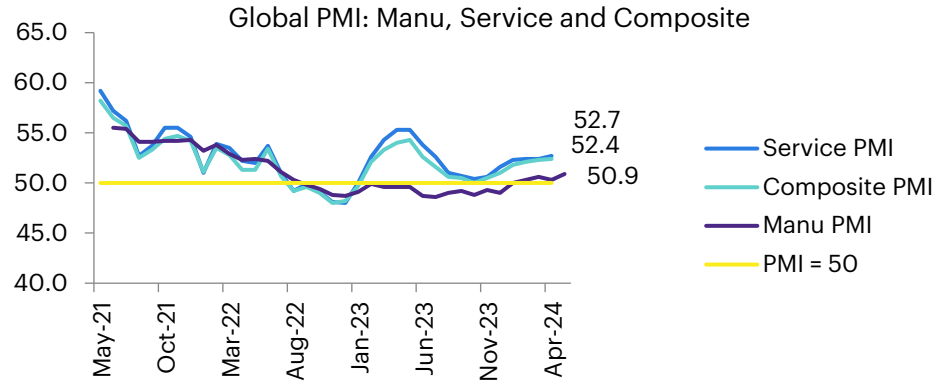
US manufacturing sector, labor market, and consumption are beginning to decelerate. Keep an eye on inflation, interest rate direction

Keep an eye on effectiveness of the 1 trillion yuan stimulus package, real estate measures, 300 billion yuan real estate fund, and the 3rd Plenum

Source: INVX

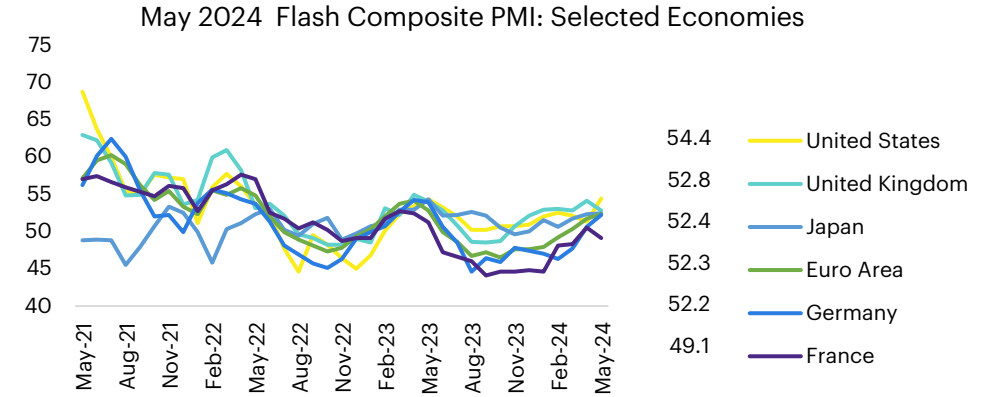
Global economy showing signs of synchronized recovery

Latest world PMI improves, led by the service sector, while the manufacturing sector has also recovered.



Source: Bloomberg, IMF, CEIC

Large country PMIs have improved since 2Q24.



Source: CEIC, INVX

The IMF raised its forecast for the global economy this year, mainly for the United States

IMF WEO Apr 2024 forecast compared to Jan 2024

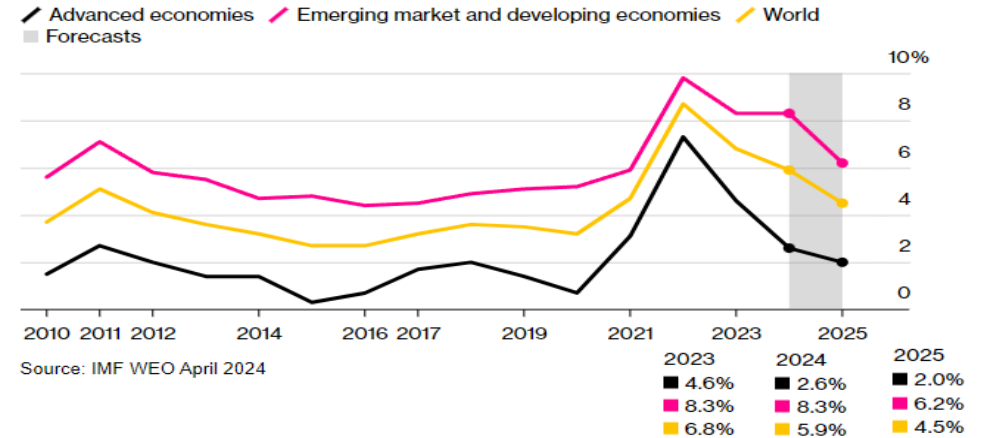
	2023	2024F		2025F	
		Jan 24	Apr 24	Jan 24	Apr 24
Global GDP	3.2	3.1	3.2	3.2	3.1
US	3.1	2.1	2.7	1.7	1.9
Eurozone	0.1	0.9	0.8	1.7	1.5
Japan	1.3	0.9	0.9	0.8	1.0
China	5.4	4.6	4.6	4.1	4.1
India	6.8	6.5	6.8	6.5	6.5
Thailand	1.9	4.4	2.7	2.0	2.9

Source: IMF

Inflation trending down on the heels of a tight monetary policy

Inflation Is Set to Continue to Slow Across the World

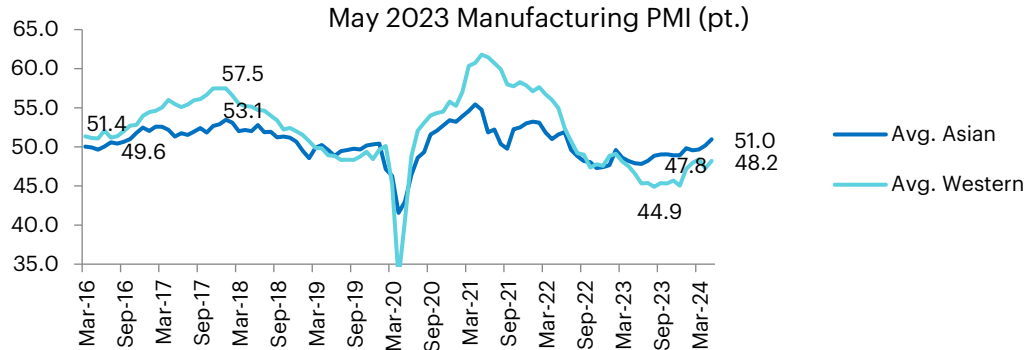
Average consumer prices (annual change)



Source: IMF WEO April 2024

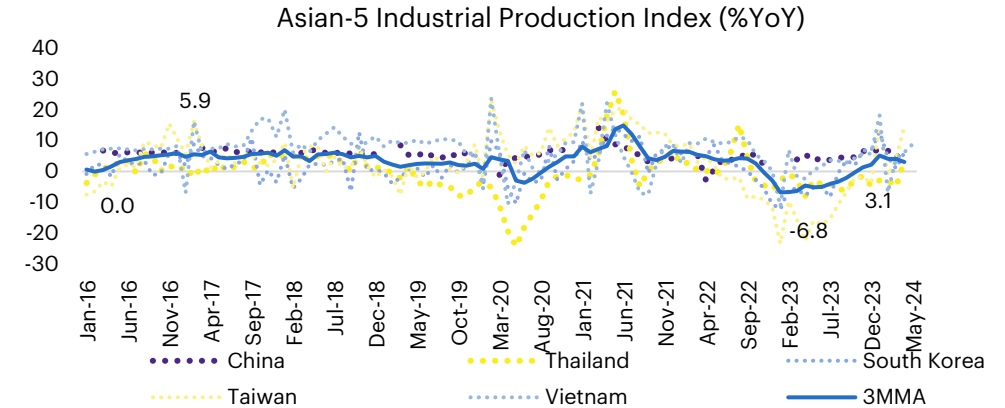
Manufacturing sector may also experience synchronized growth

Global manufacturing sector, esp. in Asia, is seeing a synchronized recovery similar to 2016-18



Note: Avg. Asian = China, Japan, S. Korea, Taiwan Vietnam
Avg. Western = Canada, France, Germany, Italy, UK, US

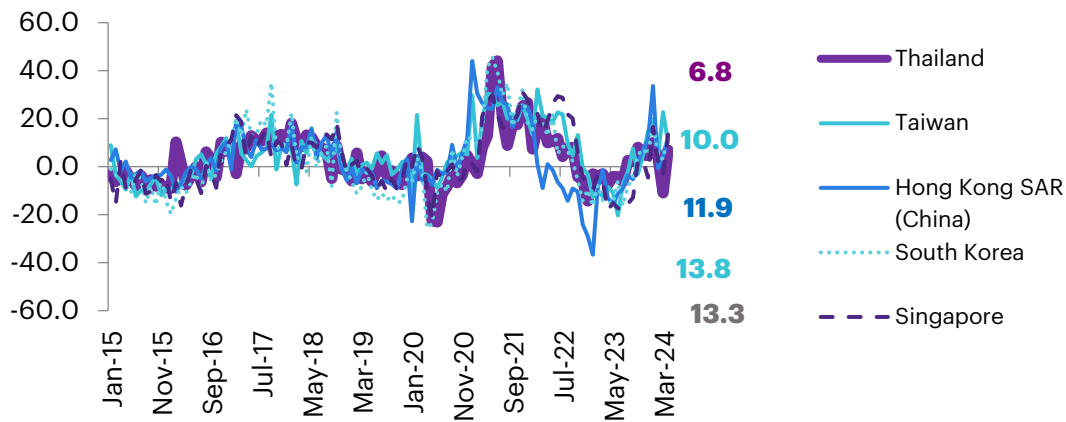
Asian-5 MPI also presents a simultaneous revival similar to 2016-18.



The picture as a whole points to a possible Asian manufacturing and export sector (which is a measure of the world economy and trade) revival through the end of this year and into early next year

Exports from Asian NICS countries are beginning to show clearer signs of recovery, similar to 2016-18.

Export of Asian NICS and Thailand (% YoY)

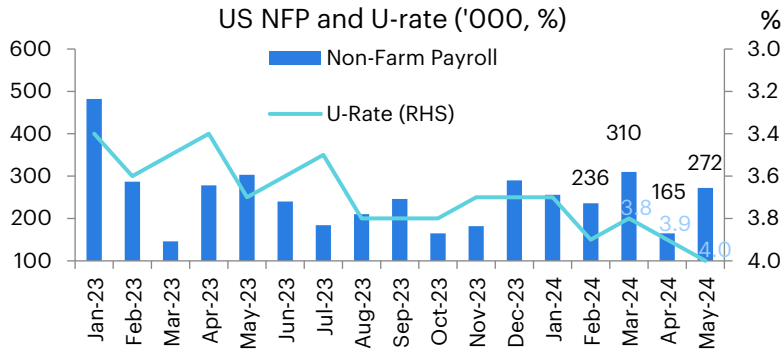


Source: CEIC, INVX

Pt. or %YoY	Bottom 2015-16	Peak 2017-18	Bottom 2022-23	May 2024
Manu PMI (Pt.)	49.6 (Apr'16)	53.1 (Apr'18)	47.8 (Jun'23)	51.0
MPI (%YoY)	0.0% (Feb'16)	5.9% (Dec'16)	-6.8% (Jan'23)	3.1%
Export (%YoY)	-12.0% (Jan'16)	19.8% (Feb'17)	-18.9% (Jan'23)	12.3% (Apr'24)

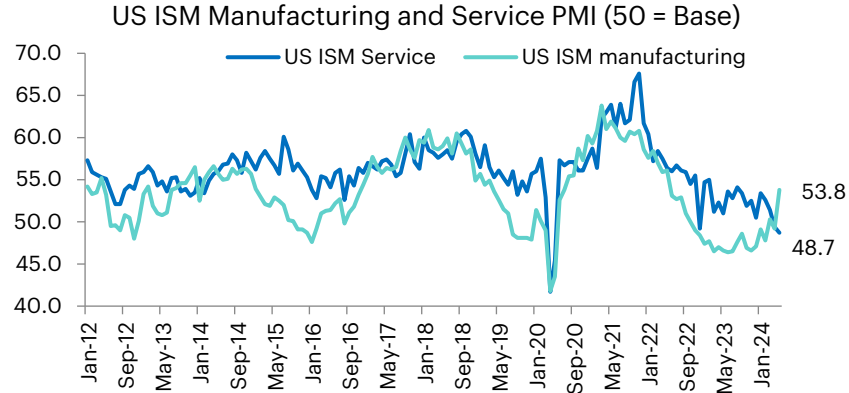
The US economy still shows signs of a soft landing.

NFP in May increased more than expected, but the unemployment rate rose to 4.0% as we expected.



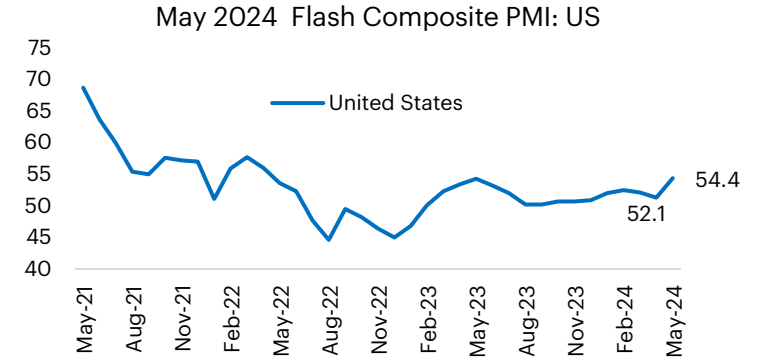
Source: CEIC, US BLS, INVX

ISM PMI index: US manufacturing contracted more than expected, but the service sector index recovered strongly.



Source: CEIC, INVX

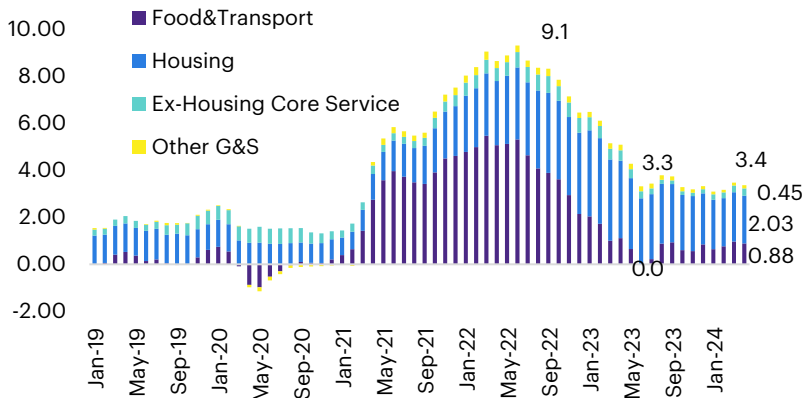
S&P Global composite PMI recovered more strongly, both in the manufacturing sector (50.0-> 50.9) and the service sector (51.3-> 54.8).



Source: CEIC, INVX

Inflation fluctuating as a result of the supply side, especially oil

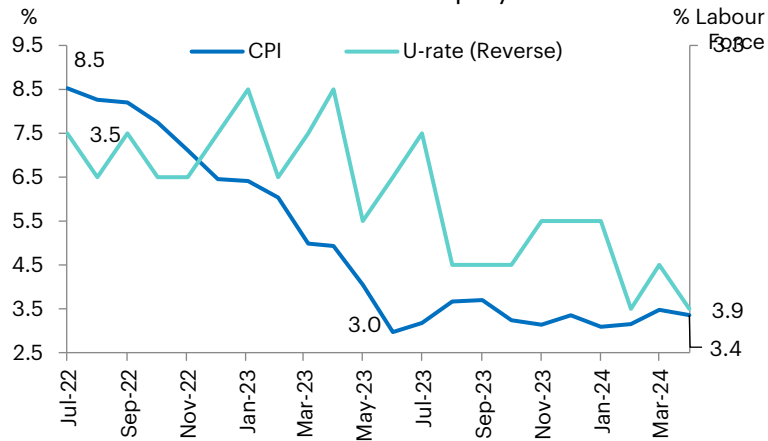
US CPI by 4 main categories



Source: CEIC, US BLS, INVX

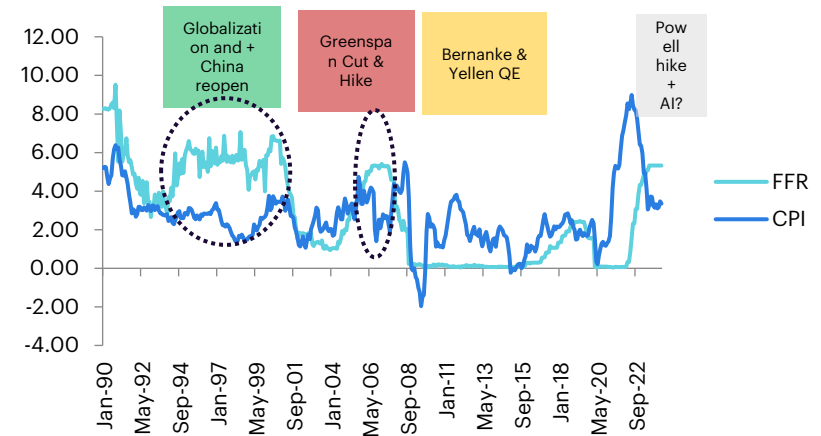
Keep an eye on whether inflation will continue to fall or not amidst a slowing economy

US CPI and Unemployment



Financial markets will be watching to see whether the Fed can lower interest rates from their highest levels in nearly two decades.

Fed funds rate and CPI (%)



Our view of the June 11-12 FOMC meeting

•We consider that

1. The US economic picture shows a clear slowdown, especially ISM Manufacturing. Inflation has also begun to slow but remains high, with Core PCE currently still at 2.8%; however, the unemployment rate has reached target at 4.0%, indicating a slowing in the labor market even though non-agricultural employment (NFP) will improve.
2. We believe the Fed will maintain its GDP forecast at 2.1% and the unemployment target rate at around 4.0%, but adjust its Core PCE target slightly.
3. We expect the dot plot to decrease to 4.88% at the end of 2024, implying two cuts from now.
4. Later, we view that the US economy will continue to slow down, allowing the Fed to reduce interest rates in Nov -Dec.

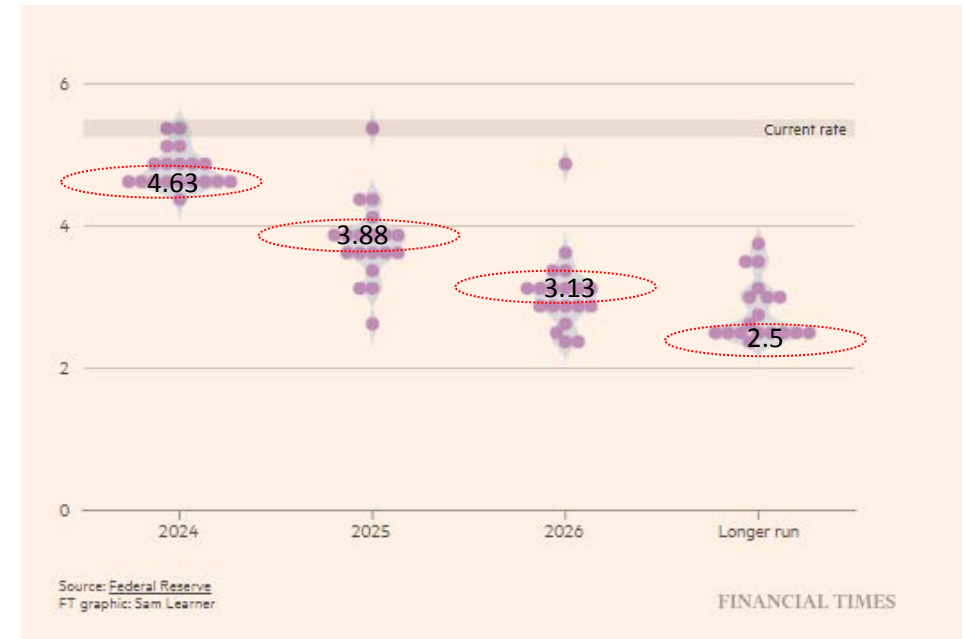
INVX 2024 US interest rate, inflation and unemployment estimates

EP 3: 22Q1-24Q4

	01/2024	02/2024	03/2024	04/2024	05/2024	06/2024	07/2024	08/2024	09/2024	10/2024	11/2024	12/2024
FFR	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.13	4.88
CPI	3.1	3.2	3.5	3.4	3.5	3.5	3.6	3.5	3.3	3.3	3.5	3.6
GDP	2.8	2.8	2.8	2.1	2.1	2.1	1.6	1.6	1.6	1.4	1.4	1.4
ISM Manu	49.1	47.8	50.3	49.2	48.7	48.9	49.4	49.8	50.6	51.0	51.4	52.2
ISM Service	53.4	52.6	51.4	49.4	53.8	49.8	50.3	50.6	50.9	51.1	51.3	51.8
NFP	256.0	236.0	310.0	165.0	272.0	218.5	139.6	15.7	38.5	64.0	84.1	105.3
U-rate	3.7	3.9	3.8	3.9	4.0	4.0	4.0	4.0	4.1	4.1	4.0	4.0

Note: The latest actual numbers are from May, except for the CPI numbers, which are from April.

Mar 2024 dot plot



Source: FT

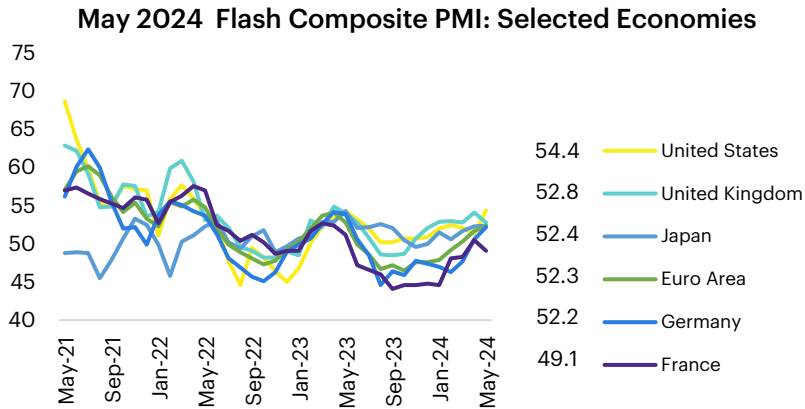
FOMC Mar 2024 econ projection

Variable (%)	2024	2025	2026	Longer run
GDP (Dec Proj.)	2.1	2.0	2.0	1.8
	1.4	1.8	1.8	1.8
U-rate (Dec Proj.)	4.0	4.1	4.0	4.1
	4.1	4.1	4.1	4.0
Core PCE (Dec Proj.)	2.6	2.2	2.0	
	2.4	2.2	2.0	
Fed Funds (Dec Proj.)	4.6	3.9	3.1	2.6
	4.6	3.6	3.6	2.5

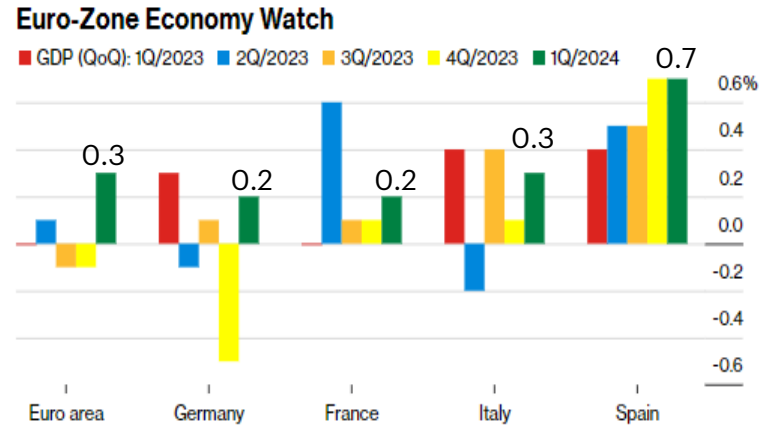
Source: Fed, FT, CEIC, INVX

The European economy looks better amid falling inflation

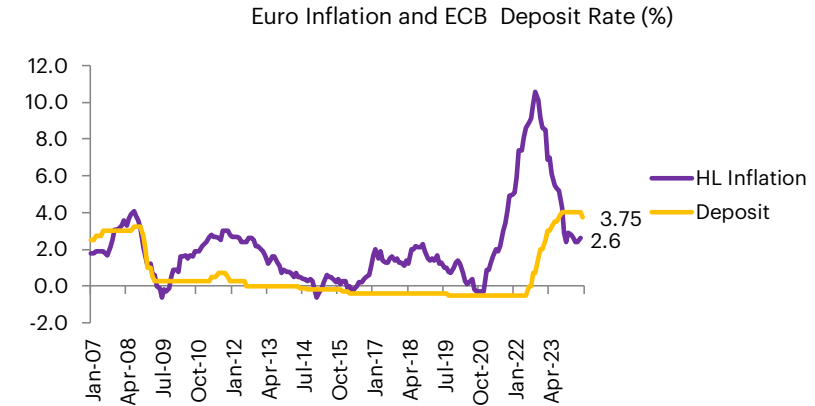
- Europe's economy is starting to show signs of recovery, led by the service sector, with both the PMI and GDP for 1Q24 starting to gain momentum. The southern European countries will pull the European economy up, while large economies like Germany are finally making a comeback.
- The economy is still fragile even though it is beginning to recover. Inflationary pressures in Europe are lower than in the United States, allowing the ECB to cut interest rates in June, following the SNB and Sweden's Riksbank, which have already begun to reduce interest rates.



