

TINY TRIUMPHS

2Q24 STRATEGY



2Q24 InnovestX Strategy – Tiny Triumphs

Global soft landing. The global economy is better than expected. However, there are some factors that could slow growth down, such as high interest rates, banking risks and geopolitical tension. Though the risk of recession has declined, the US economy is still vulnerable to high real interest rate and low productivity.

Keeping hopes alive of clearer industrial cycle improvement. The global economy is exhibiting early signs of industrial improvement. The recent PMI cycle was smaller and less aggressively priced for EM and AEJ markets. If China surprises to the upside in the short-term, this could resemble previous industrial upturns with equities and currencies in Asia benefiting, with positive momentum for cyclical equities, non-tech, and for non-US equity markets.

2024 GDP growth hinges on government budget disbursement. The Thai economy will continue to recover in 2024. If budget disbursement is high in 2H24, the Thai economy will expand 3.0% as public and private investment goes into high gear. On the other hand, if disbursement is lower than expected, the Thai economy will expand only 2.5% and we expect to see two interest rate cuts.

Central banks moving toward cuts. The Fed is well aware of the risk of cutting rates too late. Stock markets have tended to rise into and after the first Fed rate cut when easing has been driven by policy rate normalization. Long-duration sectors such as Utilities, Commerce, and Healthcare and high beta on yield-sensitive areas such as REITs, Property and Consumer Finance should outperform.

Riding the market carousel. If China surprises to the upside, GDP and earnings upgrades are expected in 3Q24. We continue to believe in growth in the US and interest rate cuts will bring strong growth to DMs. We estimate EM earnings will bottom in 1Q24 and start recovery from 2Q24. We see early signs of DM to EM rotation and expect new money to focus more on non-tech and cyclical sectors from 2Q24.

Fading the swings, buying the tails. A challenging macro view leads to swings in growth and inflation views alongside a fundamentally benign trend. We will see further broadening in equity strength in non-tech, cyclical and EM rather than a rotation away from the US, as broadly, its economy is more resilient.

Keeping the faith. Bottoming of the Thai economy and earnings along with accelerating budget disbursement, improving industrial cycle and hope for rate cuts by central banks could offset China's slowdown. The positives are expected to emerge after underperforming relative to Asia peers since early Feb 2024, and we expect the SET to rally and reach 1500 by the end of 2Q24, assuming our assumptions pan out.

Focusing on earnings bottoming and benefit from rate cut. Market uncertainty is high. We see a chance to add stocks with strong balance sheets, high recovery visibility and gains from manufacturing cycle recovery and budget disbursement. Our top picks in 2Q24 are AOT, GFPT, GULF, KCE and SCGP

2Q24 Economic Outlook

**Global soft landing,
Thailand's structural decline**

InnovestX Securities Co., Ltd.



Global economies in 2024: Global soft landing

- The global economic picture is better than expected, especially in the US, where improvement beat expectations. However, we look for a slowing ahead due to: 1) the impact of rising interest rates, 2) increased banking sector risks and 3) greater geopolitical risks in the global economy. Though the risk of recession has declined, we continue to believe that the continuously high real interest rate without a meaningful rise in productivity will make the US economy prone to recession going forward.
- In other economies, we believe Europe's economy has entered recession, but monetary policy has more room to move. In Japan, we expect the BoJ to normalize soon. We are closely watching the Reverse Yen Carry Trade trend, but believe that the BoJ will take gradual steps in its monetary policy, thereby avoiding causing much fluctuation in capital flows.
- In China, we expect the economy to recover in the short term, but for the longer term, it faces risks from three crises: real estate, deflationary and employment. We believe China will export its way out of trouble and revive its economy by lowering export prices. Thus, world inflation should not rise rising strongly due to the “export of deflation” from China.
- The global economy in 2024 is expected to slow down and make a soft landing. Looking ahead, even though the US economy expanded better than expected, the risks it faces will slow it down in 1H24, the same as Europe. We maintain our forecasts for Japan and China in 2024.
- In forecasting monetary policy actions by major central banks, we conclude:
 1. In the US, the Fed will begin cutting interest rates at the June meeting and cut rates four times this year.
 2. In Europe, interest rate cuts will be made slightly faster than the Fed's. The ECB cut will begin in June and will be cut four times as well.
 3. In Japan, we believe the BoJ will raise rates at its March meeting, followed by the cancellation of the YCC measure and the start of the withdrawal of QQE measures.
 4. As for the BoT, we expect the MPC to cut its rate in April and June as the economy is still fragile and inflation is not a risk.