Source: CEIC, INVX



Source: National statistics institutes



Source: CEIC, INVX

INVX 2024 Federal reserve and European Central Bank policy interest rate forecasts (%) (as of Apr. 2023)

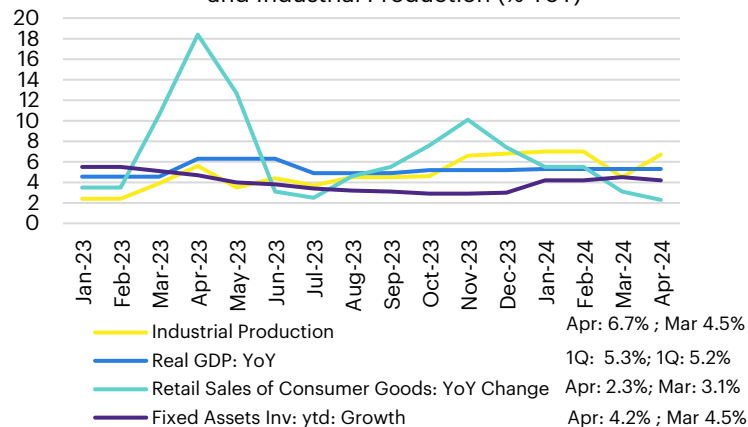
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fed	Date	31		20		1	12	31		18		7	18
	Rate	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.13	4.88
ECB	Date	25		7	11		6	18		12	17	7	18
	Rate	4.00	4.00	4.00	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.25

Source: CEIC, Bloomberg, ECB, Fed, INVX

The Chinese economy faces a liquidity trap, but fiscal stimulus is supportive

The Chinese economy expanded more slowly than expected, especially consumption

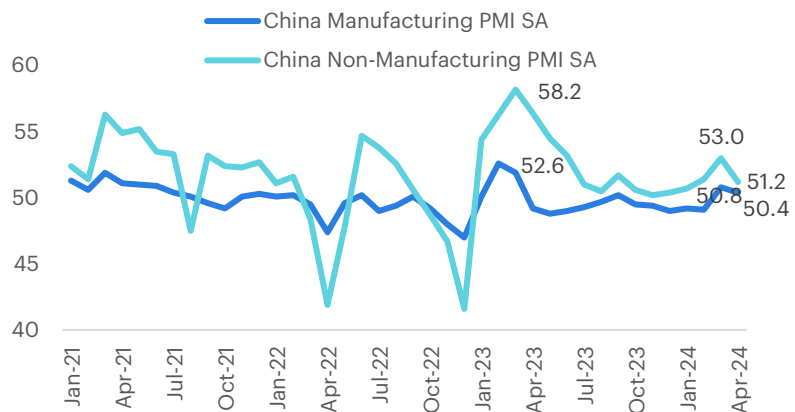
China's GDP Growth, Retail Sale, Fixed Asset Investment and Industrial Production (% YoY)



Source: CEIC

The official PMI index slowed down slightly but was still in the expansion zone.

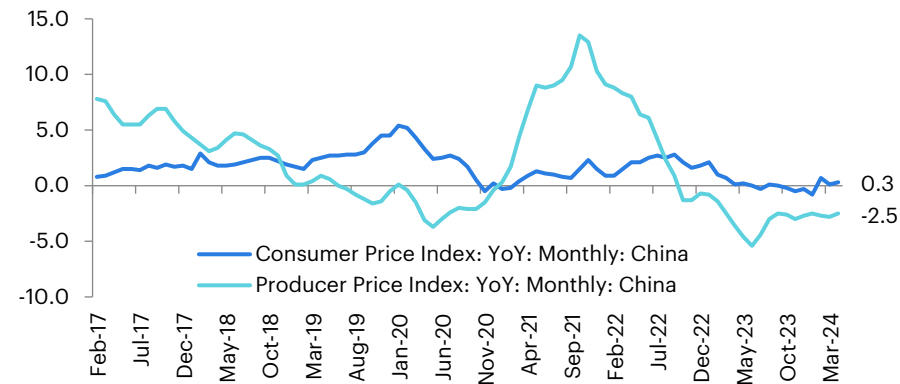
China's Official PMI (Points)



Source: CEIC, INVX

CPI has begun to recover, but PPI is still contracting.

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



Source: CEIC, INVX

Exports and imports began to recover

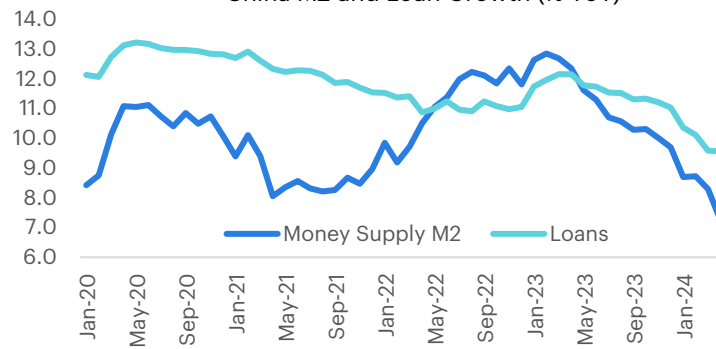
China export/ import growth (%YoY)



Source: PBOC, Bloomberg, CEIC, INVX

Domestic financial sector continued to shrink, lending slowed, TSF contracted for the first time in history (-200 bn yuan)

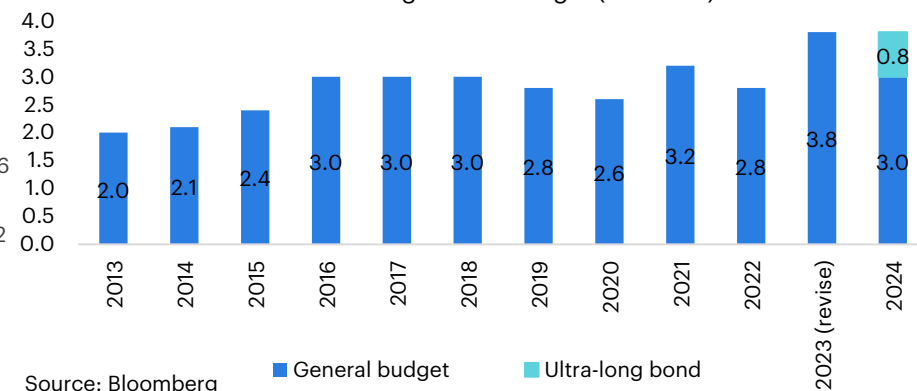
China M2 and Loan Growth (% YoY)



Source: CEIC, INVX

Recently the Chinese government issued 1 trillion yuan in central government bonds to use as stimulus.

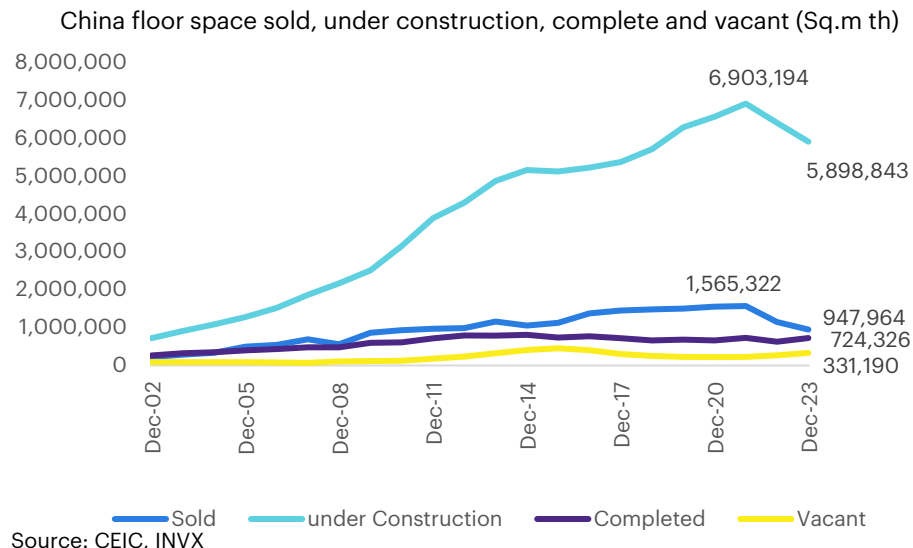
China budget deficit target (% of GDP)



Source: Bloomberg

We believe the PBOC's 300 billion yuan fund will help revive the real estate sector

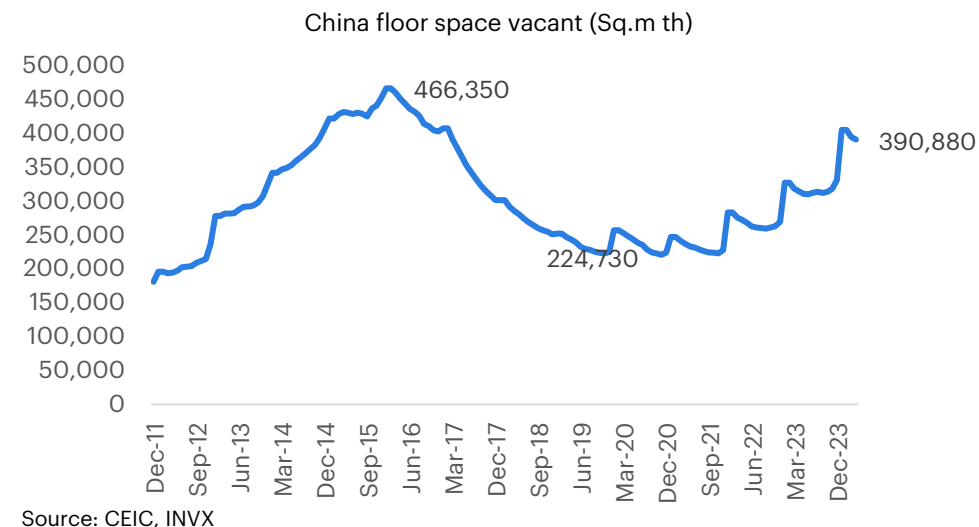
China's housing stock figures indicate it is consolidating.



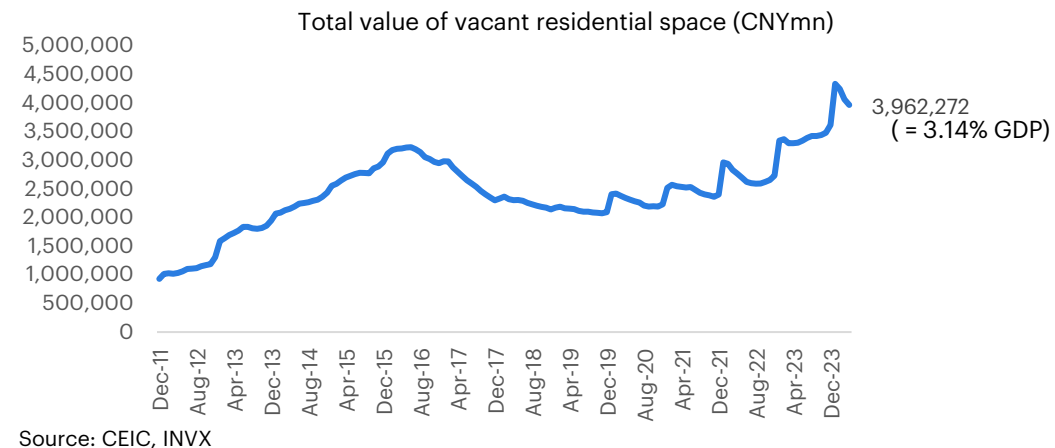
We estimate that it will take China more than 2-3 years to clear out real estate inventory



Currently, the number of prebuilt homes for sale in China is the second-highest after 2015.

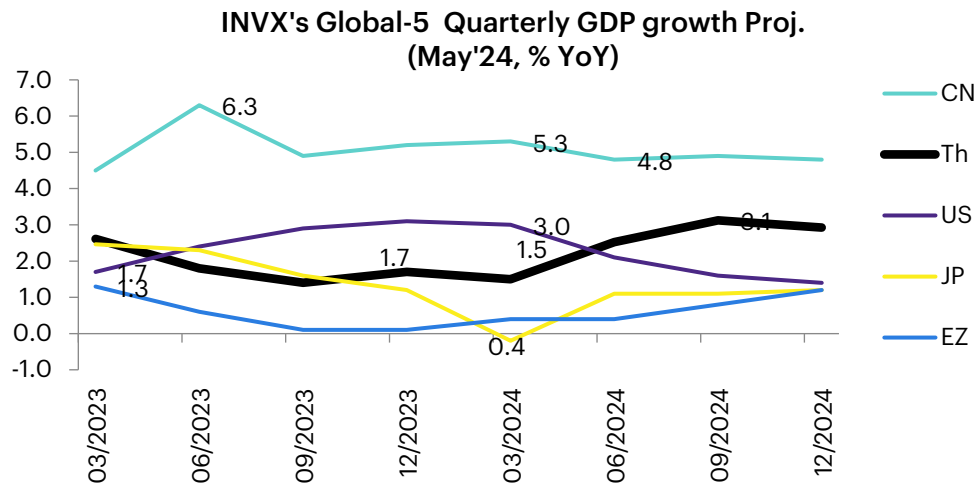


The PBOC's fund is 12.6% of the value of foreclosed homes; though insufficient to cover this in entirety, it will bring changes in the real estate sector



Summary of the global economy in 2024: US soft landing, synchronized recovery for the rest

- The world economy in the first quarter of 2024 improved more than expected, except in Japan
- Looking forward, even though the US economy expanded better than expected, momentum will slow going forward (to a soft landing) while the European economy is accelerating
- We upgrade our projections for the US, Europe and China, downgrade our estimates for Japan and maintain our Thai economic projection.



Source: Bloomberg, CEIC, INVX

INVX Global-5 Quarterly GDP growth projection (Nov 2023, % YoY)

	Actual					Forecast			yr 2023	yr 2024f
	03/2023	06/2023	09/2023	12/2023	03/2024	06/2024	09/2024	12/2024		
US	1.7	2.4	2.9	3.1	3.0	2.1	1.6	1.4	2.5	2.0
EZ	1.3	0.6	0.1	0.1	0.4	0.4	0.8	1.2	0.5	0.7
CN	4.5	6.3	4.9	5.2	5.3	4.8	4.9	4.8	5.2	5.0
JP	2.5	2.3	1.6	1.2	-0.2	1.1	1.1	1.2	1.9	0.8
Thai	2.6	1.8	1.4	1.7	1.5	2.5	3.1	2.9	1.9	2.5
Avg. 5	2.5	2.7	2.2	2.3	2.0	2.2	2.3	2.3	2.4	2.2

Source: Bloomberg, CEIC, INVX

Geopolitics

A risk that must be closely watched

InnovestX Securities Co., Ltd.

US: Four wars to curb China's supremacy

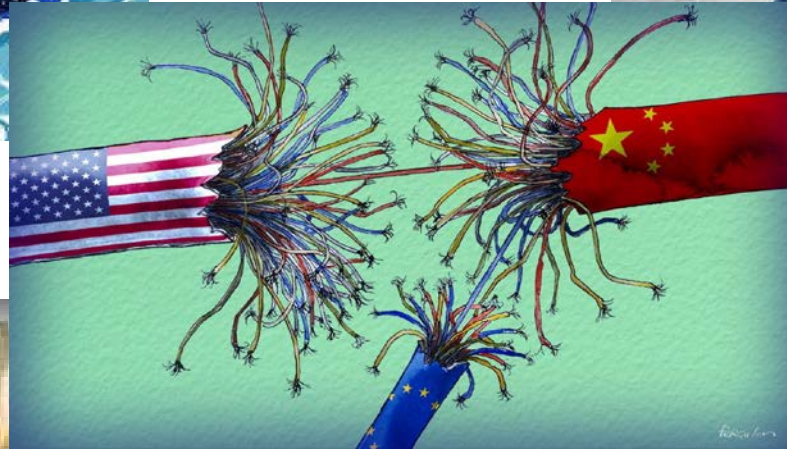
Trade war (2018)



Tech war (2019)



China derisking



Financial war (2020)



Military war (???)

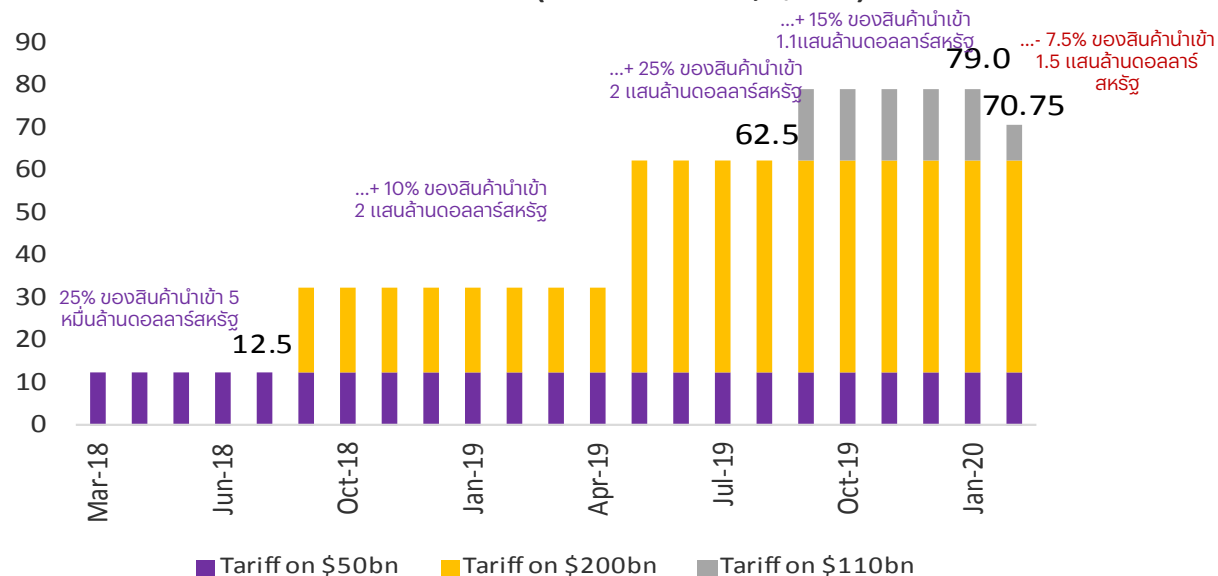


Source: INVX Research

The trade war between the US and China will become more intense, especially in a Trump presidency

Although this time the tariffs on EVs and others are not severe, the cold war between the US and China will become more severe.

US-China Tariff (on US Side, \$bn)



Source: FI, Bloomberg, CEIC, INVX

President Biden's list of new tariff on Chinese Product

Product	Old Tariff	New Tariff	Effective year	% from China
Steel and aluminum Products	0-7.5%	25%	2024	3%
Semiconductors	25%	50%	2025	6%
Electric Vehicles	25%	100%	2024	1%
Lithium-ion EV batteries	7.5%	25%	2024	65%
Lithium-ion batteries storage	7.5%	25%	2026	70%
Battery parts	7.5%	25%	2024	32%
Graphite and permanent magnets	0%	25%	2026	70%
Other critical minerals	0%	25%	2024	7%
Solar Cells	25%	50%	2024	0%
Ship-to-shore cranes	0%	25%	2024	4%
Syringes and needles	0%	50%	2024	6%
Personal Protective equipment	0-7.5%	25%	2024	36%
Rubber medical and surgical gloves	7.5%	25%	2026	95%

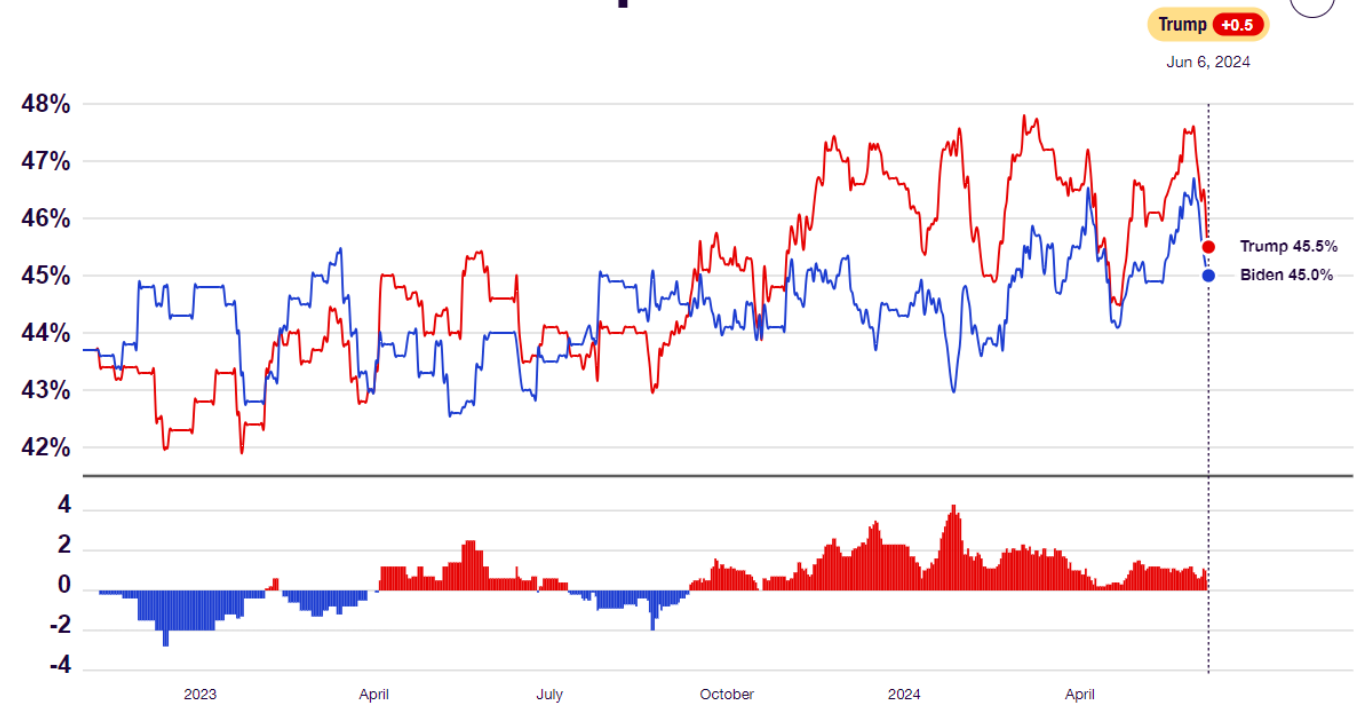
- President Biden announced tariffs on imports from China worth a total of US\$18bn. This measure's main purpose is political and the effect on the economy and inflation may not amount to much because the amount of products to be taxed is far less than the product group on which Trump announced tariffs in 2018-2020 with a total value of US\$230bn, which is nearly half of the estimated US\$500bn the US imports from China. The products that the Biden administration plans to impose tariffs on are mostly strategic, such as EV cars, batteries and solar cells, unlike Trump who said he is ready to increase tariffs on all products imported from China to 60% once in office.
- This is primarily a strategic measure because products that Biden plans to impose tariffs on are those China believes are its three champions in the new era: electric vehicles, solar cells and lithium-ion batteries. China expects these to be its export driver, replacing three of the old champions - furniture, home appliances and clothing. However, this is unlikely to pose a significant downside risk to the Chinese economy, at least this year because although China has become the most important producer of these products, production is primarily aimed at domestic consumption. Exports of these three new champions account for only 4.5% of China's overall exports, and exports to the US account for only 0.4% of China's overall exports. In contrast, Europe is the largest market for China's exports of these three products, taking approximately 45% of all China's exports of these three products.

Keep an eye on the US presidential election

United States presidential election

- There is a high chance that the US presidential election will be a contest between President Biden and former president Trump. And there is a 40-50% chance that Trump will win the election. (Currently, poll results show Trump's approval rating at 45.5% vs. Biden at 45.0%.)
- In 2024, if Trump's popularity increases, including victory in the primary election (July), we see issues to keep an eye on as follows.
- 1) Trump's disbelief in global warming could cause him to signal another exit from COP 26 and the Paris Agreement, and return to promoting fossil fuels versus renewable energy. This will benefit the oil business but the renewable energy business loses its benefits.
- 2) Fiscal proposals: Trump may bring back Republican fiscal measures by renewing corporate and individual tax cuts, including reducing the budget for welfare spending. This could affect businesses involved in infrastructure investment under Biden's Build Back Better measure. It's also possible that investors won't believe Trump's fiscal proposals are realistic. This has increased fiscal concerns, and push bond yields higher.
- 3) Trade war issues. Trump plans to announce 10% tariffs on all countries around the world and will increase tariffs on all types of Chinese imported goods to 60%, which will affect trade and investment.

General Election: Trump vs. Biden

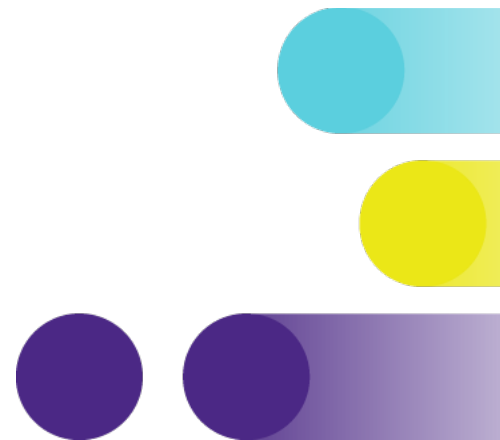


Source: Realclearpolitics.com

- 4) Trump may cut or eliminate Ukraine-related funding, which would be an opportunity for the Biden administration to start pushing for peace talks (in the best case) or push for Russia to return to attack Ukraine harder in hope that the US will withdraw its support for Ukraine.
- 5) Trump may announce plans to cooperate with Saudi Arabia and Israel and accuse or announce measures to sanction Iran more severely over the Israel-Hamas war. This may increase geopolitical risks and put oil prices at risk of going up.

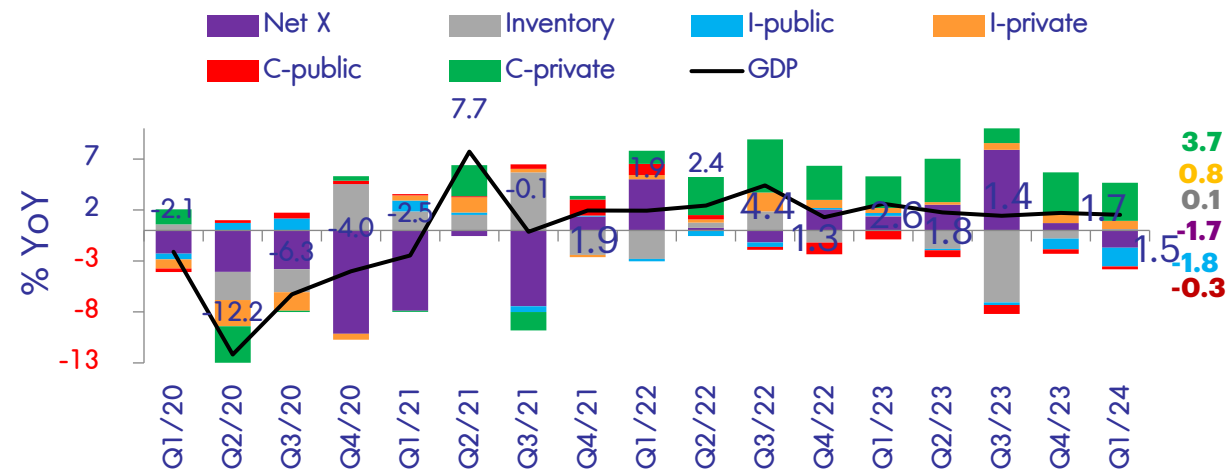
The Thai economy recovering cyclically, but structurally slowing

InnovestX Securities Co., Ltd.



Thai economy in 1Q24 expanded 1.5%, higher than our forecast of 0-1%, on tourism

Contribution to Thailand's GDP Growth



- Thailand's 1Q24 GDP expanded 1.5% YoY, better than our expectation of 0-1% and the market's expectation of 0.8%, while compared to the previous quarter it expanded 1.1%, higher than the market's expectation of 0.6%. Behind the better expansion was: 1) private consumption, which expanded well at 6.9% and was a component expanding GDP by 3.7%, primarily from consumption of services, which expanded 13.7%, while consumption of durable goods shrank -6.8%. 2) Private investment expanded 4.6% and contributed 0.8% to expansion of GDP, consisting of investment in both machinery and construction categories. 3) Inventories increased by more than US\$110bn, mainly due to increases in agricultural products such as rice, rubber and cassava, as well as other products such as sugar, automobiles, and gold.

- Economic sectors that continue to suffer include: 1) public investment, which shrank 27.7% and led to GDP shrinking 1.8% as a result of a delayed budget. 2) The volume of merchandise exports contracted 2.0%. The value of exports shrank 1.0%, with value falling in export products such as durian, sugar, rubber, air conditioners, pickup trucks and computer parts, while service exports increased. This led net export volume to expand by 2.5%. 3) The volume of merchandise imports grew by 4.3% following expansion of products in the raw material and capital goods groups. Raw material products expanded mainly in line with the amount of crude oil imported.

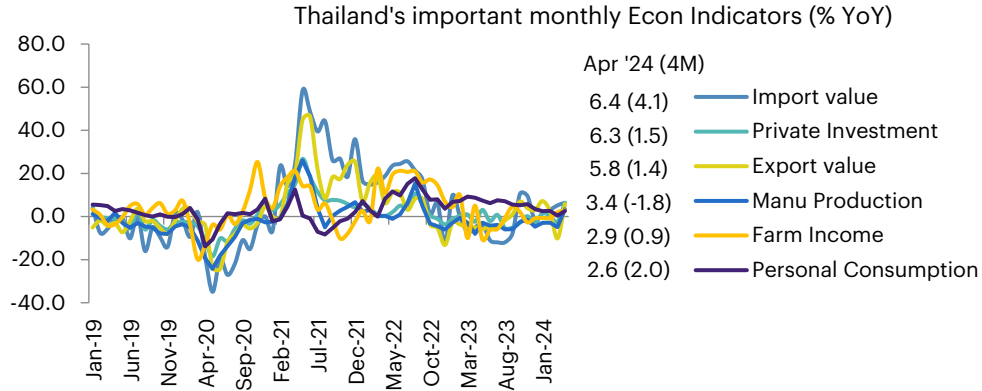
- As for the production sector, both major production sectors contracted: 1) the agricultural sector fell 3.5% due to the drought that cut production of important crops, especially oil palm, fruits, rice, sugarcane and cassava. (2) the industrial sector decreased 3.0% - the sixth consecutive quarter of a fall, with decreases in both domestic production and export sectors, especially electronics, automobiles, and sugar. 3) The construction sector plunged 17.3% in line with government construction. Production sectors that continue to recover well are: 1) the service sector, particularly hotels and restaurants, which grew 11.8% on more foreign and Thai tourism, 2) the transportation sector, up 9.4% and 3) the wholesale and retail sector, growing 4.3% on solid expansion in general retail products, though production fell for large products such as cars and motorcycles.

Growth	Share	GDP Growth Production side								
		Yr2021	Yr2022	Yr2023	23Q1	23Q2	23Q3	23Q4	24Q1	
GDP	100.0%	1.5	2.6	1.9	-2.6	-1.8	-1.4	-1.7	-1.5	
Agri	9.0%	2.3	2.4	1.9	6.2	1.5	1.1	-0.6	-3.5	
Industrial	31.7%	3.8	-0.5	-2.4	-2.9	-2.2	-3.1	-1.5	-1.2	
Manufacturing	26.3%	4.9	0.4	-3.2	-2.6	-3.5	-4.4	-2.4	-3.0	
Electric	2.3%	0.3	1.9	3.0	-4.0	5.8	4.7	6.3	10.9	
Water Supply Sewerage	0.5%	4.5	4.1	4.9	3.8	6.7	4.9	4.1	4.9	
Construction	2.9%	2.2	-2.7	-0.6	3.8	0.3	0.5	-8.8	-17.3	
Wholesale, Retail	17.2%	1.6	3.1	3.8	3.3	3.4	3.3	5.1	4.3	
Transport	4.9%	-2.7	7.1	8.4	12.5	7.4	7.1	7.0	9.4	
Hotel & Rest.	3.2%	-14.2	39.3	18.0	34.4	15.3	15.0	9.8	11.8	
ICT	2.6%	6.1	5.1	3.3	3.5	3.7	3.1	2.8	6.7	
Financial	8.0%	5.5	1.0	3.1	0.9	2.4	4.2	4.7	2.9	
Real Estate	2.7%	1.7	2.1	1.9	1.9	2.5	1.9	1.1	0.8	

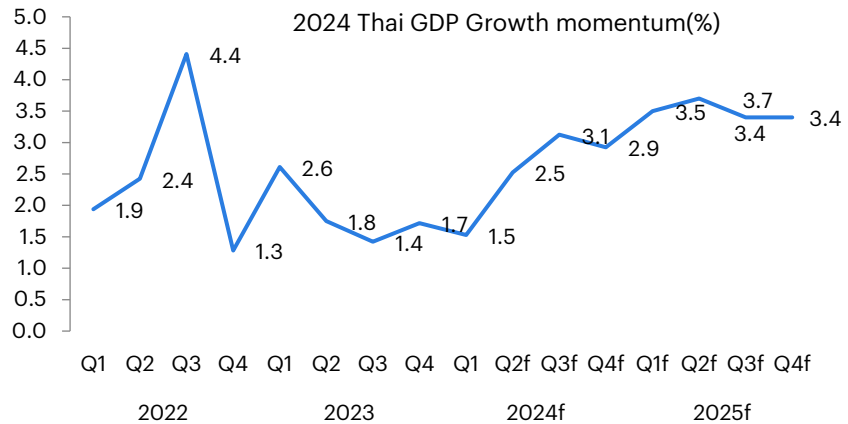
Source: NESDC, CEIC, INVX

We view that the Thai economy will begin to recover in terms of momentum

- The latest Thai economic figures show clearer signs of recovery. The manufacturing sector recovered for the first time in 19 months tagging a recovery in exports. The agricultural sector recovered following price rises, but quantity is still shrinking. Investment began to recover following imports of machinery. Consumption began to slow down with durable goods continuing to contract (YoY).



- We view that the Thai economy is gaining momentum, tagging the global recovery. In addition, the government capital budget has begun to be disbursed, which will help the Thai economy show some recovery from the second quarter.



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

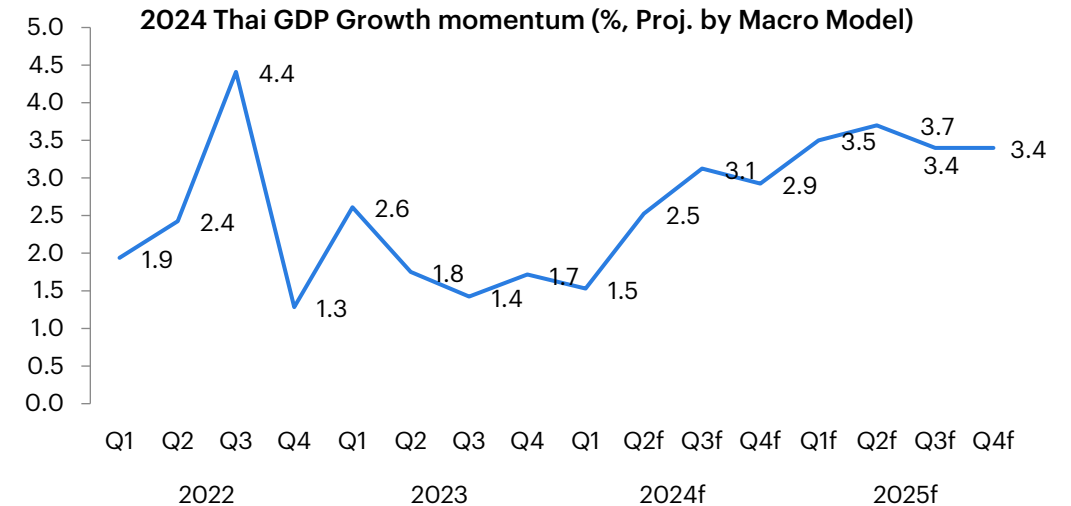
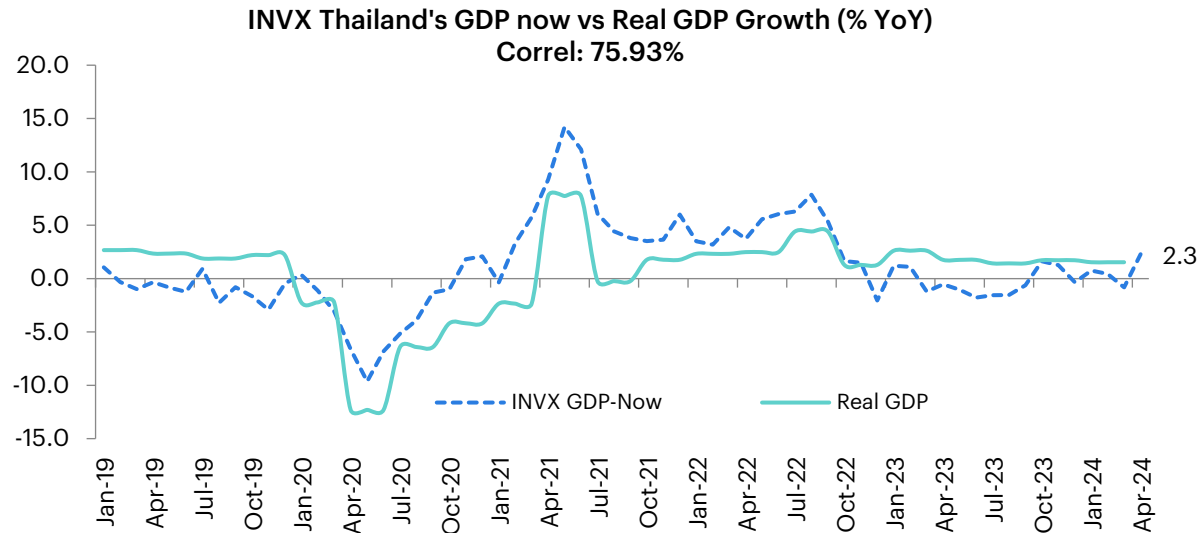
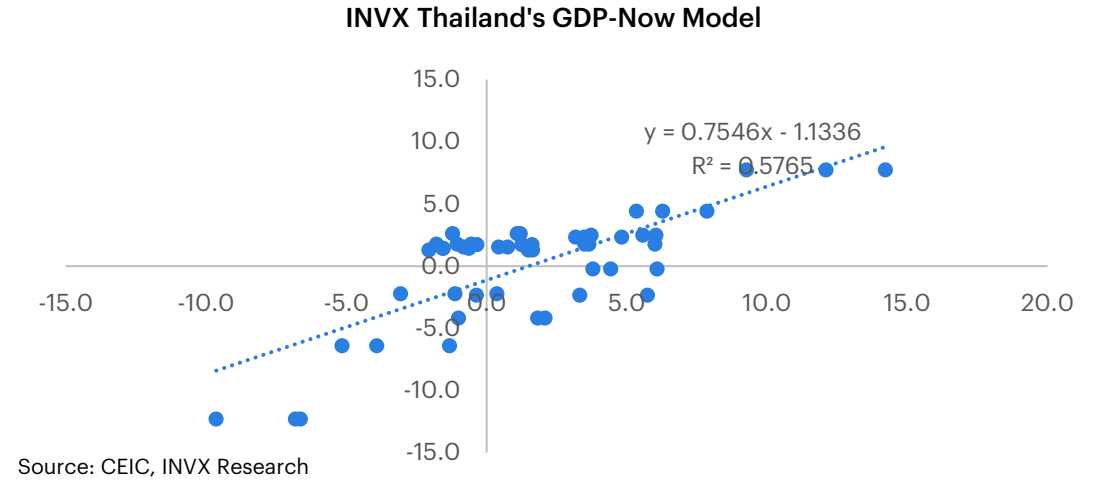
- We revised up our consumption forecast slightly (from +2.0 to +3.0%), decreased public investment (-2.0% from -1.5%) and raised private investment (+3.1% from +3.0%).
- We forecast a 3% expansion of the Thai economy in 2025 with the assumption there is no digital wallet.

Macro growth projection	Actual	Actual	Actual	FPO	NESDC	BOT	INVX	INVX
	2021	2022	2023	(Apr'24)	(May'24)	(Apr'24)	(Apr'24)	(May'24)
GDP growth	1.6	2.5	1.9	2.4	2.5	2.6	2.5	3.0
Private investment	2.9	4.7	3.2	3.7	3.2	3.3	3.1	3.2
Public investment	3.5	-3.9	-4.6	0.6	-1.8	1.0	-2.0	3.2
Private consumption	0.6	6.2	7.1	3.5	4.5	3.5	3.0	3.5
Public consumption	3.7	0.1	-4.6	1.9	1.7	1.8	1.2	2.1
Export value in US\$ terms (%)	19.2	5.4	-1.7	2.3	2.0	2.0	-0.1	3.3
Import value in US\$ terms (%)	15.0	14.0	-3.1	3.4	4.6	2.5	2.0	4.5
Current account to GDP (%)	-2.2	-3.2	1.3	1.8	1.2	2.0	0.0	-1.0
Headline inflation (%)	1.2	6.1	1.3	0.6	0.6	1.4	0.8	2.0
USD/THB	32.0	35.1	35.0	36.0	36.0	34.8	36.0	36.5
Policy rate (%)	0.50	1.25	2.50	N/A	N/A	N/A	2.50	2.50
No. of inbound tourists (mn)	0.43	11.2	28.2	35.7	36.5	35.0	35.0	39.0

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

INVX Thailand GDP-Now Model indicates that the economy in April expanded as we expected.

- The INVX Thailand GDP-Now Model that we developed found that 2Q24 GDP (with actual data for April) will expand at approximately 2.3%, close to our macro model's expectation of 2.5%.
- We developed the INVX Thailand GDP-Now Model based on ideas from the Atlanta Fed GDP-Now model that uses monthly economic numbers to measure overall GDP growth in that month.
- The GDP-Now model has the ability to predict real GDP at approximately 58% and has a correlation with real GDP growth of approximately 76%.
- The latest INVX GDP-Now numbers (April) are beginning to show clearer signs of economic recovery. If the economic momentum in the second quarter is similar to April, it is possible that real GDP in 2Q24 will expand by 2.3% which is close to the 2.5% we predicted using the Macro Model.

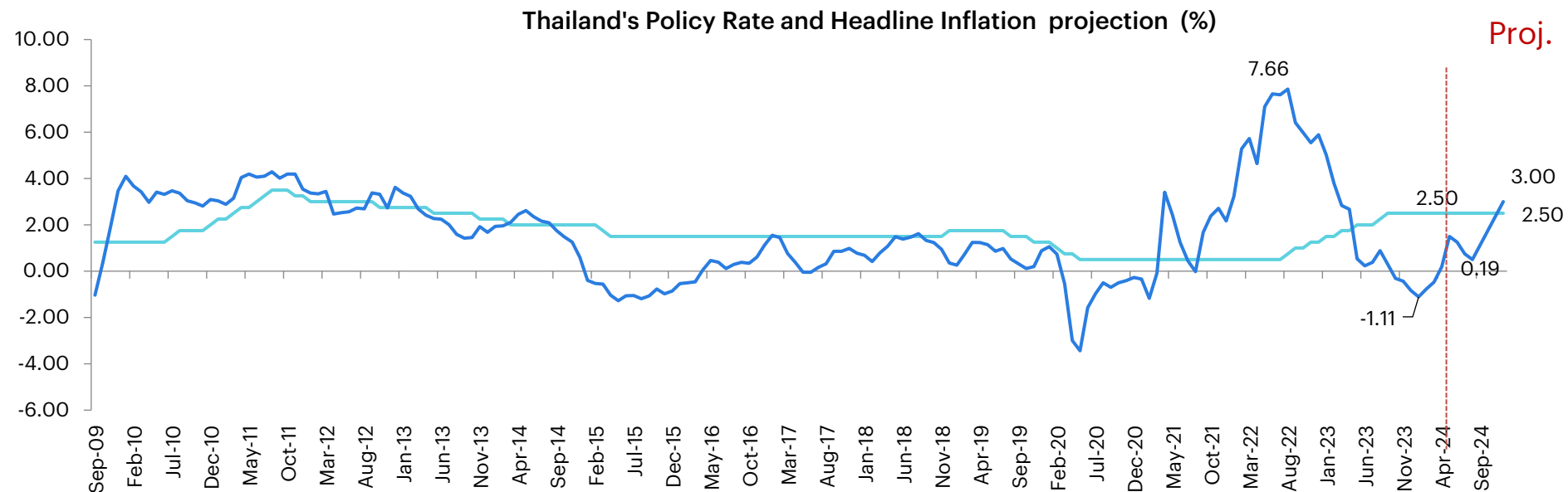


Monetary Policy: The BoT's window for interest rate cuts has closed

- With the view that inflation is likely to increase while the economy is beginning to show signs of improving, we feel that the BoT may have closed the window to cut interest rates, unlike the previous period, where the need to cut interest rates was greater.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg.
CPI'23	5.02	3.79	2.83	2.67	0.53	0.23	0.38	0.88	0.30	-0.31	-0.44	-0.83	1.35
CPI'24	-1.11	-0.77	-0.47	0.19	1.54	1.25	0.75	0.50	1.13	1.75	2.38	3.00	0.84
RP'24	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50

Source: CEIC, INVX



Source: CEIC, INVX

Short-term risks: political factors

- We have made assumptions about Thai politics and global geopolitics in order to analyze the economy in the next period, with five elements, as follows:

- 1) We believe there is an 80% chance that the government of Prime Minister Settha Thavisin will continue to govern after the Constitutional Court's decision in the case of appointing Phichit Chuenban as Minister attached to the Prime Minister's Office. We believe that The Constitutional Court will carefully consider various evidence, including political science factors.
- We see an 15% chance that even if the court decides against PM Settha, the new prime minister will also come from the Pheu Thai Party.
- We see a 5% chance that there will be no candidate for a new PM, delaying the process for the FY2025 budget, which would have a significant impact on the economy.