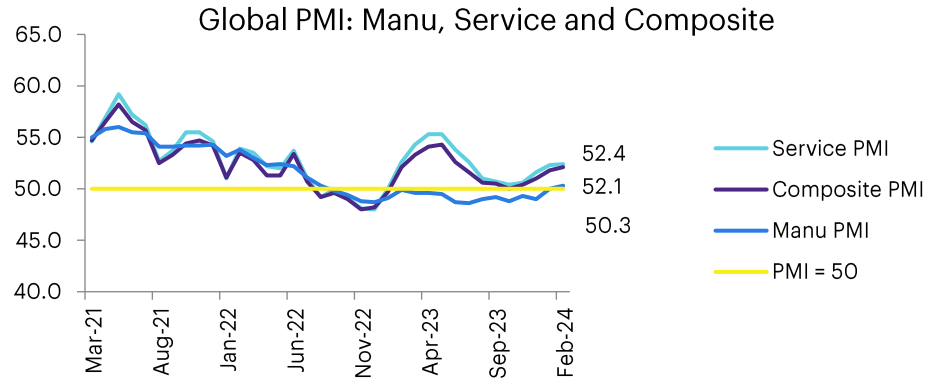
Thai economies in 2024: Thailand structural decline

- We have four observations about the Thai economy in 4Q23. 1) Thai GDP contracted in 4Q23 at -0.6% QoQSA, which is in line with many countries, especially those that trade with China. 2) We found that manufacturers prefer to run inventory down. 3) If the world economy is as we predict (that is, it will slow down into a soft landing), exports this year will be even more at risk. But if the world economy continues to expand, depleted inventories will lead the manufacturing sector to recover. 4) Right now, Thai products face dumping from China, which is enlarging Thailand's trade deficit, and which, if it continues, will hurt the Thai manufacturing sector.
- In our 2024 Thai economic assessment, we divide our projection into two situations, depending mainly on government disbursement. If disbursement can accelerate well in 2H, the Thai economy will expand 3.0% from speeding up public and private investment. On the other hand, if disbursement is lower than expected, the Thai economy will expand by 2.5%. In the latter case, the BoT may be able to cut interest rates twice.
- As for structural issues, we are concerned about the long-term growth potential for the Thai economy, which is falling into the middle income trap because it faces three main problems: 1) tight monetary policy resulting from the BoT printing too little money compared to its neighbors; this has caused inflation to be lower than neighbors' and the baht (NEER) has strengthened nearly 20% over the past 12 years, causing Thai manufacturers to lose their competitiveness, 2) fiscal policy is too tight due to the need to maintain fiscal discipline, with the result that both public and private investment growth is nearly the lowest in the region and 3) an aging society. The average age of the Thai population is 40.2 years, the second highest in the region. This makes Thailand unattractive for investment in terms of both consumption and labor availability.

World Economy: Global soft landing

Global economies look better than expected. IMF adjusts economic forecasts upwards

Latest global PMI improved, led by the service sector



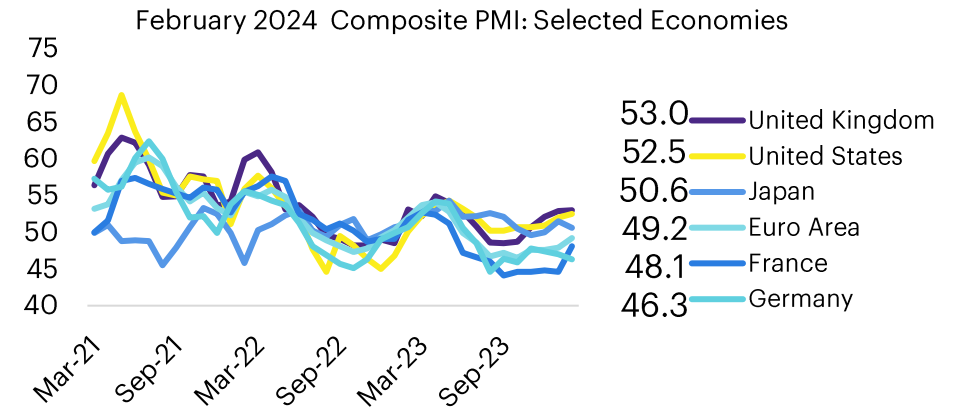
The IMF raised its forecast for the global economy this year, mostly for the United States and China.