- 2) We believe that other political cases, such as against former Prime Minister Thaksin Shinawatra for violating Section 112 and of the dissolution of the Future forward Party and the disqualification of 44 MPs, are unlikely to have a significant impact on the administration of the current government.

- 3) The results of polls surveying the popularity of political parties, conducted by King Prajadhipok Institute on May 26 found that the popularity of the Future Forward Party has risen by 37%, while that of other parties, especially Pheu Thai, has decreased. This suggests the government will begin to focus more on economic management while judicial processes and various investigations will continue to proceed.

- 4) We believe that the process of seating a new senate will follow the original schedule (July 2, announcement of Senate results) and that the new Senate will be more diverse and do a better job of scrutinizing laws. This will be beneficial to the administration of the country as a constitutional monarchy

- 5) We expect the US presidential election will be an intense battle between Biden and Trump. There is a chance that Biden will win, even though current poll results show Trump in the lead. Issues that need to be followed include: 1) court cases against Trump; 2) actions in the Israel-Hamas war, which will affect President Biden's approval rating and 3) inflation and economic developments.

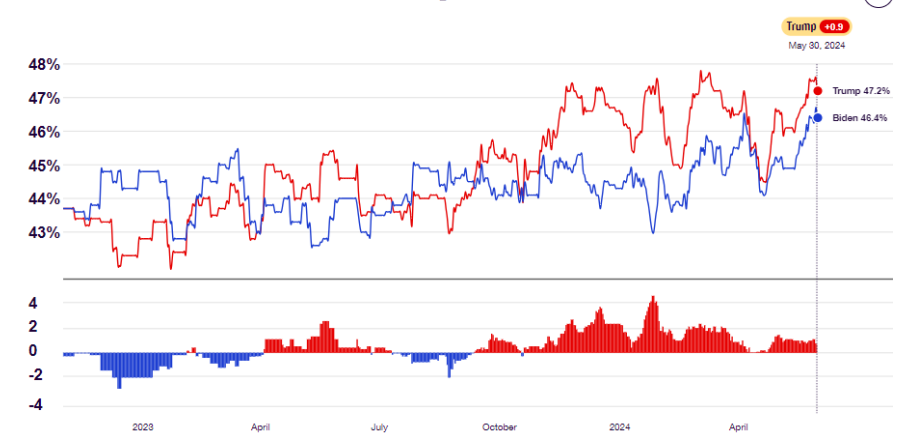
Source: MCOT, Realclearpolling.com

The Future Forward Party's approval rating has increased by 37% since the last election.

	แบ่งเขต (ที่นั่ง)	บัญชีรายชื่อ (ที่นั่ง)	รวม (ที่นั่ง)
ก้าวไกล	161	47	208
เพื่อไทย	84	21	105
ภูมิใจไทย	58	3	61
พลังประชารัฐ	28	2	30
รวมไทยสร้างชาติ	28	11	34

Former President Trump's approval rating still leads President Biden by about 0.8%.

General Election: Trump vs. Biden



Economic outlook from the impact of political factors

Scenario analysis on political factors

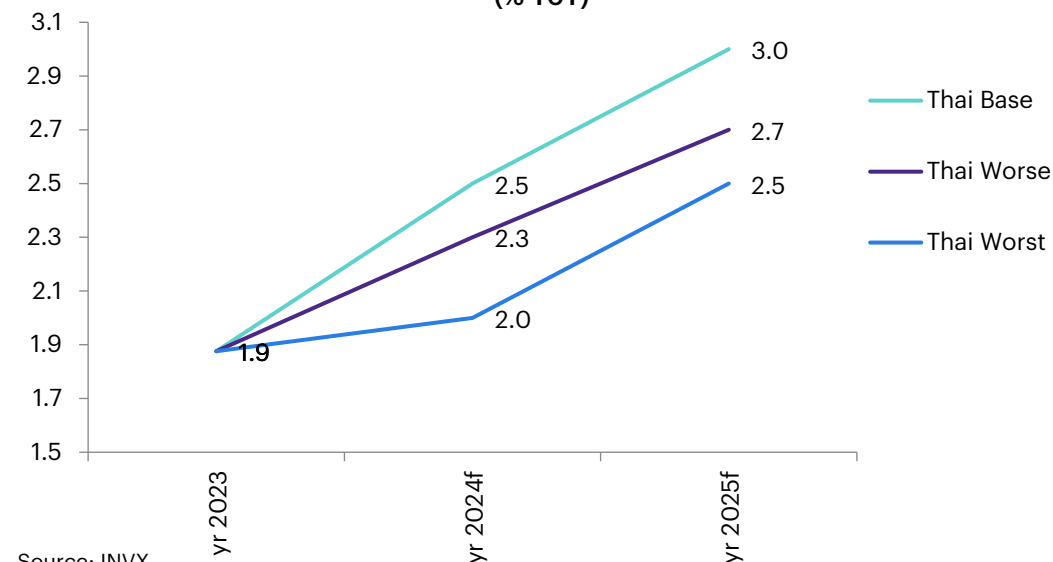
	Base	Worse	Worst
Constitutional Court decision	Prime Minister Settha not guilty	PM Settha guilty, leading to the selection of a new PM, but still to be from the Pheu Thai Party	PM Settha guilty, leading to selecting a new PM, but unable to recruit a prime minister within the 3Q
2025 budget delayed	As per the original schedule	1 quarter	2 quarters
Probability	80%	15%	5%
Thai economic projection in 2024-25	2.5% in 2024 3.0% in 2025	2.3% in 2024 2.7% in 2025	2.0% in 2024 2.5% in 2025

• With these five assumptions, we have analyzed the Thai economy in various situations (scenario analysis) as follows.

1) In the base case where the court decides in favor of Prime Minister Settha, the current government administration process will continue. We forecast the economy will expand 2.5% in 2024 and 3.0% in 2025.

2. In the second case, where the court decides against Prime Minister Settha and a new prime minister is selected but still is from the Pheu Thai Party, this will require the formation of a new Cabinet. This will delay the 2025 budget process by one quarter. We forecast the economy will expand at 2.3% in 2024 and 2.7% in 2025.

INVX's Thailand GDP growth Proj.: Scenario Analysis (% YoY)



Source: INVX

3) In the worst case scenario, if the court decides against Prime Minister Settha and a new prime minister cannot be selected within the third quarter, which will sideline the government, the FY2025 budget may be delayed by at least two quarters. This plus the impact from the lack of a fully-functioning government will be severe. In this case, we forecast the economy will expand at 2.0% in 2024 and 2.5% in 2025.

(Extra) Political calendar and budget calendar for year 2025

Political litigation events and budgeting calendar

Date	Political events and budget calendar
10 Jun	Prime Minister submits evidence to the Constitutional Court regarding the Phichit case.
12 Jun	Constitutional Court to consider the dissolution of FFP
17 Jun	Provincial-level senators are elected.
18 Jun	Prosecutors set to order charges against former Prime Minister Thaksin in the Section 112 case.
19 Jun	MPs to consider the FY2025 budget, agenda 1
26 Jun	National-level senators are elected.
2 Jul	The Election Commission certifies the Senate
At the end of Aug	MPs consider the FY2025 budget, agendas 2-3
At the end of Aug	The Constitutional Court considers the case against the Prime Minister
At the beginning of Sep	The Senate considers the FY2025 budget
In mid-Sep	The Cabinet sends the draft Budget Act to His Majesty the King. Dedicated for promulgation

Interesting points between the political and budget calendars for 2025.

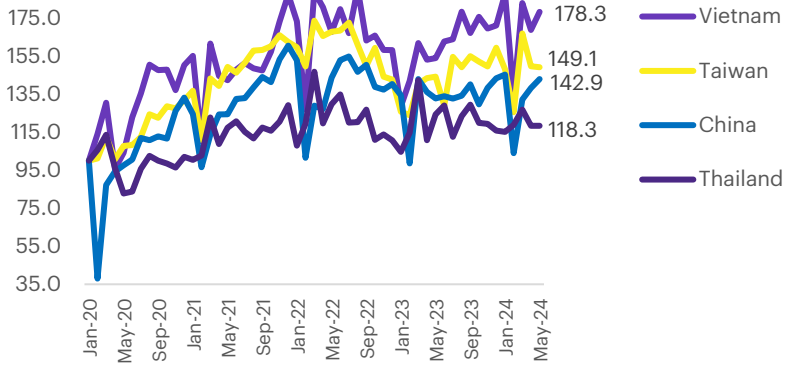
- At present, the Cabinet has approved the draft FY2025 Budget Act and forwarded it to the MPs to consider as agenda 1 on June 19, which will take until the end of August, since the draft must go to the Commission for consideration first.
- On the issue of political litigation, the most important case that must be followed is the case against Prime Minister Settha, which will take approximately 3 months to consider.
- The two issues will converge in late August to early September. If the court decides that the PM is not guilty, the Cabinet can accept the draft budget, which then can be presented to His Majesty the King, but if the court decides that the PM is guilty, the Cabinet must also be removed from office. This will depend on whether or not the court will allow the PM and cabinet to remain as a caretaker government. If not, the budget process may be put on hold.
- What also must be followed up on is: 1) approval of the new Senate before it can consider the budget and 2) dissolution of the House before the House finishes considering the budget. Dissolution of the parliament would also put the budget approval on hold.
- Finally, if the Prime Minister is changed, it will affect the confidence of the business sector and investors, as well as the budget disbursement and planned measures to stimulate the economy (e.g. digital wallet).

Source: Thai Govt, INVX

Structural risk: manufacturing and export sectors

Thai exports are recovering more slowly than neighbors, causing

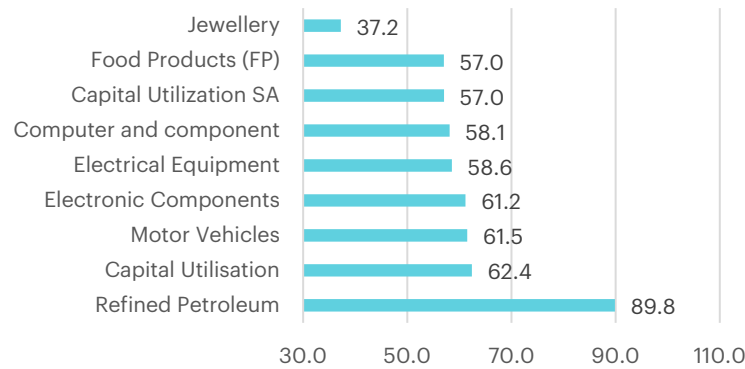
Selected Asian countries' export (Jan'20: 100)



Source: NESDC, BOT, CEIC, INVX

As a result, the Thai manufacturing sector's capital utilization is too low, especially those related to exports.

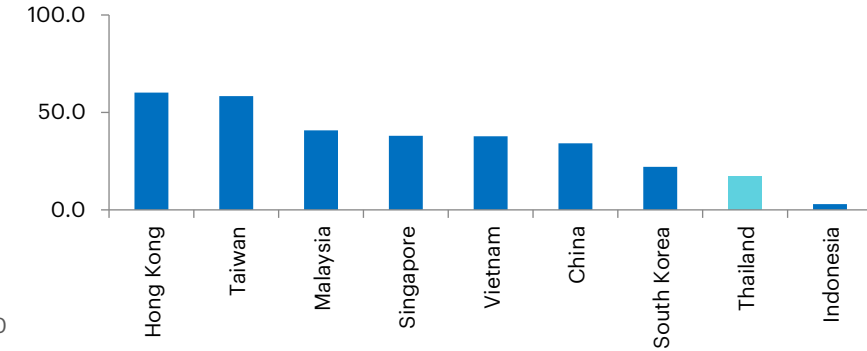
Capital Utilization of selected industry (%)



Source: CEIC, INVX

This is because our production cannot move up the value chain to reflect global demand. The proportion of Thai high-tech products to exports is only 17% compared to other countries in Asia, where this is 30-60%.

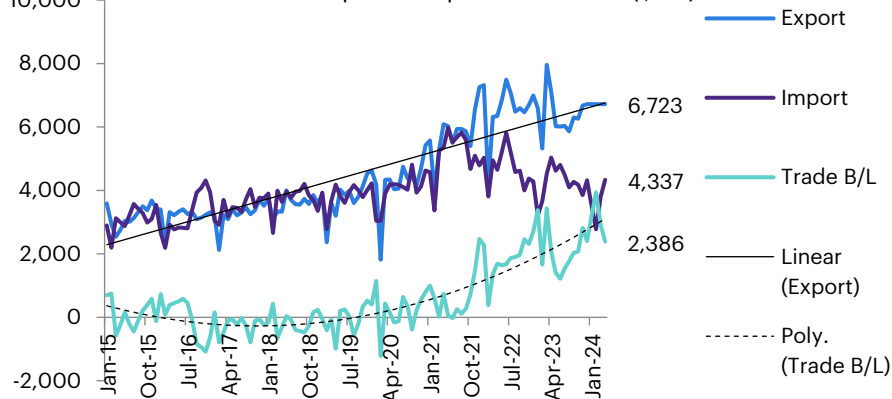
High-tech goods as percentage of total export (% , 2023)



Source: NESDC, CEIC, INVX

Another reason is that more and more Chinese products are hitting the Thai market after the RCEP agreement.

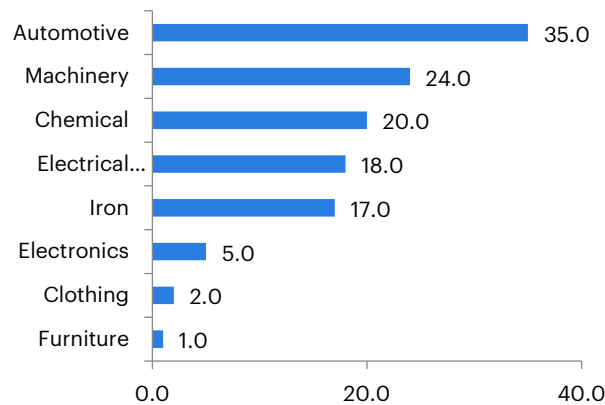
China's Export & Import to Thailand (\$Mn)



Source: CEIC, INVX

Recently, China has accelerated exports of important products that used to be Thailand's product champions...

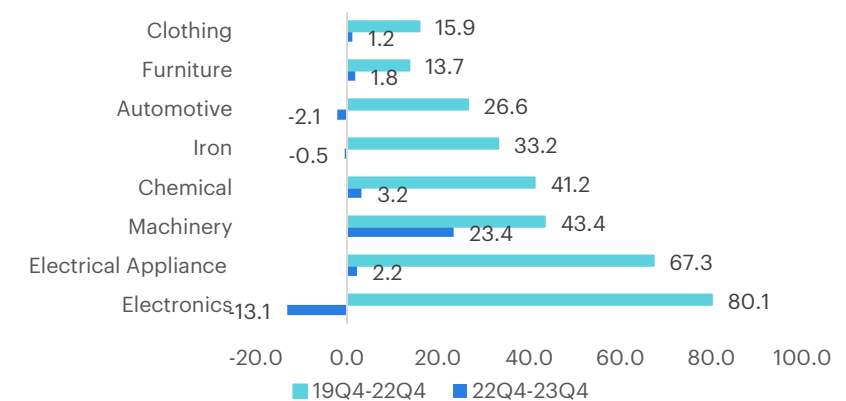
China's Rising Trade Surplus Between 20Q4--23Q4 (\$Bn)



Source: BOT, INVX

... mainly through lowering prices to reduce inventory

China sectoral inventory accumulation (%)



Source: BOT, INVX

3Q24 outlook and themes

Closing the gap

InnovestX Securities Co., Ltd.

2Q24 Market Review

Our 2Q24 recommendations

Outperformed the SET by 7%

The Thai stock market struggled in 2Q24, losing 3.3% of its value and lagging behind other markets in the region by 4.6% and the global market by 9% as of June 7. The main reasons for this poor performance are: 1) the slow pace of economic and earnings recovery, 2) persistent pressure from short-sellers, 3) domestic political instability hampering government stimulus measures, 4) increasing geopolitical tensions, and 5) the strong dollar. Investors are worried about the prospects for economic growth and looking for more evidence and signs of a lasting economic and earnings recovery.

While global markets have rallied in the second quarter, the Thai stock market has underperformed and delivered negative returns. Only four sectors contributed to the index performance: Packaging (SCGP), Food and Beverages (CPF, TVO, BTG, OSP), Telecommunication (TRUE) and Electronics (CCET, SVI, KCE), all of which have shown improved earnings prospects. On the other hand, sectors such as Property (AP, PSH, LH, CPN), Tourism (MINT, CENTEL, ERW), Petrochemical (IVL, PTTGC), Energy & Utilities (EA, BCP, GPSC, GULF, PTT) and Commerce (CRC, HMPRO, BJC, CPAXT) have disappointed.

Foreign investors have been net sellers of Thai stocks by US\$513mn QTD, after dumping US\$1,934mn worth of shares in 1Q24. The same trend of foreign outflows was also observed in other ASEAN markets, such as Indonesia (-US\$2,165mn), Philippines (-US\$622mn), and Vietnam (-US\$772m) as a response to China's slowdown and weak currencies.

Despite the global manufacturing rebound, geopolitical tensions and earnings recovery that we highlighted as our main themes for 2Q24, the Thai stock market suffered from foreign selling, slow monetary easing, political unrest, and a 0.5% currency depreciation.

We selected stocks with strong financials and earnings recovery, which yielded an average return of +4%. All our picks except GULF beat the market and posted positive gains. GULF lagged due to postponed rate cuts and currency depreciation impact on its profit, as well as unclear prospects for expanding its capacity amid political instability.

Asset-class price performance in 2Q24

Equity outperformed bond, oil; EM, China outperformed DM

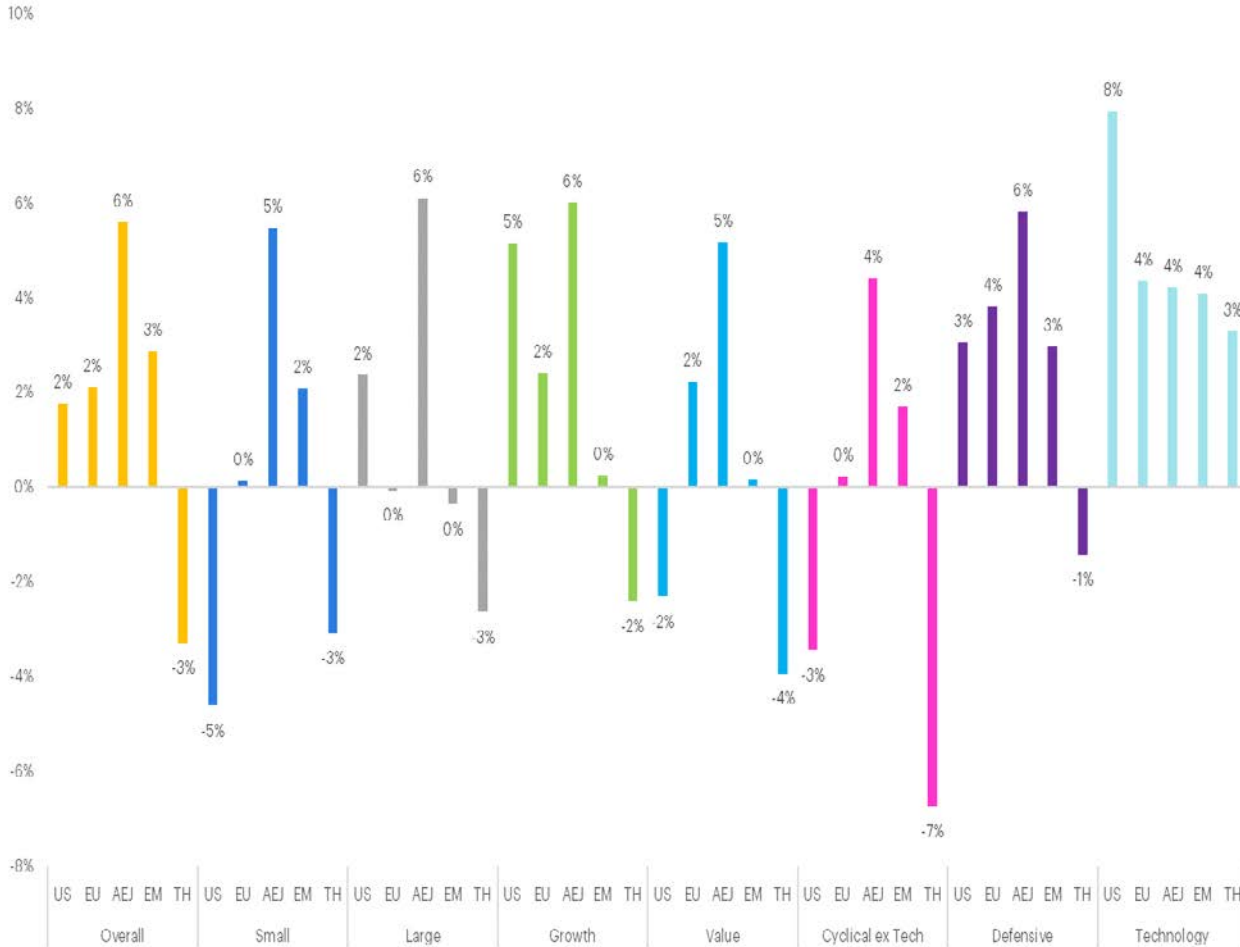
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2QTD	
	22.7%	18.2%	25.6%	10.6%	38.7%	6.5%	7.1%	13.9%	71.7%	18.4%	27.2%	57.0%	66.7%	10.2%	
	9.5%	13.3%	6.6%	7.3%	25.5%	6.4%	3.7%	12.7%	8.0%	8.3%	3.3%	11.6%	20.6%	5.6%	
	7.7%	8.2%	4.5%	6.7%	5.9%	2.5%	1.4%	11.0%	7.8%	7.0%	3.2%	11.2%	13.6%	2.9%	MSCI China
	6.9%	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%	AEJ
	6.3%	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%	EM
	5.8%	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%	Gold
	3.7%	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%	Commodities
	2.9%	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%	STOXX 600
	2.5%	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%	S&P 500
	1.9%	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%	DM ex US
	1.1%	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%	High Yield Bond
	-0.1%	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%	IG Bond
	-0.2%	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%	Dollar Index
	-1.1%	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%	EM Currencies
	-5.5%	-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%	Global Treasury
	-10.0%	-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%	Bitcoin
	103.3%	-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%	SET
															Nikkei 225
															Brent Oil