IMF WEO Jan 2024 Forecast compare to Oct 2023

	2023	2024F		2025F	
		Oct 23	Jan 24	Oct 23	Jan 24
Global GDP	3.1	2.9	3.1	3.2	3.2
US	2.5	1.5	2.1	1.8	1.7
Eurozone	0.5	1.2	0.9	1.8	1.7
Japan	1.9	1.0	0.9	0.6	0.8
China	5.2	4.2	4.6	4.1	4.1
India	6.7	6.3	6.5	6.3	6.5
Thailand	2.5	3.2	4.4	3.1	2.0

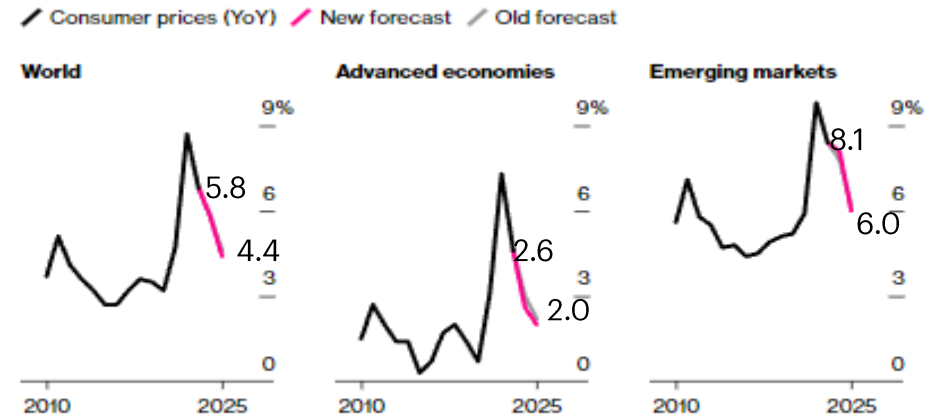
Source: CEIC, IMF, INVX, Bloomberg

Large country PMIs are more balanced.



The reason is because inflation has fallen, leading to greater purchasing power.

Inflation Is Set to Slow a Bit More Than Previously Expected

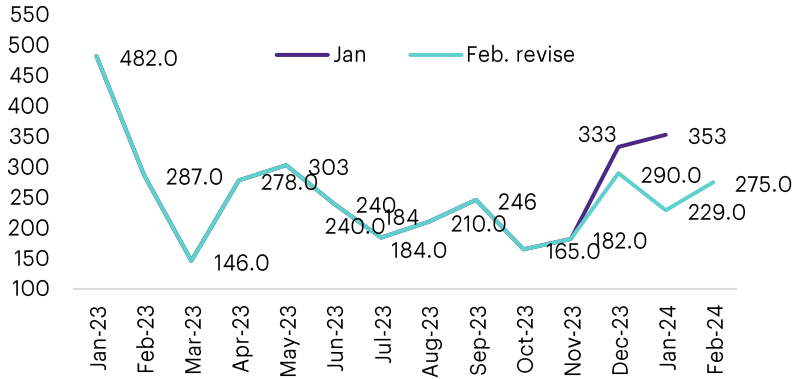


Source: International Monetary Fund

The US economy improved better than expected, but a slowdown is ahead

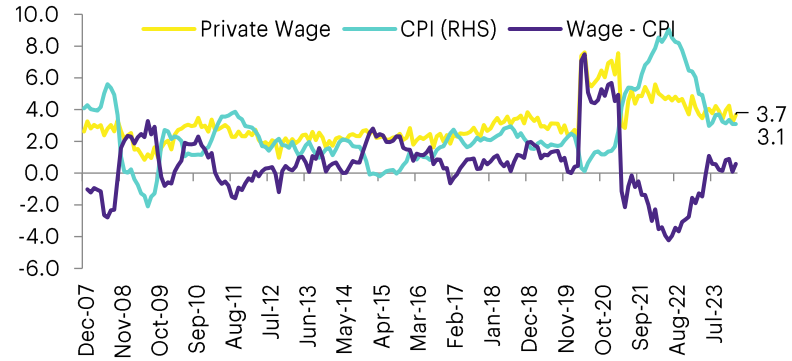
The labor market remains stronger than expected, though we believe BLS has a data collection problem.