Source: Bloomberg, InnovestX Research

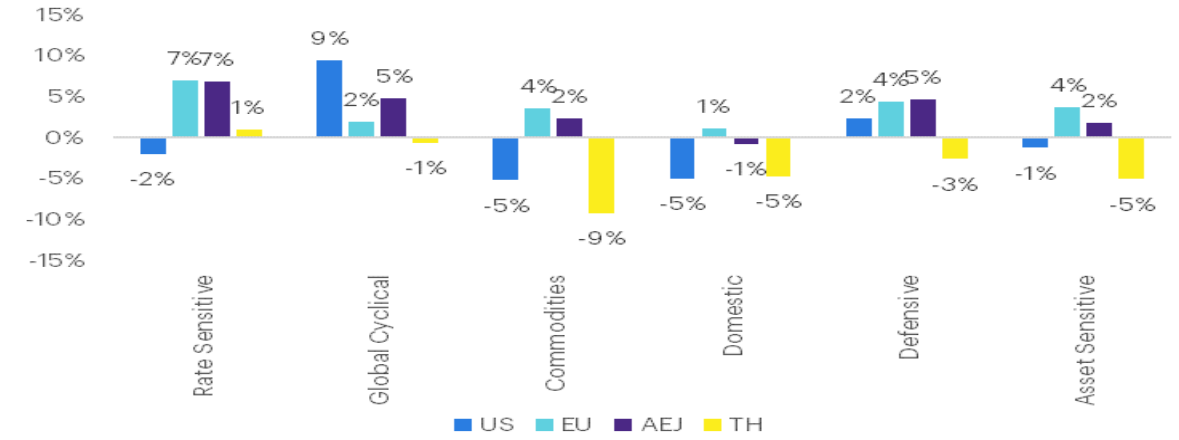
Price performance in 2Q24

Technology, rate-sensitive and defensive outperformed

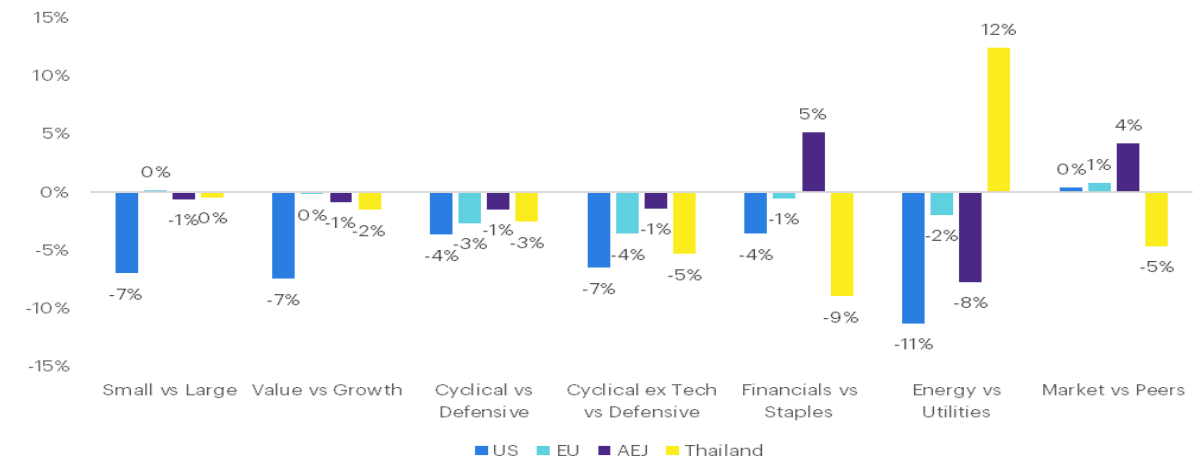
Performance comparison in 2Q24 (as of 7 June 2024)



2Q24 basket returns (as of 7 June 2024)



Relative performance in 2Q24 (as of 7 June 2024)

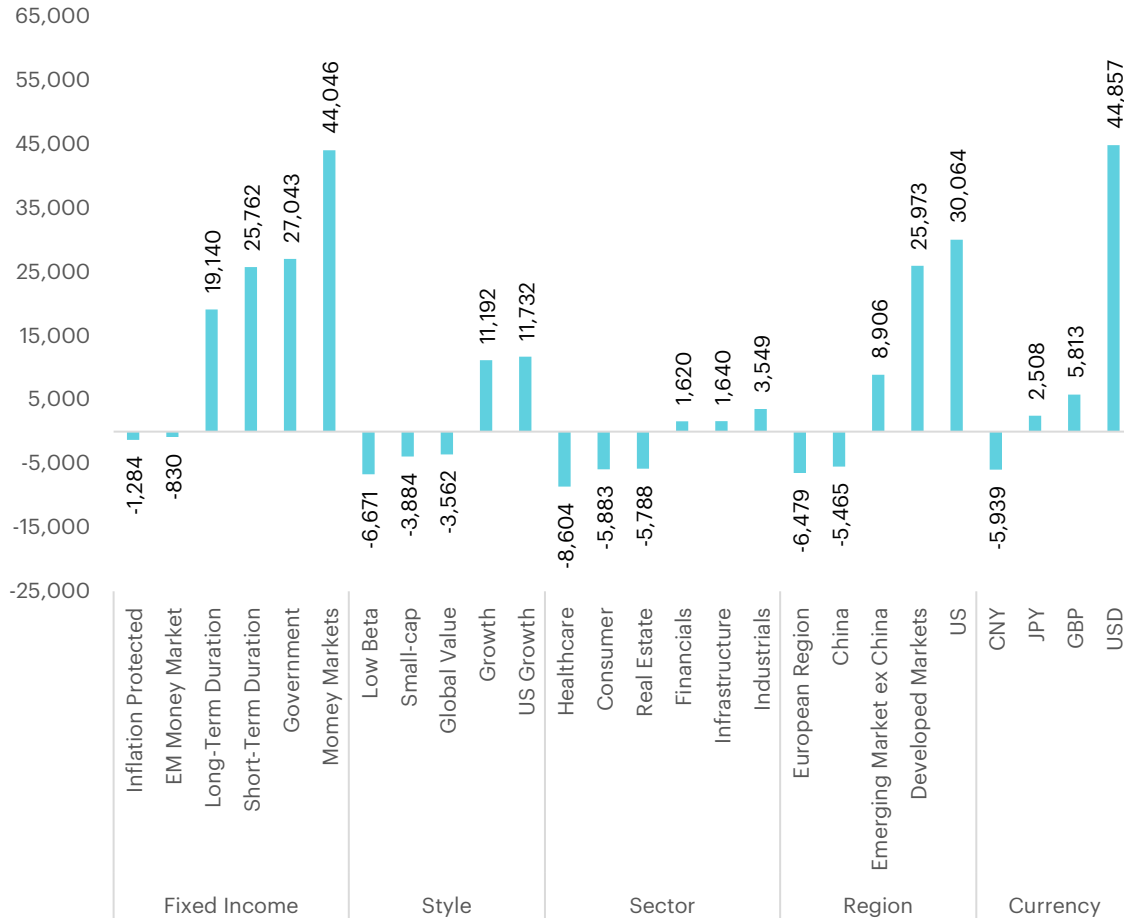


Source: Bloomberg, InnovestX Research

Dynamics of fund flows

Bond flows still dominate; North Asia is in high demand

Fund Flows - 2QTD (as of 7 June 2024)



In 2Q24, bond funds consistently attracted net inflows from investors, while equity and sector funds experienced variable demand.

Within the fund flow patterns in 2Q24, we saw:

- 1) A huge inflow in government and short duration bonds on the back of falling but sticky inflation and the need for some protection from external risks.
- 2) More robust earnings growth in the US economy than in other countries, leading to strong inflow into the US, while the EU and China face outflows due to weak growth and geopolitical risks. AI and semiconductor demand drive Taiwan and South Korea inflows.
- 3) Investor concern about technology funds on AI mania after a strong rally; outflows in Healthcare, Real Estate and consumer.
- 4) Large outflow in small-cap, low beta and value themes.
- 5) Large inflows in money market funds, indicating that investors are holding more cash despite a rally in stock markets

As the manufacturing sector recovers and earnings prospects improve, we anticipate that investors will shift from money market funds to riskier assets such as cyclical stocks. Flows into bonds and tech stocks will persist in 3Q24 but at a weaker pace than 1H24 on valuations.

Source: EPFR, Haver Analytics

3Q24 Market Outlook

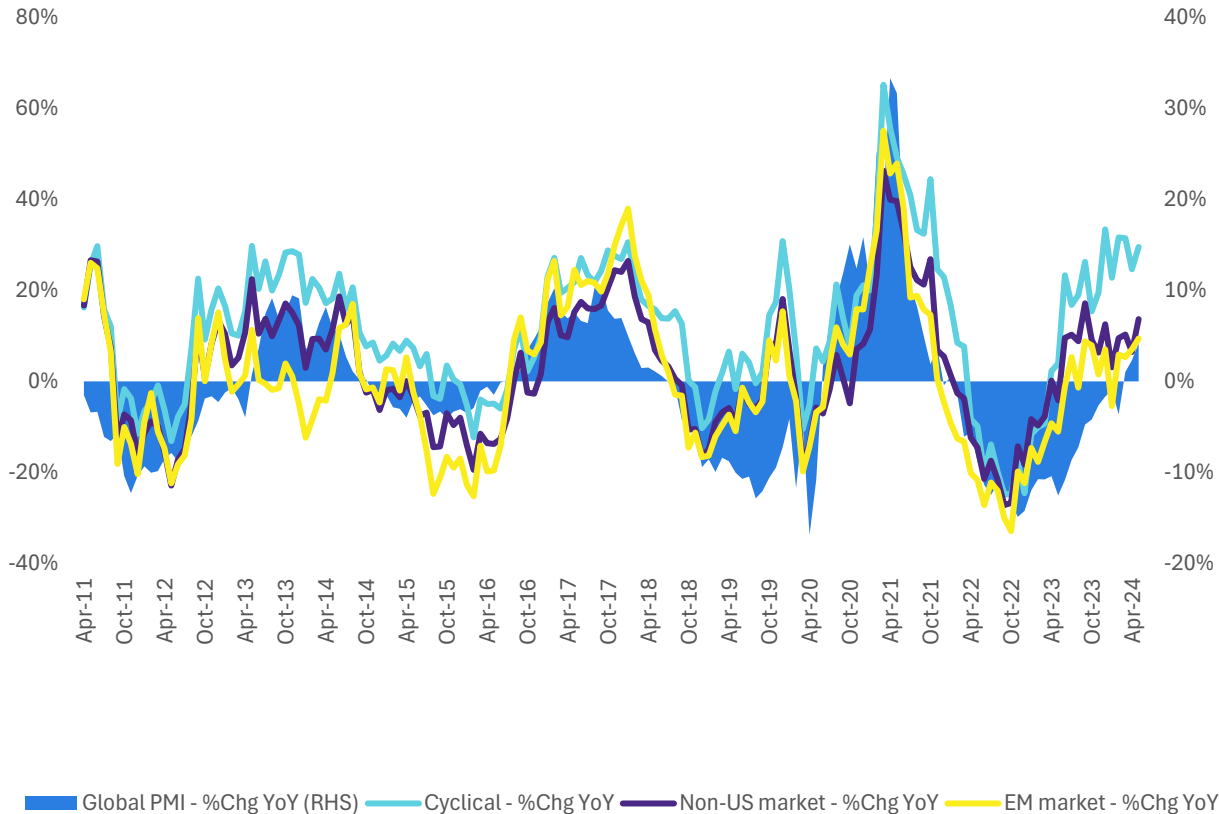
Key points of our 3Q24 strategy

		Summary of our views
Macroeconomic outlook		We are seeing signs of a synchronized recovery trickling down from large economies, especially the US, followed by Europe and now Asia, with the latest Global PMI improving. It is possible the Asian manufacturing sector will improve through the end of this year or early next year. We view that the US economy will continue to slow down, especially the manufacturing sector and the labor market, allowing the Fed to reduce interest rates in November-December. At the same time, momentum in the Thai economy will begin to recover. The key risks are geopolitical conflicts and Thai political issues.
Economic bright spots		Artificial intelligence, exports, cybersecurity, tourism, F&B, government spending, electronics
Navigating a shifting macro backdrop		The prospects for GDP and earnings growth have improved as the global economy recovers from the pandemic. Markets anticipate that policy rate cuts will be delayed until 2Q24, which would stabilize the dollar and yield in 3Q24. We think that earnings will be the main factor driving equity returns, as valuations seem to reflect fair levels for Asia markets. The common thread for Asia markets is currency weakness.
Earnings recovery and geopolitics risk are in focus		Turning to micro fundamentals, earnings will likely be the main driver of equity returns since valuations appear to be at fair levels. A better-than-expected economic and earnings performance from China and Thailand could boost market sentiment in 3Q24 and 4Q24. Meanwhile, three risks could amplify Asian equity volatility - a strong dollar, the US election and US-China relations - all of which may pressure earnings growth.
Closing the gap		Strong returns in US, growth vs value and tech were not the result of irrational exuberance but reflected the wide divergence of profit growth. We expect EM earnings to bottom in 1Q24 and then recover from 2Q24 onwards. We think that China and Thailand will narrow their gap with US and EU in terms of price performance, driven by earnings growth rather than valuation expansion.
Riding the market carousel		If China surprises to the upside, GDP and earnings upgrades are expected in 3Q24. EM and cyclical ex Tech stocks are more attractive relative to price performance and valuation than DM and Tech stocks given a deep valuation discount. Bargain hunters could look for laggard EM and cyclical in 2H24.
Strategy (3Q24) – Take the bull by the horns		We expect a shift from growth sectors to value and cyclical sectors excluding Tech, as the global recovery boosts sentiment. Thai equity remains underweighted, which could lead to better performance if fundamentals are supportive. The Thai market will edge up with sector rotation and new stimulus hopes. We believe earnings will continue to recover along with easing political tension and economic policy news, and the Thai market could turn to a price rally in 3Q24, given the large gap between the best (Taiwan, India) and worst performing markets (Thailand, Indonesia).
SET Index target		Our 2024 SET Index target is 1500. Bargain hunting at below 1300
Sector weighting (3Q24)	Overweight	Healthcare, Electronics, F&B, Telecommunication
	Neutral	Agribusiness, Building Materials, Commerce, Energy, Healthcare, Hotel, Petrochemical, REIT, Transportation, Utilities
	Underweight	Automotive, REIT
Recommendations		We like companies that have steady earnings recovery and can benefit from global economic recovery and bypass the cloudy domestic growth outlook. On this basis, our top picks for 3Q24 are ADVANC, KCE, OSP, PTTGC, TU.

Global economy is in prolonged expansion

...Synchronized recovery but risks remain

Despite a fragile outlook, global manufacturing is recovering from the bottom



Source: CEIC, InnovestX Research

Equities are poised to continue their upward trajectory due to favorable growth and recovery conditions. We think equities are more likely to keep trending higher than not against a better than feared macro backdrop.

The world economy is showing some signs of recovery, especially in the industrial and manufacturing sectors. This usually means that cyclical sectors, emerging market stocks, small-cap firms and commodity-related assets will perform well. The recent PMI cycle was less pronounced and less priced-in in EM and AEJ markets.

China could provide a positive surprise in the short term, which could resemble previous periods of industrial growth and benefit Asian stocks and currencies (stronger). However, we think China is only recovering, not booming or growing strongly.

If inflation keeps falling and global cyclical news improves further, this could create a positive momentum for cyclical stocks, non-tech sectors and non-US markets, but we think this would mostly widen the equity strength rather than shift it away from the US, as the US economy and earnings growth are more resilient than others.

What should we do?

Historically, cyclical and small-cap performed well

	Energy	Utilities	Bank	Commerce	ICT	Transport	Electronics	F&B	Property	Healthcare	Finance	ConMat	Petro	Tourism	Agri	Auto	SET Index	MAI	Large-Cap	Small-Cap
-6M	103.8	99.5	111.7	90.1	93.6	90.3	100.2	96.4	97.8	92.4	90.8	97.8	100.6	100.5	82.6	99.0	97.3	95.5	99.1	94.0
-5M	102.1	103.9	110.9	91.7	94.1	90.9	101.5	97.9	95.1	90.9	93.3	95.7	97.4	92.9	87.5	96.2	97.4	95.1	99.2	91.6
-4M	100.1	100.5	107.9	90.6	92.4	88.8	103.0	96.9	94.9	90.4	92.5	91.4	97.7	91.7	86.2	96.3	95.6	92.8	97.0	92.0
-3M	93.2	104.7	101.6	91.6	94.8	87.0	96.5	94.0	92.6	91.5	82.3	94.7	92.6	95.3	85.7	95.7	93.4	90.1	94.5	89.2
-2M	97.3	105.3	100.8	96.3	96.6	95.2	98.8	96.9	99.5	97.2	93.2	100.3	98.6	99.2	90.3	97.2	98.1	96.1	98.7	96.3
-1M	97.7	104.7	103.7	99.2	101.0	97.6	102.7	100.6	100.9	99.3	99.8	99.6	101.4	101.6	99.1	99.3	100.4	100.9	101.3	99.0
Starting expansion	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
+1M	102.3	100.8	100.1	97.4	103.2	93.6	101.5	98.9	94.7	95.9	96.5	101.7	98.5	97.3	96.9	97.1	99.2	98.7	99.6	97.3
+2M	100.9	95.4	99.6	98.2	101.0	96.1	106.4	102.0	93.1	93.5	94.6	101.3	97.3	98.5	99.7	96.0	98.7	99.0	99.1	97.0
+3M	96.9	90.0	91.8	92.4	92.2	91.4	107.2	94.6	85.6	87.4	88.8	92.6	92.3	91.0	96.4	91.9	92.6	93.5	92.6	90.6
+4M	96.9	88.2	93.1	93.2	93.8	92.3	114.0	95.0	86.2	87.0	96.4	94.2	96.8	93.2	106.0	93.6	93.8	96.1	92.9	94.7
+5M	106.2	98.9	103.7	99.0	95.5	101.0	114.8	99.7	95.0	94.2	105.6	96.6	112.6	101.0	105.3	101.4	100.7	101.6	100.7	100.9
+6M	109.0	96.3	104.9	97.5	93.6	96.8	117.4	100.1	93.1	92.9	108.2	96.2	115.1	98.4	112.4	103.4	100.9	102.8	99.9	101.5
+7M	108.3	99.4	104.5	96.4	91.6	93.5	125.7	102.5	91.6	91.0	111.2	97.1	116.5	93.8	120.6	106.2	100.6	105.9	99.2	102.2
+8M	108.0	97.3	108.9	95.5	91.3	94.0	125.1	101.7	91.6	87.8	112.2	97.3	120.0	99.0	131.7	107.9	100.4	106.0	98.9	103.5
+9M	109.3	102.4	114.1	99.7	96.0	99.1	127.6	104.1	97.4	92.6	114.5	103.0	124.6	104.3	130.8	111.4	104.1	116.1	102.2	107.1
+10M	110.4	102.9	112.0	100.5	97.3	97.3	134.4	103.5	98.0	94.2	115.0	107.2	129.3	101.2	133.0	111.9	104.9	119.0	102.7	108.0
+11M	110.4	102.9	109.6	100.4	98.1	99.2	136.3	103.7	99.1	95.2	115.1	106.8	125.9	103.6	127.8	117.4	105.9	119.8	103.4	109.9
+12M	107.0	103.1	109.2	102.2	98.4	101.2	137.1	105.4	99.7	101.7	114.3	104.5	122.2	105.9	126.8	122.5	106.1	124.0	103.2	111.1

The global economy is showing signs of recovery as manufacturing output rises across the world, despite the uncertainty over consumer demand. Despite a divergence between Thai and global returns in the past six months, the Thai stock market has historically performed well after a year-on-year growth in manufacturing, suggesting that it can benefit from the positive economic trends. This indicates that the Thai economy and stock market returns have the ability to capitalize on positive manufacturing trends. During the manufacturing recovery cycles, some sectors outperformed others, such as electronics, finance, petrochemicals, agribusiness and small-cap, reflecting their high exposure to global manufacturing activities and cyclical factors.

Source: CEIC, SET, InnovestX Research

What if there is no rate cut?

Economic and earnings could outweigh no rate cut

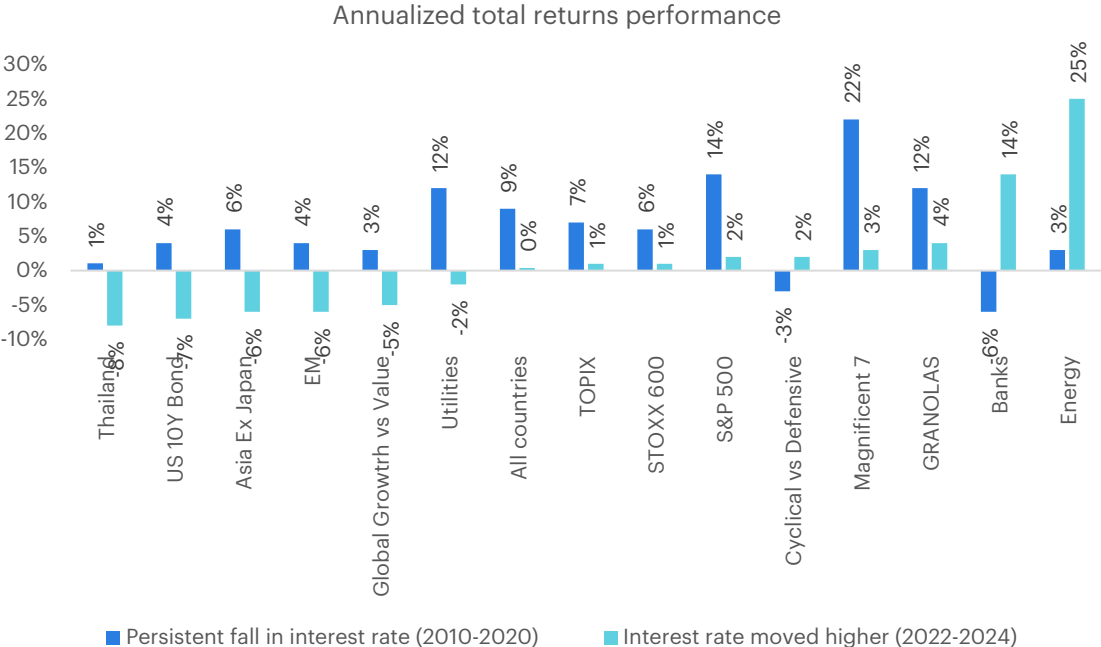
In the US stock market, technology and growth sectors outperformed value, bank and energy sectors from 2010 to 2020. This was due to the differing effect of falling interest rates on earnings and valuations. However, when interest rates rose from 2022 to 2024, the performance pattern changed. Then, value sectors, such as Energy and Banks, and high-dividend stocks in Asia performed better than the rest.

The minutes of the FOMC’s May meeting emphasized that 1Q24 inflation data showed no further progress toward the inflation target of 2%. Although the Fed had a wide range of views on the risks to the policy outlook, it is willing to tighten policy for longer in the face of upside risks to inflation.

For the Fed to cut rates in July, it may need to see not only lower inflation but also signs of weakness in the economy or the labor market. After the stronger May PMIs and lower jobless claims, this led to another round of market adjustment and expectation.

However, as long as the Fed is ready and able to ease policy if growth slows down, risk markets may benefit more than core rates from the uncertainty about easing expectations. The timing and number of rate cuts may not matter as much for equities as the Fed's responsiveness to the economic conditions.

Moreover, we think risky assets have already factored in some probability of no rate cut. Therefore, the market may not react too negatively to a delayed or canceled rate cut scenario in 2024, as long as the economy and earnings are doing well.