US Non-farm Payroll (Feb revise VS Jan.; ,000)



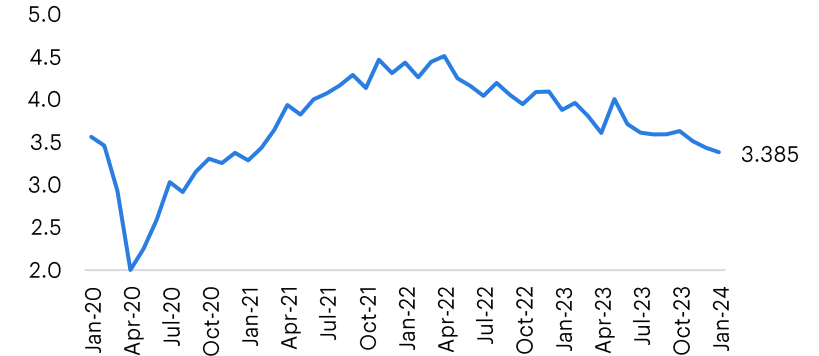
Wages were higher than inflation but the trend has begun to reverse

US avg. Weekly Earning and CPI (%YoY)



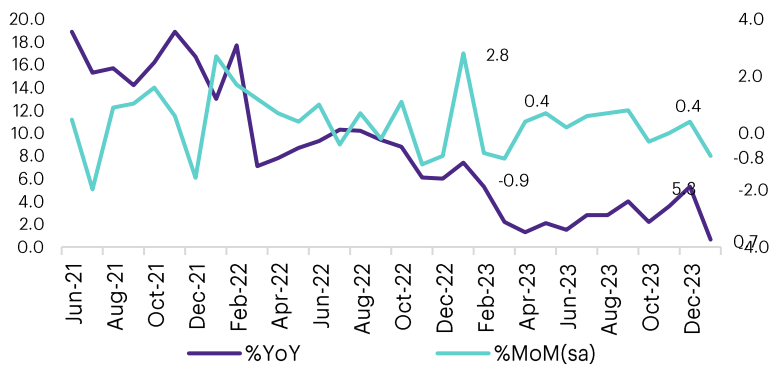
The bargaining power of employees has begun to decline.

US no. of Quits (Mn. persons)



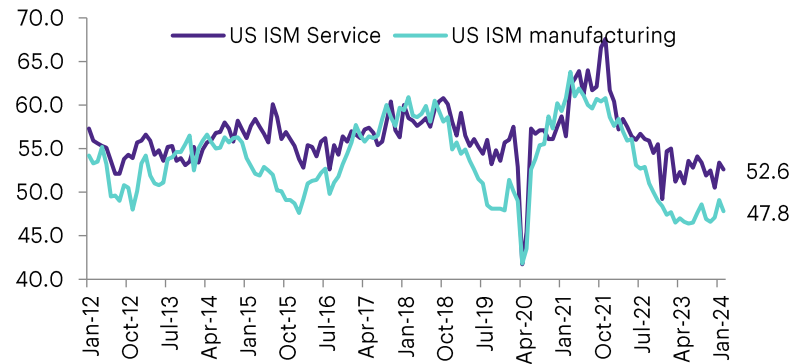
Retail sales dropped significantly, partly due to seasonal factors

US Retail Sale (%YoY, %MoM)



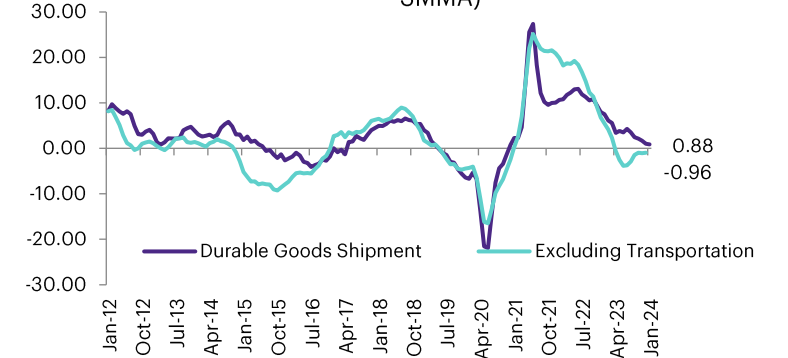
The manufacturing sector has begun to recover but is still in negative territory, but the service sector is starting to deteriorate.

US ISM Manufacturing and Service PMI (50 = Base)



Investment continues to shrink

Core Durable Goods Shipment & ex. Transport & Defense (%YoY, 3MMA)



Source: CEIC, INVX

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

EP 3: 22Q1-24Q4	01/2023	02/2023	03/2023	04/2023	05/2023	06/2023	07/2023	08/2023	09/2023	10/2023	11/2023	12/2023	01/2024	02/2024	03/2024	04/2024	05/2024	06/2024	07/2024	08/2024	09/2024	10/2024	11/2024	12/2024
FFR	4.4	4.6	4.88	4.88	5.13	5.13	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.38	5.13	4.88	4.88	4.63	4.63	4.38	4.38
CPI	6.4	6.0	5.0	4.9	4.0	3.0	3.2	3.7	3.7	3.2	3.1	3.4	3.1	3.2	3.1	3.1	3.0	3.0	2.9	2.9	2.9	2.9	2.8	2.8
GDP	2.0	2.0	2.0	2.4	2.4	2.4	3.0	3.0	3.0	3.1	3.1	3.1	0.5	0.5	0.5	0	0	0	0.5	0.5	0.5	1	1	
ISM Manu	47.4	47.7	46.5	47.0	46.6	46.4	46.5	47.6	48.6	46.9	46.6	47.1	49.1	47.8	48.7	48.8	48.9	48.9	49.4	49.8	50.6	51.0	51.4	52.2
ISM Service	54.7	55.0	51.2	52.3	51.0	53.6	52.8	54.1	53.4	51.9	52.5	50.5	53.4	52.6	50.6	50.2	49.7	49.8	50.3	50.6	50.9	51.1	51.3	51.8
NFP	482.0	287.0	146.0	278.0	303.0	240.0	184.0	210.0	246.0	165.0	182.0	290.0	229.0	275.0	215.1	90.2	14.9	7.1	24.3	52.7	75.2	92.9	117.8	153.3
U-rate	3.4	3.6	3.5	3.4	3.7	3.6	3.5	3.8	3.8	3.7	3.7	3.7	3.9	4.2	4.3	4.3	4.2	4.2	4.2	4.2	4.1	4.1	4.0	4.0
Retail Sales	7.4	5.3	2.2	1.3	2.1	1.5	2.8	2.8	4	2.2	3.6	5.3	0.7	3.6	1.6	0.2	-1.1	-2.1	-0.3	1.5	2.0	2.5	3.0	4.0
Core K-Goods shipment	5.5	4.1	2.3	-0.7	-2.5	-3.9	-3.8	-2.9	-1.4	-1.0	-1.1	-2.1	-3.2	-3.1	-3.0	-2.8	-1.8	-0.8	-0.5	0.5	1.5	1.4	2.4	3.4

Source: CEIC, INVX

Real numbers

Projection

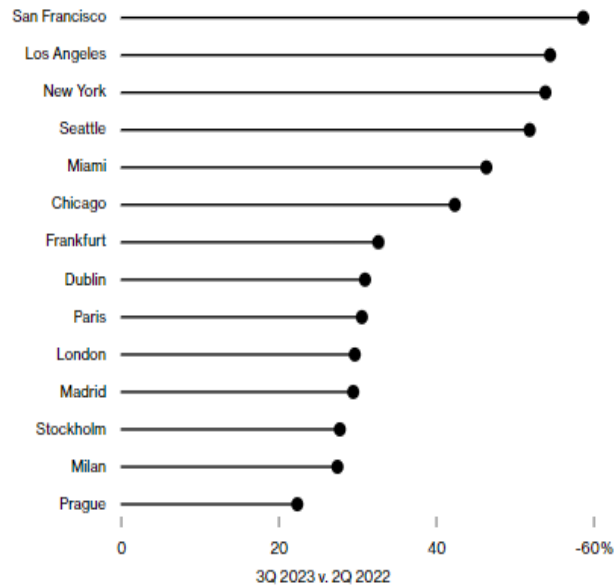
- In the 4th quarter, US economic data sent mixed signals. The labor market, consumption and GDP improved, while production and investment sectors deteriorated. We view that
 - The economy grew unevenly. The important engine is the recovery of the service sector that allows workers to still have income. leading to more consumption
 - However, the production and investment sectors continued to shrink. This indicates that the business sector is still concerned about the future economic situation. Therefore, they are not in a hurry to speed up production again.
 - In the next period, we must keep an eye on a) whether or not the manufacturing sector will recover (January is beginning to show some); b) whether or not the labor sector softens and c) whether or not the service sector gets worse
- In this regard, we view that three factors keep risks to the US economy high :
 - Impact of rising interest rates and a slowing economy. Even though bond interest rates have decreased, other interest rates, such as credit card rates, have risen. Also, the interest rate on debentures is still high, increasing the interest burden. Currently, US households have an average interest expense burden of 9.6% of their total income. Meanwhile, the total interest expenditure burden is at \$570bn, or approximately 2.5% of GDP, up from approximately 1.5% of GDP before the COVID crisis. This will cause households with debt to have an additional burden of ~4.5% (bachelor's degree) or ~9.4% (master's degree) amid the exhaustion of excess savings.
 - Increased banking sector risks, especially with small and medium-sized banks having had their credit ratings downgraded by various institutions, causing them to be more stringent in lending. Companies with high levels of debt are at risk of defaulting on their debt. Recently, New York Community Bancorp has become more at risk of bankruptcy.
 - The global economy is more at risk, especially geopolitical, and this will affect the US economy through the export and financial sectors.