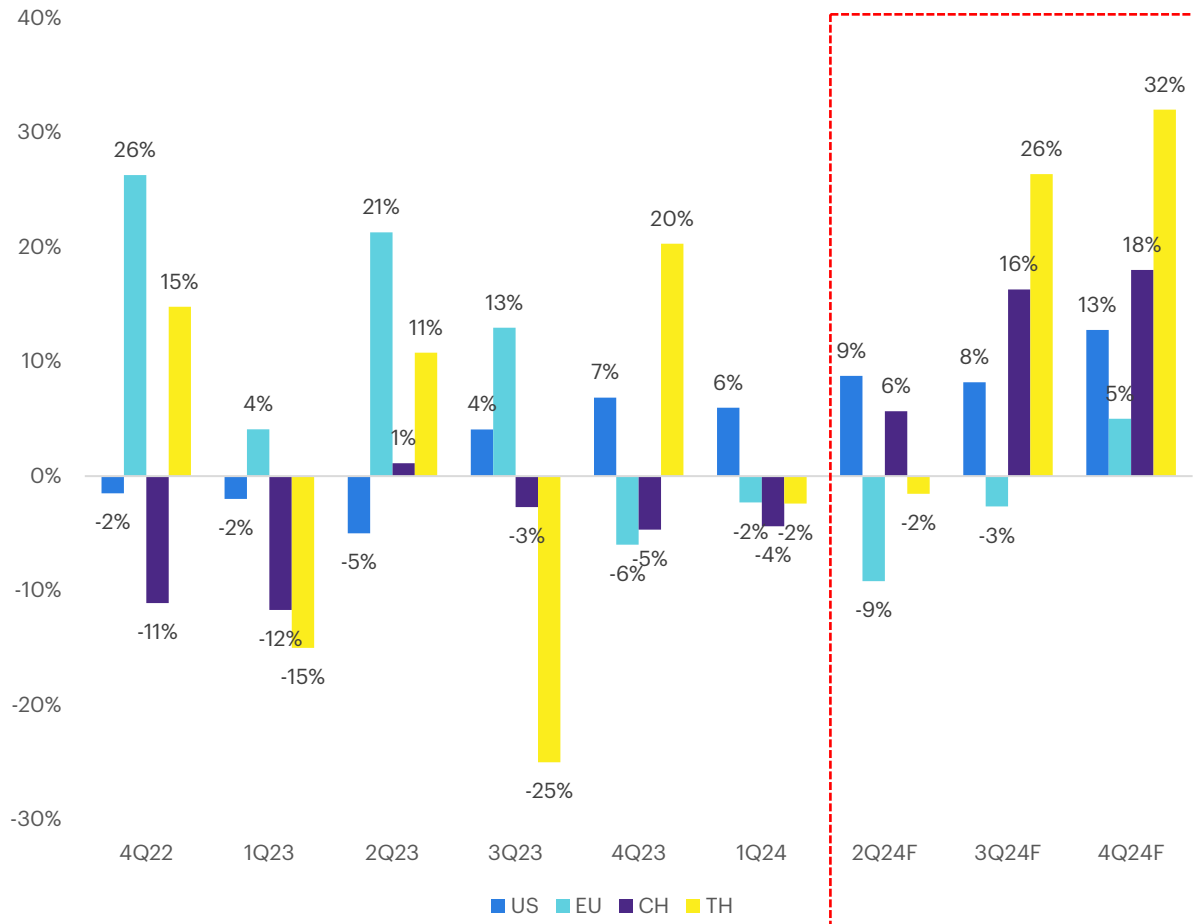


Source: CEIC, Bloomberg, InnovestX Research

Earnings outlook in 2H24

Closing the gap

Improving growth outlook for China and Thailand in 2H24



US growth remains strong despite global headwinds, while inflation is easing globally. A weaker yen also supports DM performance. However, the market is worried about China's slowing economy and the fallout from the property sector crisis. EM countries depend heavily on China, so their growth prospects are uncertain but show early signs of recovery. If China delivers better-than-expected results, we could see an upgrade in GDP and earnings for EM in 3Q24. We expect EM earnings to bottom in 1Q24 and start to recover from 2Q24.

A better-than-expected economic and earnings performance in China and Thailand could boost market sentiment in 3Q24, as these markets have low expectations compared to the US and EU, which are expected to sustain their earnings recovery in 2H24 – and which the market has already priced in.

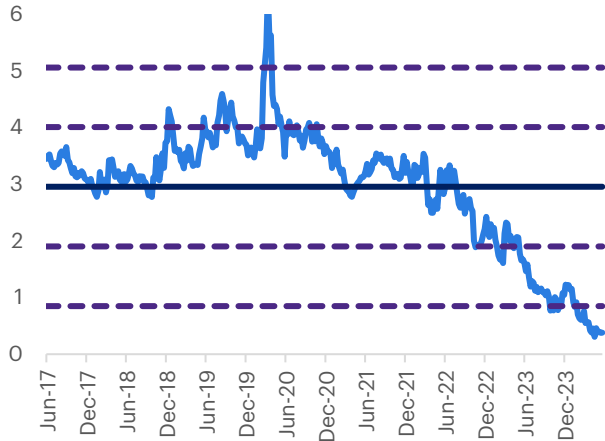
We think that China and Thailand will narrow their gap with the US and EU in terms of price performance, driven by earnings growth rather than valuation expansion.

Source: Bloomberg, InnovestX Research

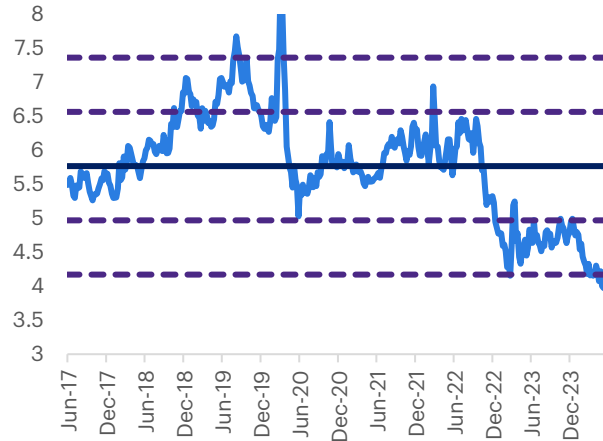
Earnings Yield Gap divergence

Narrowing gap?, earnings growth will matter

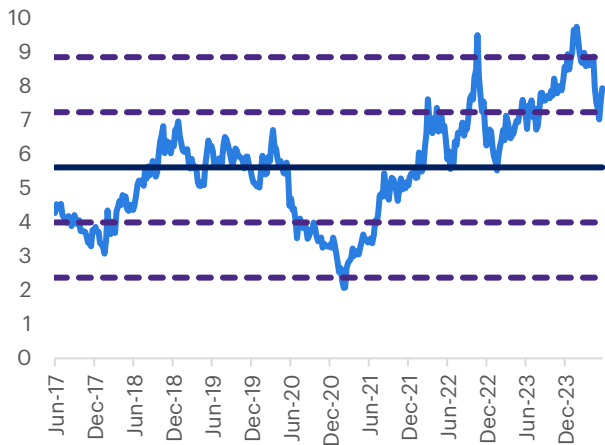
US - EYG



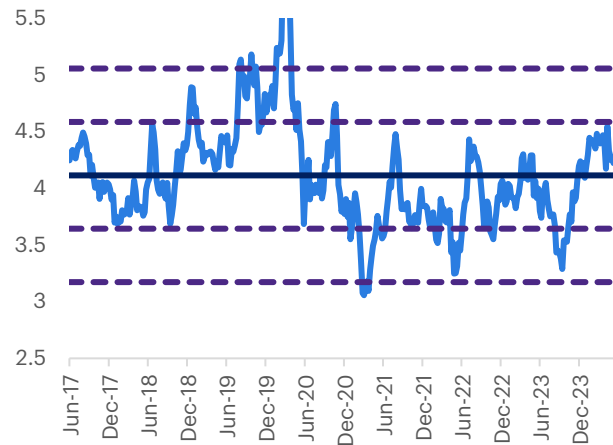
EU - EYG



CH - EYG



TH - EYG



The US and the EU have shown robust growth and expectations of interest rate cuts, boosting developed markets. However, emerging markets face challenges from China's slowdown and geopolitical tensions with weak currencies, which lower their returns. This has created a gap between the earnings yield of EM and DM markets, where EM markets like China and Thailand offer higher yields than their bonds. In contrast, the US and the EU markets are near the bottom of their yield gap.

We think this gap reflects the different growth stories for the regions. In the future, earnings growth will be more important for valuations than interest rate expectations.

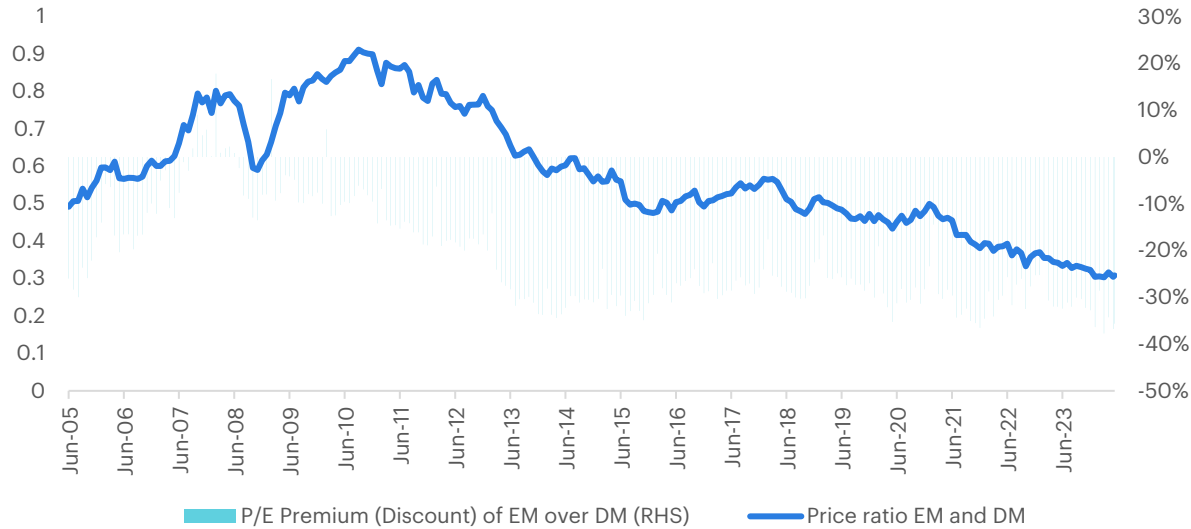
We still expect the US to grow and benefit from rate cuts, which would widen the earnings yield gap, while EM earnings are likely to recover in the second half of 2024. When the Fed cuts rates, EMs may offer more opportunities for investors, as their real policy rates are too high and hurt their currencies. Therefore, the earnings yield gap of the US and the EU will depend on rate cuts and the dollar, while for China and Thailand it will depend on earnings growth. We think EM is more attractive than DM on valuations. Emerging markets have more potential to improve their earnings than developed markets full of expectations.

Source: Bloomberg, SEI, InnovestX Research

Market carousel

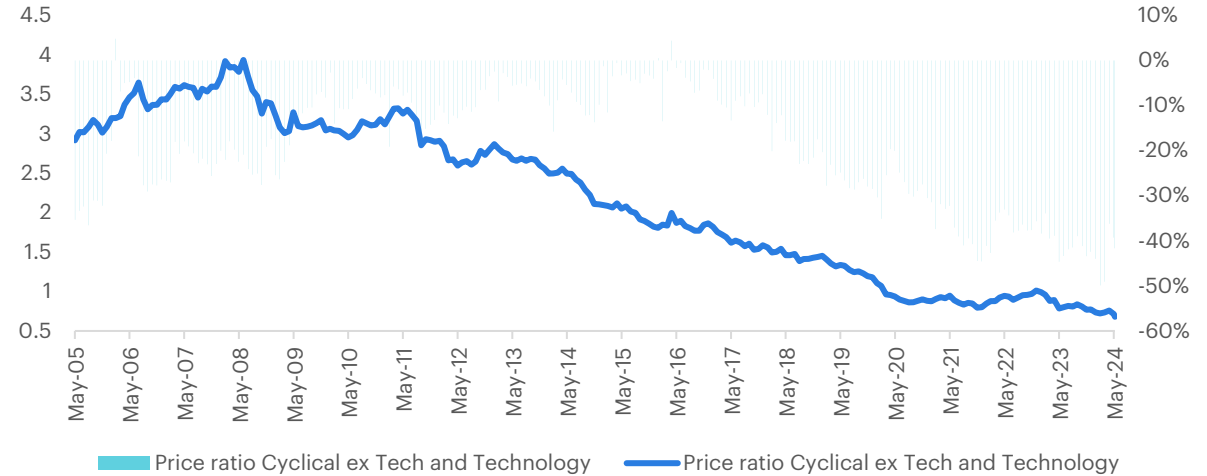
Game of rotation is getting more interesting

EM's valuation has the deepest discount relative to DM



Source: Bloomberg, InnovestX Research

Tech sector is driving the market rally, valuation of cyclical ex Tech is trading at deep discount relative to Technology



Source: Bloomberg, InnovestX Research

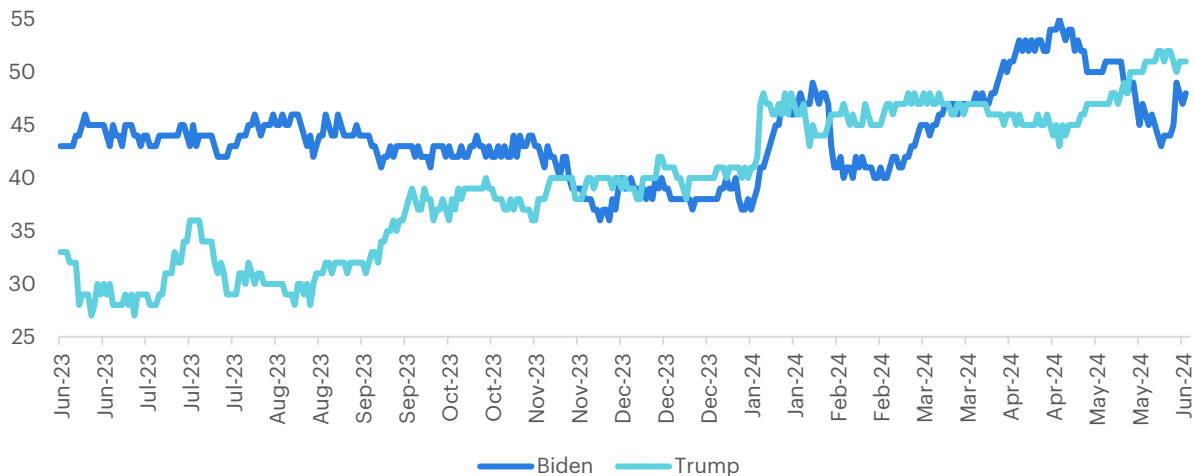
The tech sector in the US continues to underwrite strong earnings growth, while China's slowdown, delayed US rate cuts, and a robust dollar keep DM to EM rotation subdued. We remain bullish on US growth and anticipate that lower rates will boost DM performance. Meanwhile, we project that EM earnings will reach their lowest in 1Q24 and rebound from 2Q24.

We foresee the tech sector maintaining its edge in 3Q24. However, we expect a shift from growth to value and from tech to non-tech cyclical sectors in 2H24, as: 1) revenue growth improves, 2) manufacturing activity picks up, 3) earnings momentum increases, and interest rates come down. EM and cyclical ex Tech stocks have more attractive relative price performance and valuation than DM and Tech stocks given a deep valuation discount. Bargain hunters could look for laggard EM and cyclical plays in 2H24.

US election is coming

Trump's economic outlook is more inflation, less sanity

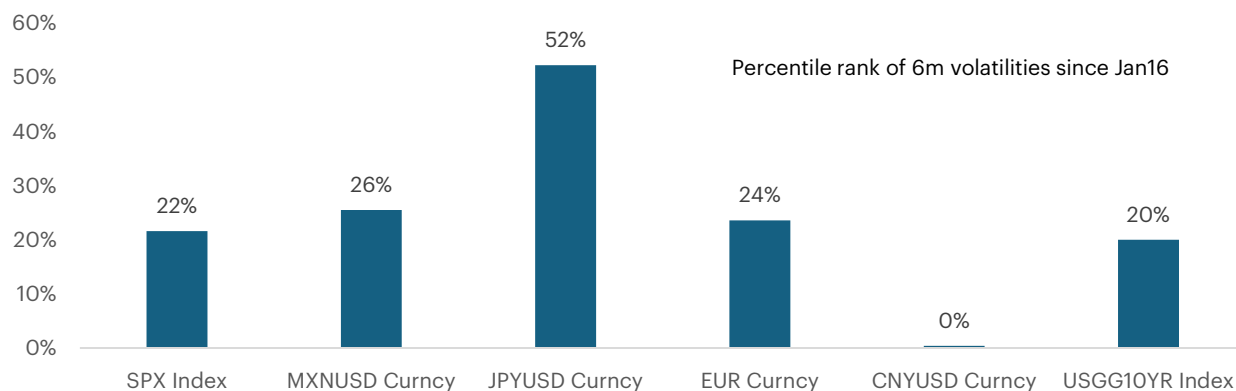
Betting market shows Trump ahead



According to polls, voters in key states trust Trump more than Biden on economic issues, and they are more interested in inflation and real income growth.

We expect the market to pay more attention to the election in the third quarter of 2024. We suggest prepare for the impact of changes in fiscal, tax, and trade policies. The market's reaction to potential tariffs could be the biggest source of uncertainty. Compared to historical levels, market volatility is low in many areas, especially before the elections in 2024.

Volatility is quite low in many assets through the election period

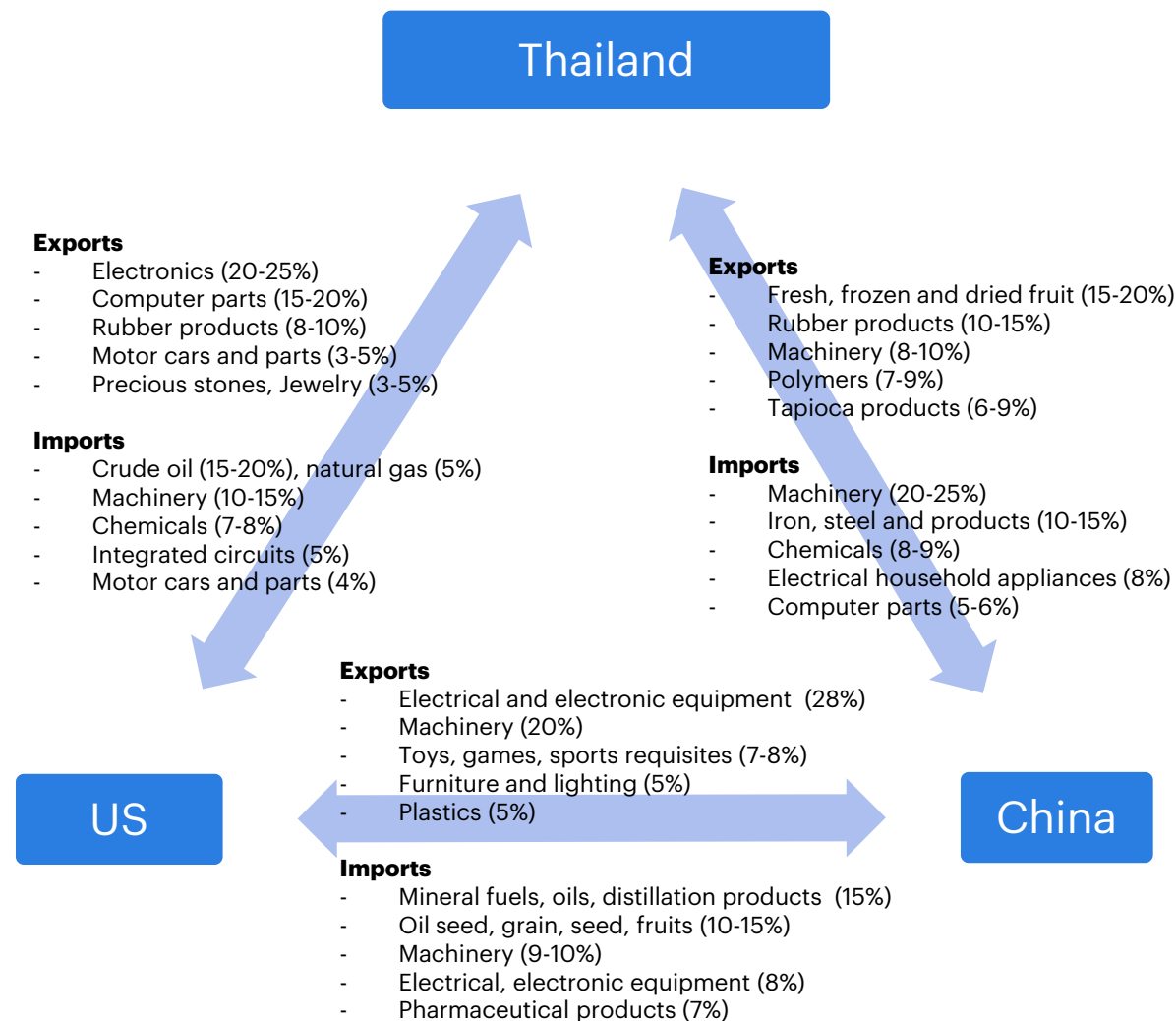


We think a stronger USD is the most likely outcome of a Republican win, because it reflects the higher risk of tariffs. We anticipate a drop in equities if there is a split government. A Republican sweep may not have the same impact as in 2016, because Trump's policies are less surprising and more predictable than before. However, we do not see much of an election premium in FX markets right now. Higher yields are more probable if either party sweeps than if the government is divided.

Source: Bloomberg, SET, InnovestX Research

US election is coming

...What does the US election mean to Thailand?



Source: Bloomberg, SET, InnovestX Research

The global economy and trade are facing unprecedented challenges and uncertainties due to the trade conflict between China and the US. The US has imposed tariffs on and restricted access to advanced technology for over six years, aiming 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 to resolve in a short period of time.

We expect the tariffs to persist for several years, especially if Trump is elected. 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 allied with China such as Thailand and 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 pressures inflation, competitiveness and profitability. Technology transfer and investment from relocations are limited. The products that Thailand exports to China and 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.

Geopolitical risk is emerging

Butter vs margarine

	Russia-Ukraine	Israel-Iran	China-Taiwan	US-China
Current situation	Russian forces are pushing in several key areas, especially in the south of Ukraine.	Indirect retaliatory strikes with aerial and drone attacks periodically between the two. There is no sign of short-term ceasefire negotiations.	China recently conducted full-scale military drills, larger and closer than in 2022, on Taiwan's separatist act. US, South Korea and Japan are forming joint military drills.	US is increasing tariffs on US\$18bn in Chinese imports across a handful of sectors deemed strategic to national security. The new tariff rates will take place over the next two years
Market reaction	Russia's stock market is improving on the energy price outlook and military spending. Meanwhile, there is no sign of market improvement given an unending conflict.	The market initially seemed concerned about the risks of Middle East contagion. At this point, the effect of rising oil price on growth is weighting more heavily on the market.	The stock market will experience periodic shocks but no panic. TWD and yield trades in a narrow band. The semiconductor sector is more vulnerable than others.	The impact on the market is small as contribution of the new industry trio (EV, batteries, solar panels) are less than 1% of China's GDP with few transactions between the US and China.
Impacts	Effect on gas price is limited lately. Agricultural price remains under pressure on the top of La Nina in Asia.	Impact has been seen on US and EU earnings on slowed revenue growth in the Middle East (~10% of revenue). The impact on oil price is limited.	Limited impact on market reaction and supply chain disruption. A war over Taiwan would shock global trade and supply chains.	Limited impact on China and the US in the short term but large impact on China's move to develop growth engines from EV, solar and batteries for the longer term.
Developments / Stance	Intense, not escalated Russia is ready to talk with Ukraine but on previous agreements. Ukraine is asking for China's help for safety and ending the war.	More intense and not escalated Lebanon is holding talks with Arab and international partners to prevent an all-out war. The US is pursuing a peaceful solution	More intense and escalated Taiwan remains committed to its sovereignty, while China continues to assert its claims over the island.	More intense and escalated Tariff on China products is going to escalate if Trump wins the election. A response from China is likely.
Strategy	Not much risk except for European gas price. EU relies less on energy supply from Russia. Keep an eye on Russia attacks.	Hedge against oil price fluctuation given continuous attacks. Reduce position on companies that have more than 10% exposure to the Middle East.	If the situation escalates, raise cash and buying US treasury are among the best options. Rising inflation, supply disruption, trade struggle, recession in Asia can be expected.	Tariffs and technology blockade will persist for several years. Not good for global growth. We believe the negative impact on China is higher than on the US. Prefer US over China. TIPs is a good option.

Source: InnovestX Research

Geopolitical risk is emerging

If all the Middle East gets worse

	Shadow War	Proxy War	Full-Blown War, Direct War
Probability	40%	30%	10%
Energy			
- Impact from oil price increase	5.5%	10.9%	38.2%
- Impact from interest rate increase	-1.9%	-1.9%	-3.8%
- Impact on valuations	1.0%	-5.0%	-20.0%
Non-Energy			
- Impact from oil price increase	-3.2%	-8.1%	-27.7%
- Impact from interest rate increase	-2.6%	-2.6%	-5.1%
- Impact on valuations	-3.0%	-6.0%	-20.0%
Total			
- Impact from oil price increase	-0.2%	-1.5%	-4.6%
- Impact from interest rate increase	-2.4%	-2.4%	-4.7%
- Impact on valuations	-1.6%	-5.7%	-20.0%
SET Index target	1,480	1,390	1,095
Strategy	The growth trend is starting to take a toll but at a manageable level. Corporates are able to maintain interest and pass costs on to customers. Demand is somewhat affected in some industries.	Start looking for protection and compensation for the risks that will arise. Growth prospects are fragile and affected overall. Central banks are likely not to cut interest rates, and the economy will enter stagflation.	A recession is inevitable. GDP growth will contract. Profit outlook will be revised downwards, both in terms of profitability and revenue due to a significant decrease in purchasing power. Hold less risky assets. Hold cash and wait to buy.
- Asset Class	Equities, inflation-protected bonds, commodities	Government bonds, inflation-protected bonds, investment grade corporate bond, gold	Government bonds, gold, hold cash
- Sector	Energy, Utilities, Tech	Utilities, Telecom, high pricing power, large-caps with high quality and dividend	Consumer Staples, Healthcare; take profit on energy; wait for Tech, Financials after sell-off
- TH sector	Energy for speculation , Transportation, Commerce, Financials	Energy for hedging, Utilities, Telecom, REIT, Healthcare	Healthcare, Commerce, F&B; wait for Bank, Tourism, Transportation, Petrochem

Source: Royal Thai Government, InnovestX Research

Sector and earnings outlook

Sector outlook for 2024

Air Transportation	Automotive	Bank	Commerce	Construction Materials
2024 will be a year for an earnings jump for air transportation, driven by growing Thai tourism. We believe AOT is back to its earnings uptrend and expect a jump in core earnings to Bt23bn in FY2024, based on 75.6mn international passengers (90% of pre-COVID-19 level). For AAV, we expect an earnings turnaround to Bt1.8bn in 2024 backed by strong average fare and rising capacity.	We have a cautious view given a slowdown in auto production due to a sluggish domestic auto market on a slow economy and greater restriction on auto loans. In 2024, automakers plan to start battery electric vehicle (BEV) production in Thailand, but the contribution will be small. We see this as an opportunity for incumbent auto suppliers to start to get new orders and raise their level of adaptation to electric vehicles.	We expect earnings this year to be essentially flat for the sector as a whole, with 3% loan growth, an 8 bps fall in NIM, a 10 bps reduction in credit cost, stagnant non-NII and stable cost to income ratio.	Sector SSS is expected to grow 2% YoY in 2024F, boosted by more tourists and the return of disbursement of government investment budget in late 2Q24, not yet including upside from possible new government stimulus, i.e. the digital wallet scheme. This, together with store expansion and wider margin, will support sector earnings to grow 10% YoY in 2024F	We anticipate a continued decline in the sector's earnings YoY for 1H24, primarily due to weak cement demand on the high interest rate environment and the high household debt level. However, this negative impact is partially mitigated by lower energy costs for coal and utilities. In 2H24, we expect some sign of pickup in demand for cement and building materials on the back of the government's disbursement activities expected in 2H24.
Electronics	Energy	Finance	Food & Beverage	Healthcare
The outlook for the global electronics market in 1H24 is seen as softening, pressured by the high interest rate environment which impacts consumer electronics-related demand and the new round of the US-China trade war that will pause some demand as well. However, the market expects overall electronic demand to recover on the back of AI-related product launches including AI smartphones, AI PCs and AI-related devices together with low inventory levels globally. Additionally, Thai electronics companies are expected to benefit from capacity expansions, such as DELTA's new factory starting up in early 2024, KCE's efforts to eliminate bottlenecks in its specialty PCB production and HANA's installation of new HEI machines.	Oil & Gas: Average oil price is expected to hover in a range of US\$80-90/bbl given the persistent geopolitical risk, extended supply cut by OPEC+ and more surplus supply from non-OPEC. Downside risk on demand growth persists given increasing economic headwinds and delays of interest rate cuts. Utilities: Lower gas price due to a restructure of gas price in Thailand and more domestic gas supply will reduce cost pressure for power producers. Electricity tariff will be maintained at current level despite lower fuel cost in an effort to alleviate EGAT's burden. SPP operators will benefit from lower gas cost and better energy efficiency of new power plants under the SPP Replacement scheme.	In 2024F, we expect a moderate recovery in earnings, underpinned by robust loan growth, a slight ease in credit cost on lower NPL formation and falling NIM (under pressure from rising cost of funds.)	Food: We expect 2024F earnings to turn into core profit from loss in 2023 with improved earnings for all players, boosted by lower feed costs, revived local livestock prices and overseas swine prices in key countries from early 2024 from better supply management, plus wider margin at aquatic players from the return in sales volume growth off 2023's normal base and lower tuna raw material costs. Beverage: Expect total demand to recover both at home and abroad, especially from CLMV after a hit in 2023. Cost for items such as sugar continue to move up while aluminum and natural gas prices move down, thus widening gross margin in 2024.	2024 will be a year for private hospitals to resume normal growth after the high base from COVID-19 services (in 2022) and the low base from international patients (in 2022-23). We forecast sector growth of 12% in 2024, driven by growing revenue and margin expansion. Private hospitals are in an expansion phase and strategic location is EEC area where demand for healthcare is increasing in tandem with economic activities.
Hotel	ICT	Land Transportation	Petrochemicals	Property
Our forecast of 35mn international tourist arrivals in 2024 will largely rely on recovery in the China market (at 8mn arrivals, 70% of pre-COVID-19 level); other source markets ex-China will continue to increase, but at a normalized growth (at 27mn arrivals, 94% of pre-COVID-19 level). RevPar will continue to grow in 2024 but at a more normal rate compared to 2023 when it jumped off 2022's low base. Growth will be driven primarily by ARR as occupancy rate is expected to stay at the current high level, backed by growing Thai tourism.	We have a positive view on the sector as we believe the cost synergy for both ADVANC and TRUE is coming in faster than expected. This will help reduce one key investor concern. Additionally, more rational pricing competition will help drive earnings growth for the sector.	Expect the recovery pattern in 2024 to be mixed. We believe MRT (Blue Line) and BTS (core Green Line) ridership will continue growing as traffic numbers for all have not yet reached pre-COVID. The ongoing recovery in international tourists will help support traffic in 2024. However, we expect expressway traffic to be flat YoY.	Gradual recovery of demand will be driven by stimulus in China, especially for the property sector. Uncertain economic outlook will be the headwind though additional supply is expected to slow down from 2023. Product spread will remain weak, though slightly improve YoY, until market sentiment improves at a stronger pace to offset new supply, mainly in Asia	Although stimulus is effective until Dec 31 this year, we expect total sector revenue growth at 6.5% with a drop in net profit of 6% from a weak 1Q24, followed by gradual recovery in 2Q-4Q24.

Source: InnovestX Research

Earnings outlook in 2024

All's well that ends well

	Consensus		InnovestX		3-Yr CAGR (2022-2025)
	2024F	2025F	2024F	2025F	
Agribusiness	16%	7%	31%	7%	-2%
Automotive	-6%	7%	-15%	7%	-4%
Banking	4%	6%	1%	6%	8%
Commerce	16%	14%	15%	14%	15%
Construction Materials	-9%	32%	6%	24%	14%
Electronic Components	10%	13%	6%	13%	10%
Energy & Utilities	-1%	9%	10%	12%	8%
Finance & Securities	14%	14%	10%	15%	6%
Food & Beverage	221%	29%	219%	16%	-13%
Health Care Services	10%	9%	13%	8%	6%
Information & Communication Technology	143%	25%	147%	22%	16%
Insurance	7%	10%	15%	11%	9%
Packaging	19%	16%	26%	5%	6%
Petrochemicals & Chemicals	250%	73%	292%	63%	10%
Property Development	-9%	5%	-12%	8%	-2%
Tourism & Leisure	44%	17%	36%	15%	37%
Transportation & Logistics	269%	35%	624%	33%	nm
Total	17%	13%	22%	13%	10%

Source: Bloomberg, InnovestX Research

Thailand's domestic recovery is losing momentum, and export recovery faces structural challenges. We forecast a higher growth rate in 2024 than in 2023, with private consumption and tourism, as well as public expenditure, providing sustained stimulus for the rest of the year.

Earnings recovery in 1Q24 was slow, but still positive. Net profit increased by 1.4% YoY and 54.2% QoQ, driven by revenue growth and stable margins. Excluding Energy, net profit rose by 3.4% YoY and 33% QoQ. mai performed exceptionally well, with net profit soaring by 131% QoQ and 84% YoY. We expect earnings to keep improving in both QoQ and YoY terms, supported by low base effect and moderate global economic recovery. We believe this trend will persist in 1H24, as most sectors show steady YoY growth.

We project earnings to grow 22% YoY in 2024 (vs consensus of +17% YoY), thanks to the resumption of travel and service activities, consistent growth in manufacturing sectors, and declining cost. We think the robust growth expectation in 2024 is realistic. Sector-wise, earnings growth delivery is likely to be widespread, with high growth contributed by Commerce (stimulus), Petrochemicals (low base, China recovery), F&B (new products, falling cost), and tourism-related sectors as the main growth drivers in 2024.

Sector outlook for 3Q24

Entering low season, earnings growth is likely to improve

Air Transportation	Automotive	Bank	Commerce	Construction Materials
<p>2Q-3Q are generally the low season for Thai tourism. However, in 3Q24, the good industry environment suggests the YoY earnings uptrend is intact. AAV's capacity in 2Q24 is planned at 84% of pre-COVID-19, before ramping up to 88% in 3Q24 and 99% in 4Q24.</p>	<p>Thai auto production is normally better QoQ in 3Q off the low base in 2Q due to a long holiday. However, we believe the YoY trend will continue to drop, dragged down by the slowdown of auto production due to a sluggish domestic auto market on a slow economy and tighter auto loan extension.</p>	<p>In 3Q24F, we expect weak loan growth, easing NIM and stable credit cost.</p>	<p>Sector earnings to grow YoY in 3Q24F, backed by sales growth (slight SSS growth and continued store expansion) and wider margin from growing tourists, the return of disbursement of government investment budget, but down QoQ on seasonality.</p>	<p>In 3Q24, we expect the sector's earnings to be flat QoQ due to low season for construction materials (rainy season) and low consumer spending in a high interest rate environment and high household debt levels. However, the startup of the government's budget disbursement will be a catalyst. Another positive is the cost-savings programs.</p>
Electronics	Energy	Finance	Food & Beverage	Healthcare
<p>We are entering the 3A24 high season and expect earnings to recover on seasonally high demand for electronics and expect more new AI smartphones/PCs, which will boost electronic component demand. As for the EV outlook, we expect short-term hiccups due to price wars and the escalating of US-China trade war. However, the medium-to-long-term outlook remains positive. 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.</p>	<p>Oil & Gas: OPEC+ is expected to maintain its output cut until end-3Q24. Higher demand for transport fuel due to driving season will support market GRM, especially for gasoline and jet fuel. Drone attacks on oil refineries in Russia could tighten supply of refined oil products periodically.</p> <p>Utilities: Lower gas cost from the restructure of gas price in Thailand will reduce cost pressure for power producers. Electricity tariff will be kept at current level despite lower fuel cost to compensate EGAT's debt burden.</p>	<p>For 3Q24, we expect good loan growth, falling NIM and stable credit cost.</p>	<p>Food: We expect 3Q24F sector earnings to grow YoY mainly on better local livestock prices, lower feed costs, higher overseas swine prices in key countries, lower tuna raw material costs, and better export from robust demand and weak THB, and up QoQ from seasonality.</p> <p>Beverage: Expecting a low season for both domestic and overseas demand while gross margin expecting to be up YoY but maintain QoQ.</p>	<p>3Q is normally a higher season for healthcare service sector (+QoQ) due to seasonal illnesses and off the low base in 2Q from the long holiday. We maintain our view that the resilient earnings uptrend YoY will continue from growing Thai and international patient service and strong EBITDA margin.</p>
Hotel	ICT	Land Transportation	Petrochemicals	Property
<p>2Q-3Q are generally the low season for Thai tourism. However, in 3Q24, the good industry environment suggests the YoY earnings uptrend is intact. Growth will be driven primarily by ARR as occupancy rate is expected to stay at the current high level, backed by growing Thai tourism.</p>	<p>Sector earnings will continue to grow QoQ and YoY in 2Q24 (results will be released in mid-August), driven by cost reduction and a better competitive landscape in terms of pricing. We also expect tourism-related revenue to continue improving QoQ due to long holidays in Thailand in April.</p>	<p>We expect to see more clarity on multiple projects in 3Q24 such as the West Orange Line, MRT fare increases and the double-deck. The timing of the BMA's repayment of its debt to BTS for the O&M part is still unclear. The first three projects should benefit BEM while the last, if concluded in 3Q24, would benefit BTS in terms of cash flow.</p>	<p>China's latest stimulus measures could boost market sentiment somewhat. But overall demand recovery should remain gradual as more impactful stimulus package in China, especially for property sector, is still needed. Limited feedstock due to higher demand for gasoline blending could continue to limit supply of aromatics, mainly PX.</p>	<p>Better presales and net profit growth QoQ is expected, backed by more new launches, booking of backlog and stimulus. However, presales remain weak YoY from high interest rate and rejection rates.</p>

Source: InnovestX Research

Earnings momentum in 2Q24 and 3Q24

Sector	2Q24		3Q24		Reason
	YoY	QoQ	YoY	QoQ	
Energy (Oil and Gas)	=	-	-	+	Energy – core profit is expected to weaken QoQ in 2Q24 led by oil refineries on lower GRM caused by slower demand for diesel and jet fuel. Profit of E&P will continue to increase on higher sales volume and ASP. Earnings will improve QoQ in 3Q24 on recovery of GRM due to higher seasonal demand for transport fuel.
Commerce	+	-	+	-	3Q24F earnings will grow YoY in tandem with better sales from more tourists and the disbursement of the government investment budget but fall QoQ from seasonality.
Electronics	+	+	+	+	We expect core earnings to increase QoQ in 3Q24 due to high season for the sector together with the positive impact from new AI smartphones/PCs to support overall demand for electronic components and to drive the sector's earnings in 3Q24.
Beverage	+	+	+	-	Softer revenue from low season with limited upside to gross margin compared with 2Q24.
Healthcare	+	-	+	+	3Q is normally a higher season for healthcare services (+QoQ) due to seasonal illnesses and off the low base in 2Q from long holidays.
Tourism	+	-	+	=	2Q-3Q are generally the low season for Thai tourism. However, in 3Q24, the good industry environment suggests the YoY earnings uptrend is intact.
Utilities	+	-	+	+	Utilities – lower gas cost and flat Ft rate QoQ will help EBITDA margin for SPPs in 3Q24. Ft rate is expected to stay at the current level in 3Q24 in an effort to lower EGAT's debt burden caused by high energy cost in 2022.
Property	-	+	+	+	Net profit should recover both YoY and QoQ off a low base and higher backlog recognition in 3Q24; SG&A could be of concern from promotions.
Bank	=	=	=	=	For 2Q24 and 3Q24, we expect weak loan growth, easing NIM and stable credit cost.
Chemical	+	+	+	+	Demand will improve gradually QoQ in 2Q24 and 3Q24 as destocking continues to ease. More stimulus packages in China to revive the property sector and consumer confidence will be the key catalyst for margin. Geopolitical risks and uncertain global economic outlook remain the key drag for product price and spread.
Con Mat	=	=	=	=	We expect the sector's earnings to be flat QoQ due to low season and low consumer spending in a high interest rate environment and high household debt levels. However, government budget disbursement will burnish sentiment.
Insurance	+	-	+	=	In 2Q24 and 3Q24, we expect weak premium growth, better underwriting margin, stable ROI.
Finance	+	+	+	+	In 2Q24 and 3Q24, we expect good loan growth, falling NIM and stable credit cost.
Food	+	+	+	+	Rising local livestock prices, lower feed costs, improving overseas swine prices, weak THB supporting exports, lower tuna raw material costs will support sector earnings to grow YoY and QoQ.
ICT	+	+	+	+	We expect 2Q24 core earnings to grow QoQ and YoY. The QoQ growth will be small as the benefit of rising tourism-related revenue will be partially offset by lower handset revenue as ADVANC and TRUE booked strong 1Q24 handset revenue from the easy e-receipt program. For the YoY growth, ongoing better pricing competition and cost synergy will be key growth drivers.
Land Transport	+	+	+	+	Earnings will continue to improve QoQ and YoY, with QoQ growth supported by dividend income from TTW and CKP at BEM, although we expect to see a small QoQ drop for BTS. YoY growth will be driven by improving traffic.
Automotive	-	-	-	+	The YoY trend will continue down, dragged by the slowdown of auto production due to a sluggish domestic auto market on a slow economy and tighter auto loan extension; QoQ will show improvement on seasonality.

Source: InnovestX Research

Summary of 3Q24 sector outlook

	3Q23	4Q23	1Q24	2Q24	3Q24	Catalysts	Risks
Electronics	7	6.5	6.5	7	8	Expect 3Q24 earnings to better QoQ on its high season and a catalyst from new AI smartphones/PCs that will boost overall electronic components demand.	Unpredictable events that will interrupt especially rising concern over the tech war between China and the US and the price war for EVs.
Food	4	4	5	6	8	Rising local livestock prices, lower feed costs, improving overseas swine prices, weak THB supporting exports, lower tuna raw material costs.	Key risks are weaker product prices from new supply and fragile purchasing power.
Utilities	7	7	7	8	8	Lower gas cost on restructure of gas price in Thailand while electricity tariff will be maintained at current level.	Higher gas price as the LNG Japan/Korea price rises to impact gas cost, lower than expected Ft rate hurting SPP margin.
Beverage	7	7.5	7	7.5	7	Expect a low season for beverages on lower overseas demand with a slip in domestic demand.	Volatile cost from aluminum in 3Q24 while domestic sugar price expected to stay high versus lower export sugar prices.
Energy (Oil & Gas)	7	7	7	5	7	Improving domestic demand implies higher margin for Thai oil refineries, stable oil price and lower downside risk from stock loss. Higher sales volume of E&P from G1/61 project.	Economic slowdown and slower than expected recovery of the tourism industry, disruption of oil loading facility and higher freight cost
Healthcare	7	7	7	7	7	Growing Thai and international patient services and growing social security scheme services. New revenue stream: Upgrading services and facilities, expansion to EEC areas. High pricing power to pass through rising cost.	Slow patient traffic. Workforce shortages. Intense competition.
ICT	5	6	5	6	7	Further cost synergy and revenue growth recovery from better pricing competition	Weaker-than-expected economy which would hurt revenue growth; regulatory risk
Land Transport	5	5	5	7	7	Increase in MRT fare and conclusion of West Orange Line	No conclusion of West Orange Line project and BEM delays the MRT fare increases
Property	6	6.5	6.5	6.5	7	Expect presales to recover QoQ but remain weak YoY backed by more new launches and stimulus for transfer and mortgage fees.	High interest rate and rejection pressuring new sales and transfers.
Tourism	8	8	7	7	7	Strong low season. Rising ARR, which is a price factor to boost RevPar at no additional cost.	Global economic slowdown. Cost inflation. Initial cost from new investments. Airline: Rising jet fuel price and weaker baht
Bank	6	6	6	5	6	Upside on NIM from no policy rate cut with easing credit cost.	Asset quality risk from an uneven economic recovery and geopolitical risk.
Chemical	5	5	6	5	6	China stimulus measures, global economic recovery, easing destocking, operating rate cut by high-cost producers.	Lower than expected gas supply from Erawan, high feedstock cost, slower demand recovery
Commerce	7	8	8	8	6	More tourists and the return of the disbursement of government investment budget.	Key risks are changes in purchasing power and the change in government policy
Con Mat	5	4	4	5	6	3Q24 earnings are expected to be flat, pressured by low season (rainy season), high household debt and high interest rate environment but expect positive sentiment on government budget disbursement.	Prolonged weak economic activities amid high interest rate and a delay in government disbursement.
Finance	4	4	5	5	6	Easing credit cost with good loan growth	Asset quality risk from an uneven economic recovery, rising cost of funds and rising competition from banks
Insurance	6	6	6	5	5	Improving underwriting margin	Downside risk to premium growth as a result of lower purchasing power, volatile capital market. and falling bond yield
Automotive	4	4	4	4	4	Easing auto loan. New orders to produce parts for ICE and EV models.	Economic uncertainty, rising cost of living and higher interest rates that may derail auto demand with tightening auto loan extension.