The weakest link in the US economy: the financial sector

Commercial real estate has structural risks.

Real Estate Shakeout

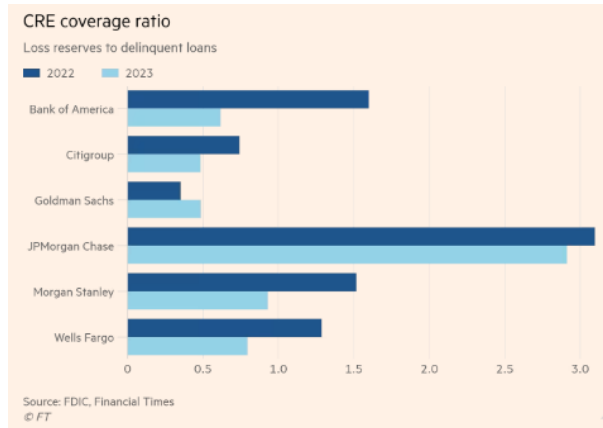
Drop in value of office space in key US and European cities



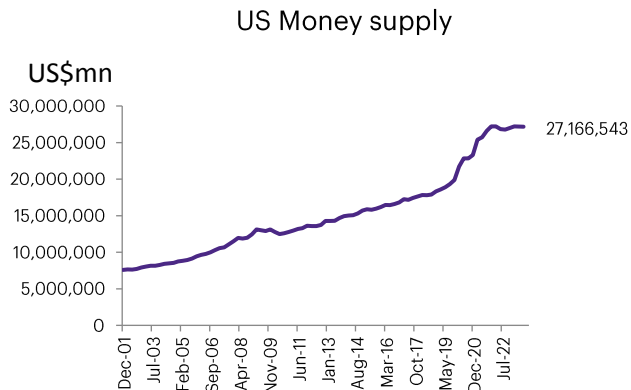
Source: Green Street
 Note: US city data are based on Green Street's commercial property price indices, which reflect appraisals of properties owned by real estate investment trusts during the quarter. European indices are calculated using real estate deal information over the same period

Source: CEIC, INVX, FT, Bloomberg

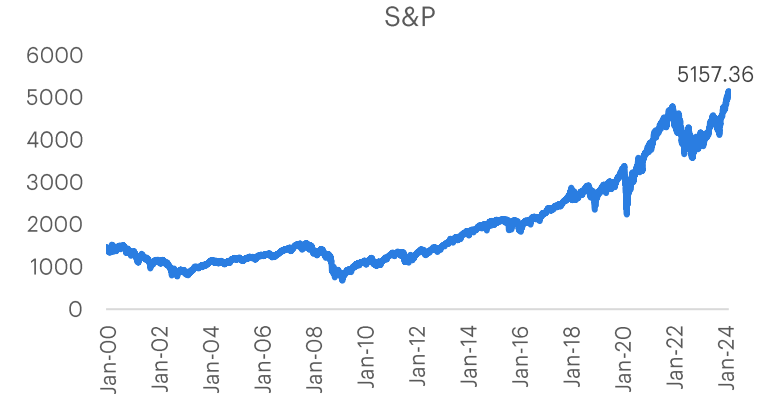
Currently, large banks have insufficient reserves to cover risky assets in the real estate sector.



M2 at an all-time high despite high interest rate



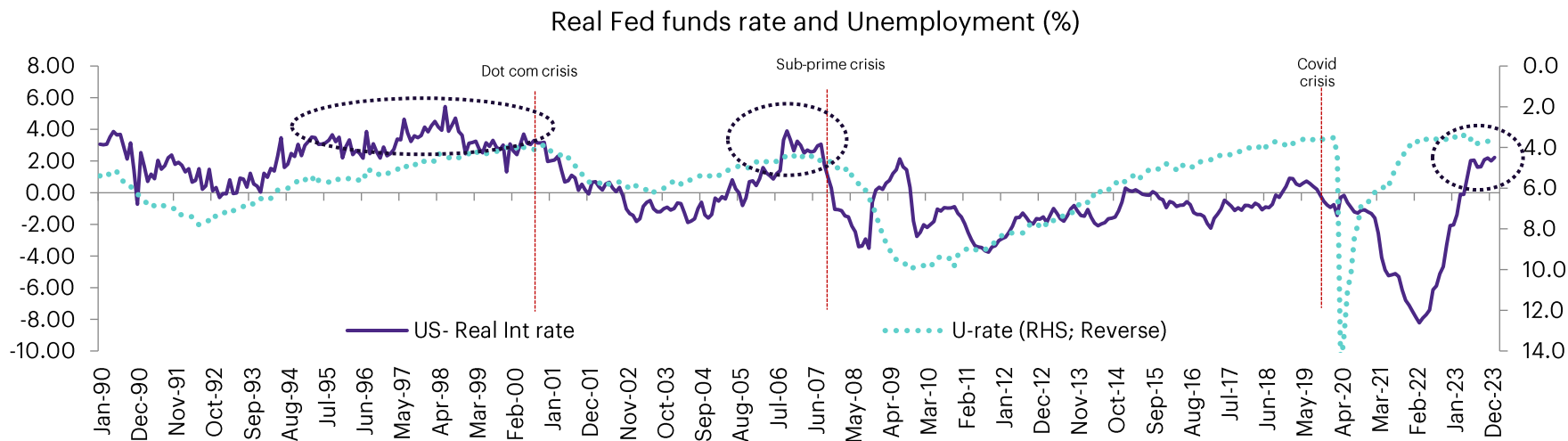
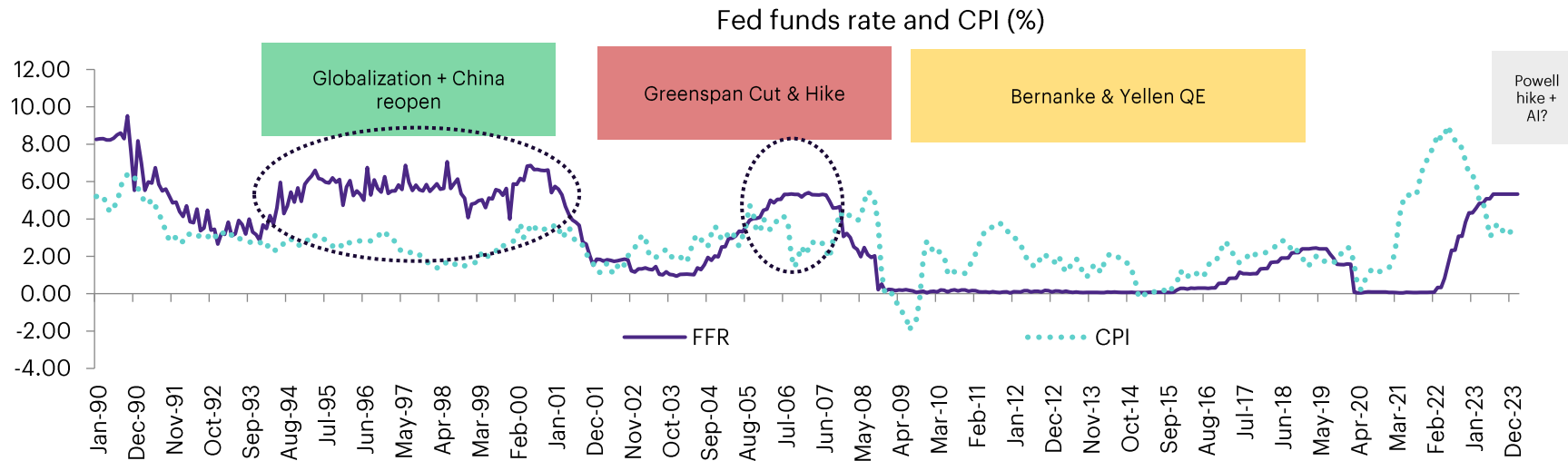
Various risky assets rose to all-time high levels, perhaps due to abundant money supply.



Gold price (\$/Troy Oz.)