Source: InnovestX Research

Sector weightings and valuations in 3Q24

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
Healthcare	Overweight	5.6%	-7%	-2%	13%	8%	6%	26.3	24.4	4.6	4.3	2.6	2.8	15.9	14.7
Electronics	Overweight	6.6%	4%	-13%	6%	13%	10%	44.1	38.9	8.2	7.2	0.8	0.9	34.0	30.7
Food & beverage	Overweight	6.0%	-13%	3%	219%	16%	-13%	23.9	20.7	1.1	1.1	0.7	1.0	10.5	10.0
Telecoms	Overweight	9.1%	-10%	4%	147%	22%	16%	27.6	22.6	5.0	4.7	3.1	3.6	6.8	6.4
Agribusiness	Neutral	0.5%	-22%	21%	31%	7%	-2%	9.0	8.4	0.8	0.8	2.2	2.4	6.8	6.1
Air Transportation	Neutral	5.5%	-21%	4%	172%	27%	n.m.	36.1	28.4	6.5	5.7	0.0	0.0	17.9	14.8
Bank	Neutral	10.5%	-1%	-7%	1%	6%	8%	7.0	6.6	0.6	0.6	6.6	7.0	-	-
Building Materials	Neutral	3.0%	-16%	-16%	6%	24%	14%	11.6	9.3	0.7	0.7	4.1	5.1	8.0	6.8
Commerce	Neutral	9.7%	-21%	-6%	15%	14%	15%	23.2	20.3	1.5	1.4	2.2	2.5	10.6	9.8
Energy	Neutral	19.9%	-18%	-10%	10%	12%	8%	9.6	8.6	0.9	0.8	4.9	5.3	4.6	4.2
Hotel	Neutral	1.8%	-13%	1%	36%	15%	37%	24.8	21.7	2.1	2.0	1.4	1.6	13.6	12.6
Land Transportation	Neutral	1.1%	-17%	-13%	172%	27%	n.m.	36.1	28.4	6.5	5.7	0.0	0.0	23.0	21.3
Petrochemical	Neutral	1.9%	-25%	-14%	292%	63%	10%	14.5	8.9	0.6	0.6	2.8	4.4	6.7	5.5
Residential/IE	Neutral	5.7%	-15%	-11%	-12%	8%	-2%	10.5	9.7	0.9	0.8	4.9	5.4	12.3	11.0
Utilities	Neutral	4.1%	-24%	-11%	31%	27%	42%	23.4	18.4	2.1	2.0	0.0	0.0	16.5	14.5
Automotive	Underweight	0.5%	-16%	-19%	-15%	7%	-4%	8.2	7.7	0.7	0.7	5.8	6.2	2.8	2.3
REITs / PF / IF	Underweight	1.6%	-15%	-9%	424%	3%	9%	n.m.	7.6	0.5	0.5	0.2	0.2	7.2	6.7

Source: Bloomberg, InnovestX Research

SET Index scenario & picks

On shaky ground

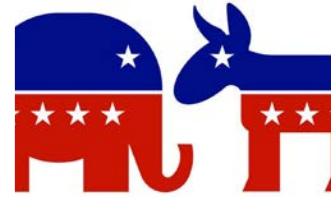
US election and rate cut are in the spotlight



3Q24

- Paris 2024 Summer Olympics
- UK general election
- Tech sector growth normalization
- AI frenzy is peaking
- Inflation normalization
- Currency volatilities from rate discrepancy
- Central banks globally cut rate
- EM earnings recovery
- Rotation: Growth to value, DM to EM and tech to non-tech

Source: InnovestX Research



4Q24

- US presidential election
- US interest rate cut
- Rising geopolitical risks
- BRICS summits in Russia
- Swing back to La Nina condition
- NPLs among China's state banks from property supportive measures
- Thailand's economic stimulus

SET Index scenario in 2024

Herald of hope in 2H24

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 the EU and China and a delayed rate cut expectation 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 geopolitical risk in the Middle East and Taiwan and delayed US rate cut expectation, China's fiscal stimulus with property supportive measures 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 +1.4%
Bond market -0.9%
Gold +2.9%
SET Index -3.3%
(as of 7 June 2024)

3Q24

The market will shift focus to tech valuations and new growth drivers outside AI. We expect rotation from growth sectors to value and cyclical ex tech sectors on improving sentiment from a global economic recovery and the Fed's stance on cutting rate leading to a weak dollar that is positive for EM equities. EM earnings growth recovery is expected to be seen from 3Q24.

The Thai market will move sideways up thanks to rotation and hopes for new stimulus. We think earnings are likely to continue recovery, while speed of recovery will be moderated by risk of weak growth in China.

4Q24

SET Index target is 1500

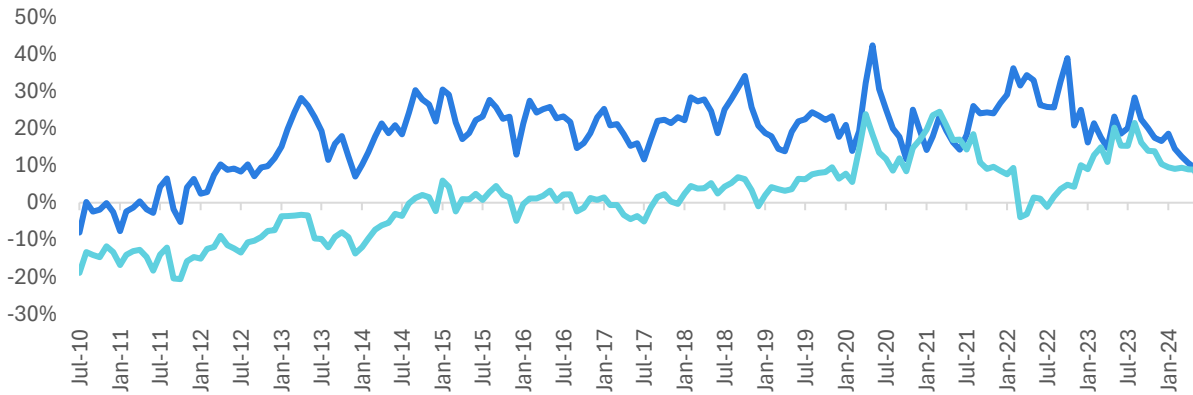
Looking into 4Q24, three risks (strong dollar, US election, US-China relations) could amplify global and Thai equity volatility. The geopolitical risks between China and US will remain unchanged. Uneven central bank rate cuts will be seen in 4Q24 and lead to currency fluctuations. The market is also optimistic about the 2025 growth outlook.

The key entry point is below 1300

Source: Bloomberg, SET, InnovestX Research

Thai market valuation is de-rated ...but still trading at premium relative to peers

Valuations of SET Index is trading at premium to peers



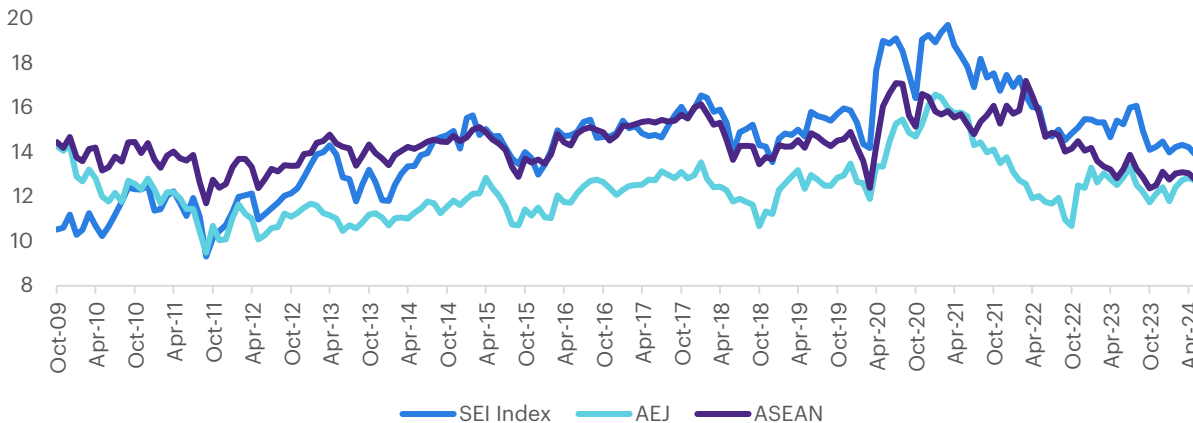
Despite political instability, SET Index has enjoyed a higher valuation than peers of 10-30% since 2012 due to the strong growth story of domestic consumption, exports and tourism.

The wind of fortune is turning against the economy, which faces structural challenges, AI competition from North Asia and political instability. This has caused valuation to decline to its lowest in 12 years compared to Asia ex Japan and in 2 years to ASEAN peers.

We are not surprised by the valuation pressure. We think the current valuation is fair based on the earnings growth outlook. Our rough estimate suggests that the SET Index could range between 1200-1250 if it trades at the lower end of ASEAN peers' valuation. Although the long-term growth prospects are not compelling, we believe earnings will likely drive equity returns as valuations seem reasonable. Positioning remains light, which lends an upward bias to performance if fundamentals are supportive.

We also anticipate less political tension in the short term in 2H24. Better macro conditions with economic stimulus measures and the plan to revive LTF would limit the downside risks for the market.

Forward P/E comparison - SET valuation is falling to reach its peers



Source: Bloomberg, InnovestX Research

Thai equity strategy

Take the bull by the horns

3Q24

- **Outlook** – The prospects of GDP and earnings growth have improved as the global economy recovers from the pandemic. Markets anticipate that policy rate cuts will be delayed until 3Q24, which would stabilize the dollar and yield in 3Q24. We think earnings will be the main factor driving equity returns, as valuations seem to reflect fair levels for Asia markets.
- **Strategy** - We expect a shift from growth sectors to value and cyclical sectors excluding tech, as the global recovery boosts sentiment. Thai equities continue to be underweighted, which could lead to better performance if fundamentals are supportive. The Thai market will edge up with sector rotation and new stimulus hopes. We believe earnings will continue to recover along with easing political tension and economic policy news, and the Thai market could turn to a price rally in 3Q24, given the large gap between the best (Taiwan, India) and worst (Thailand, Indonesia) performing markets.

4Q24

- **Outlook** – The macro environment in 4Q24 is characterized by solid growth and a persistent rise in the dollar and interest rates. 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) the stronger dollar that discourages fund inflows, 2) the uncertainty around the US election that could affect fiscal, tax and trade policies, 3) the potential escalation of US-China tensions ahead of the US election, especially if Trump wins and imposes more tariffs.
- **Strategy** – We anticipate a lot of market fluctuations in the last quarter of 2024. The lower rate is good for the market. We favor large-cap companies that mainly operate in the domestic market and have strong financial positions over sectors that depend on the economic cycle, as this can lower the impact of external volatility.

Source: InnovestX Research

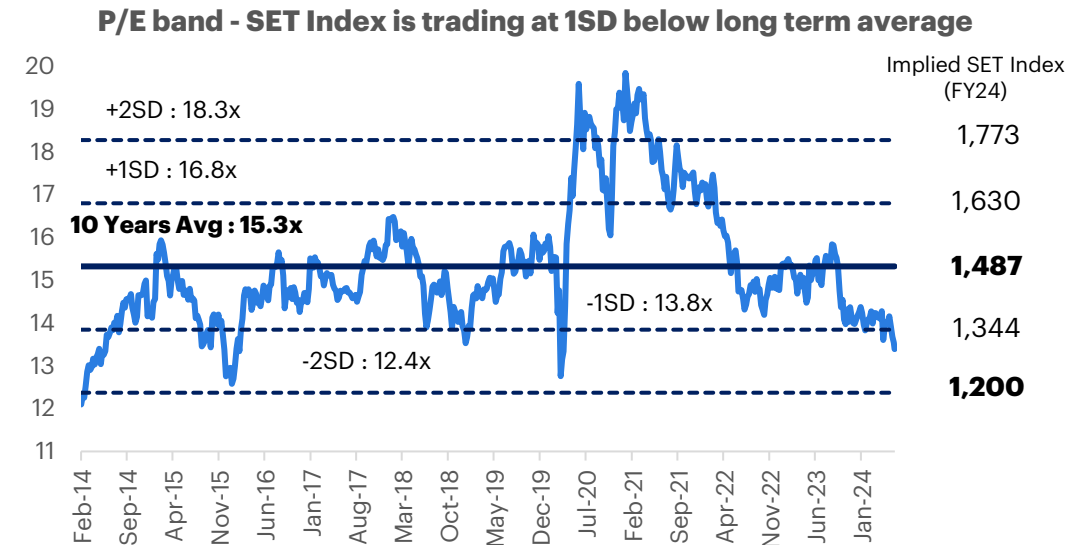
SET Index targets: 1500 for 2024

Stay the course; bargain hunting at below 1300

	Book value (2024)	Target PB		Market Cap	
		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 FY2024				
	-5%	-1%	Base (EPS 97)	+1%	+5%
+1SD (2.9%)	1,534	1,599	1,615	1,631	1,695
Avg (3.6%)	1,380	1,438	1,453	1,467	1,525
-1SD (4.3%)	1,254	1,307	1,320	1,334	1,386
-2SD (4.9%)	1,150	1,198	1,210	1,222	1,271
Forward P/E					
-2SD (12.5x)	1,128	1,176	1,188	1,200	1,247
-1SD (13.9x)	1,263	1,316	1,329	1,343	1,396
Avg (15.4x)	1,398	1,456	1,471	1,486	1,545
+1SD (16.9x)	1,532	1,597	1,613	1,629	1,694



Our top picks in 3Q24 – ADVANC, KCE, OSP, PTTGC, TU

Focusing on earnings recovery

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

- 1) Good balance sheets that will provide a cushion in a highly uncertain environment and broad-based macro challenges.
- 2) Positive momentum from an improving global manufacturing cycle with tentative signs of restocking.
- 3) Earnings recovery in 2024 from revenue recovery and margin expansion.
- 4) Gain from a lower interest rate environment on both earnings and valuations in 2H24

As the global economy is showing early signs of synchronized recovery, we 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 exhibiting steady earnings recovery and can benefit from global economic recovery and bypass the cloudy domestic growth outlook. Therefore, our top picks for 3Q24 are ADVANC, KCE, OSP, PTTGC, TU.

Top picks valuation table

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)		EPS growth (%)		P/BV (x)		ROE (%)		Div. Yield (%)		EV/EBITDA (x)	
					24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
ADVANC	Outperform	209.00	260.0	28.9	19.7	18.2	11	8	6.5	6.2	34	35	4.5	4.8	6.9	6.6
KCE	Outperform	41.25	52.0	27.9	21.5	20.1	45	7	3.2	2.9	16	15	1.9	2.0	13.6	13.5
OSP	Outperform	23.20	29.0	28.8	25.3	22.7	31	11	5.0	4.8	18	21	3.8	4.2	14.8	13.6
PTTGC	Outperform	32.25	48.0	51.9	13.7	9.8	n.m.	40	0.5	0.5	4	5	3.1	5.0	7.4	6.3
TU	Outperform	15.50	18.0	20.6	13.6	11.8	14	15	1.0	1.0	8	9	4.5	4.8	9.0	8.3
Average					18.8	16.5	25	16	3.2	3.1	16	17	3.5	4.2	10.4	9.7

Source: InnovestX Research



สิทธิชัย ดวงรัตนฉายา
นักกลยุทธ์อาวุโสตลาดหุ้นไทยและต่างประเทศ
ฝ่ายกลยุทธ์การลงทุน



ดร.ปิยศักดิ์ มานะสันต์
หัวหน้านักวิจัยเศรษฐกิจ

- **Follow us**



Innovestx

 **@innovestx**



Disclaimer

The information in this report has been obtained from sources believed to be reliable. However, its accuracy or completeness is not guaranteed. Any opinions expressed herein reflect our judgment at this date and are subject to change without notice. This report is for information only. It is not to be construed as an offer, or solicitation of an offer to sell or buy any securities. We accept no liability for any loss arising from the use of this document. We or our associates may have an interest in the companies mentioned therein.

InnovestX Securities Company Limited (“INVX”) is wholly owned by SCB X Public Company Limited (“SCBX”) and The Siam Commercial Bank Public Company Limited (“SCB”) is majority-owned by SCBX. Any information related to SCB is for sector comparison purpose.

This document is prepared by InnovestX Securities Company Limited (“INVX”) which is wholly owned by SCB X Public Company Limited (“SCBX”). The Siam Commercial Bank Public Company Limited, which is majority-owned by SCBX, acts as financial advisor of the LH Hotel Leasehold Real Estate Investment Trust. Any opinions, news, research, analyses, prices, statements, forecasts, projections and/or other information contained in this document (the “Information”) is provided as general information purposes only and shall not be construed as individualized recommendation of an offer to buy or sell or the solicitation of an offer to buy or sell any securities. INVX and/or its directors, officers and employees shall not be liable for any direct, indirect, incidental, special or consequential loss or damage, resulting from the use of or reliance on the Information, including without limitation to, damages for loss of profits. The investors shall use the Information in association with other information and opinion, including their own judgment in making investment decision. The Information is obtained from sources believed to be reliable, and INVX cannot guarantee the accuracy, completeness and/or correctness of the Information.

INVX reserves the right to modify the Information from time to time without notice and in its sole discretion. This document is delivered to intended recipient(s) only and is not permitted to reproduce, retransmit, disseminate, sell, distribute, republish, circulate or commercially exploit the Information in any manner without the prior written consent of INVX.

Futures and Options trading carry a high level of risk with the potential for substantial losses, and are not suitable for all persons. Before deciding to trade Futures and Options, you should carefully consider your financial position, investment objectives, level of experience, and risk appetite if Futures and Options trading are appropriate. The possibility exists that you could sustain a loss of some or all of your initial investment. You should be aware of all the risks associated with Futures and Options trading, and you are advised to rely on your own judgment while making investment decision and/or should seek advice from professional investment advisor if you have any doubts.

This document is delivered to intended recipient(s) only and is not permitted to reproduce, retransmit, disseminate, sell, distribute, republish, circulate or commercially exploit the Information in any manner without the prior written consent of INVX.

© Copyright 2022 InnovestX Securities Co., Ltd. All right reserved.

CG Rating 2023 Companies with CG Rating

Companies with Excellent CG Scoring

7UP, AAV, ABM, ACE, ACG, ADB, ADD, ADVANC, AEONTS, AF, AGE, AH, AHC, AIRA, AIT, AJ, AKP, AKR, ALLA, ALT, AMA, AMARIN, AMATA, AMATAV, ANAN, AOT, AP, APCO, APCS, ARIP, ARROW, ASEFA, ASK, ASP, ASW, ATP30, AUCT, AWC, AYUD, B, BA, BAFS, BAM, BANPU, BAY, BBGI, BBIK, BBL, BC, BCH, BCP, BCPG, BDMS, BEC, BEM, BEYOND, BGC, BGRIM, BH, BIZ, BJC, BJCHI, BKI, BLA, BOL, BPP, BRI, BROOK, BRR, BTS, BTW, BWG, BYD, CBG, CENTEL, CFRESH, CHASE, CHEWA, CHG, CHOW, CIMBT, CIVIL, CK, CKP, CM, CNT, COLOR, COM7, COTTO, CPALL, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CRD, CSC, CSS, CV, DCC, DDD, DELTA, DEMCO, DMT, DOHOME, DRT, DUSIT, EA, EASTW, ECF, ECL, EE, EGCO, EPG, ERW, ETC, ETE, FE, FLOYD, FN, FPI, FPT, FSX, GBX, GC, GCAP, GENCO, GFPT, GGC, GLAND, GLOBAL, GPSC, GRAMMY, GULF, GUNKUL, HANA, HARN, HENG, HMPRO, HPT, HTC, ICC, ICHI, ICN, III, ILINK, ILM, IMH, IND, INET, INTUCH, IP, IRC, IRPC, ITC, ITEL, IVL, JAS, JTS, KBANK, KCC, KCE, KEX, KKP, KSL, KTB, KTC, KTMS, KUMWEL, KUN, LALIN, LANNA, LH, LHFG, LIT, LOXLEY, LPN, LRH, LST, M, MAJOR, MALEE, MATCH, MBK, MC, M-CHAI, MCOT, MEGA, MFC, MFEC, MILL, MINT, MONO, MOONG, MSC, MST, MTC, MTI, NC, NCH, NCL, NDR, NER, NKI, NOBLE, NRF, NTV, NVD, NWR, NYT, OCC, OISHI¹, ONEE, OR, ORI, OSP, OTO, PAP, PATO, PB, PCSGH, PDG, PDJ, PG, PHOL, PIMO, PJW, PLANB, PLAT, PLUS, PM, POLY, PORT, PPP, PPS, PR9, PRG, PRINC, PRM, PRTR, PSH, PSL, PT, PTC, PTT, PTTEP, PTTGC, Q-CON, QH, QTC, RATCH, RBF, RPH, RS, RT, S, S&J, SA, SABINA, SAK, SAMART, SAMTEL, SAPPE, SAT, SBNEXT, SC, SCB, SCC, SCCC, SCG, SCGP, SCM, SDC, SEAFCO, SEAOL, SECURE, SELIC, SENA, SENX, SFP², SFT, SGC, SGF, SGP, SHR, SICT, SIRI, SIS, SITHAI, SJWD, SKR, SM, SMPC, SMT, SNC, SNNP, SNP, SO, SPALI, SPC, SPCG, SPI, SPRC, SR, SSC, SSF, SSSC, STA, STC, STEC, STGT, STI, SUC, SUN, SUSCO, SUTHA, SVI, SVT, SYMC, SYNEX, SYNTEC, TACC, TAE, TCAP, TCMC, TEAMG, TEGH, TFG, TFMAMA, TGE, TGH, THANA, THANI, THCOM, THIP, THRE, THREL, TIDLOR, TIPH, TISCO, TK, TKN, TKS, TKT, TLI, TM, TMC, TMD, TMT, TNDT, TNITY, TNL, TNR, TOA, TOG, TOP, TPBI, TPCS, TPIPL, TPIPP, TPS, TQM, TQR, TRT, TRUE, TRV, TSC, TSTE, TSTH, TTA, TTB, TTCL, TTW, TURTLE, TVDH, TVH, TVO, TVT, TWPC, UAC, UBE, UBIS, UKEM, UP, UPF, UPOIC, UV, VCOM, VGI, VIBHA, VIH, VL, WACOAL, WGE, WHA, WHAUP, WICE, WINMED, WINNER, XPG, YUASA, ZEN

Companies with Very Good CG Scoring

2S, A5, AAI, AIE, ALUCON, AMR, APURE, ARIN, AS, ASIA, ASIAN, ASIMAR, ASN, AURA, BR, BSBM, BTG, CEN, CGH, CH, CHIC, CI, CIG, CMC, COMAN, CSP, DOD, DPAINT, DV8, EFORL, EKH, ESSO, ESTAR, EVER, FORTH, FSMART, FTI, GEL, GPI, HEALTH, HUMAN, IFS, INSET, IT, J, JCKH, JDF, JKN, JMART, JUBILE, K, KCAR, KGI, KIAT, KISS, KK, KTIS, KWC, KWM, LDC, LEA, LHK, MACO, METCO, MICRO, MK, MVP, NCAP, NOVA, NTSC, PACO, PIN, PQS, PREB, PRI, PRIME, PROEN, PROS, PROUD, PSTC, PTECH, PYLON, RCL, SALEE, SANKO, SCI, SCN, SE, SE-ED, SFLEX, SINGER, SKN, SONIC, SORKON, SPVI, SSP, SST, STANLY, STP, SUPER, SVAO, SWA, TCC, TEKA, TFM, TMILL, TNP, TPLAS, TPOLY, TRC, TRU, TRUBB, TSE, VRANDA, WAVE, WFX, WIJK, WIN, WP, XO

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, TCCC³, 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

The material contained in this publication is for general information only and is not intended as advice on any of the matters discussed herein. Readers and others should perform their own independent analysis as to the accuracy or completeness or legality of such information. The Thai Institute of Directors, its officers, the authors and editor make no representation or warranty as to the accuracy, completeness or legality of any of the information contained herein. By accepting this document, each recipient agrees that the Thai Institute of Directors Association, its officers, the authors and editor shall not have any liability for any information contained in, or for any omission from, this publication.

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

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

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

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

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

Anti-corruption Progress Indicator

Certified (ได้รับรางวัล)

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, GJI, 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, PPM, 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, SEAOL, 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, TASCOC, 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, WIJK, XO, YUASA, ZEN, ZIGA

Declared (ประกาศเจตนาสมัคร)

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, SVAO, 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, COGOCO, 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, KOG, KCM, KDH, KEX, KFI, KIAT, KISS, KJL, KK, KKC, KLINIQ, KOOL, KTIS, KTMS, KUMWEL, KUN, KWC, KWI, KWM, KYE, LALIN, LDC, LEE, LIT, LOXLEY, LPH, LST, MANNIN, 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.