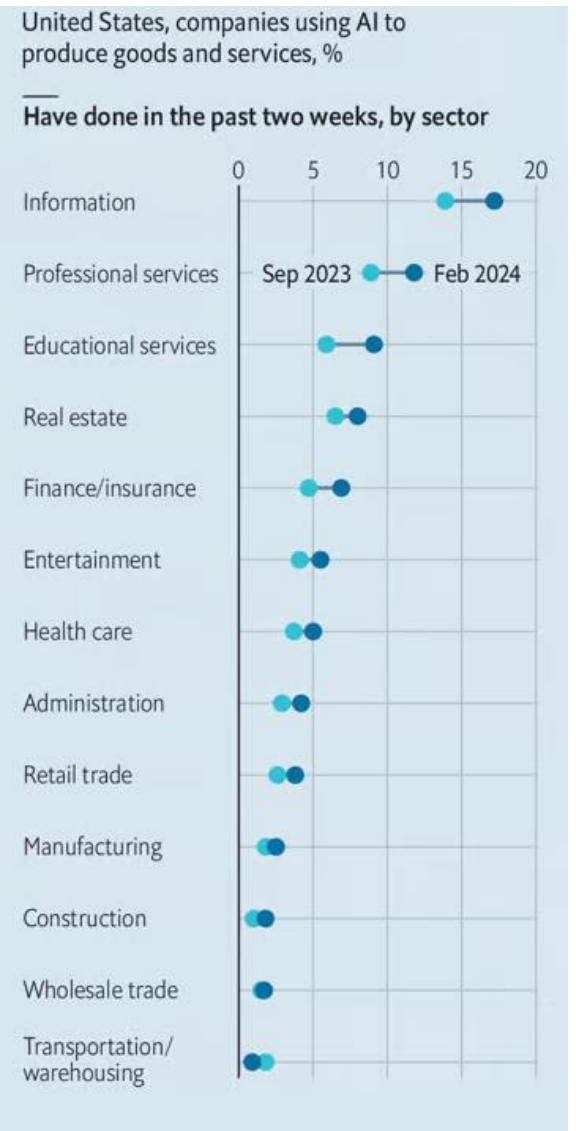
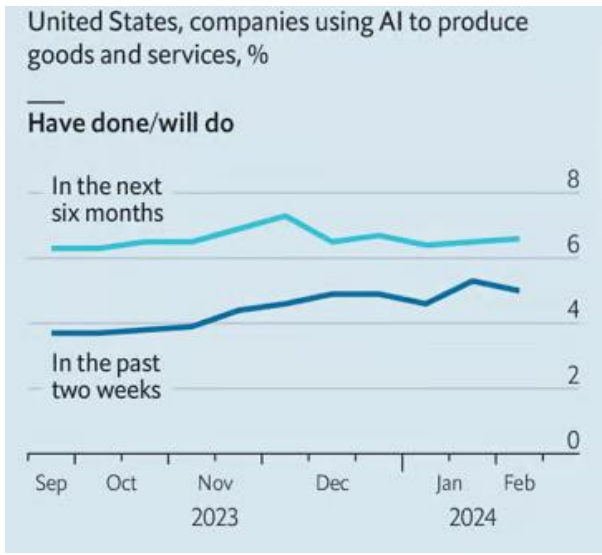
Is the US economy at risk of entering another recession?



- Whenever real interest rate stays high for a long time, high financial costs will pressure the economy and eventually lead to a recession.
- A clear example is during 2005-07, when Greenspan cut interest rates for too long in 2001-05, leading to the sub-prime housing bubble, forcing the Fed to raise interest rates to 5.25% and contributing to the sub-prime crisis in the end.
- However, if real interest rates are high during periods of structural change (such as globalization, including the opening of China in the 90s), interest rates were able to stay high even with low inflation. For example, in 1993-2000, before the Dot Com crisis.
- The question is whether the real policy interest rate, which is positive at this time and has been for six months, will lead to a recession and thus cause the Fed to cut interest rates. The key point will be the development of AI, which is seen as the new key to productivity.

Source: CEIC, INVX

Currently, tech stocks related to AI are rising, but the use of AI at work is still relatively



- Currently, AI-related stocks are up more than 40% and are an important part of making US stocks reach all-time highs again.
- At this time, more than 70% of US companies are investing in AI-related work, but only 5-7% of employees are starting to use AI in their job.
- Large companies are adopting AI more than small companies. But even very small companies use AI in high proportion relative to their size.
- Groups involved in service sectors such as IT, education, real estate and entertainment use AI more than large companies.
- In our view, It will take some time until the use of AI has a positive impact on production on a large scale: currently, approximately 30% of employees who use AI as their primary work method use it.



Source: The Economist, INNV

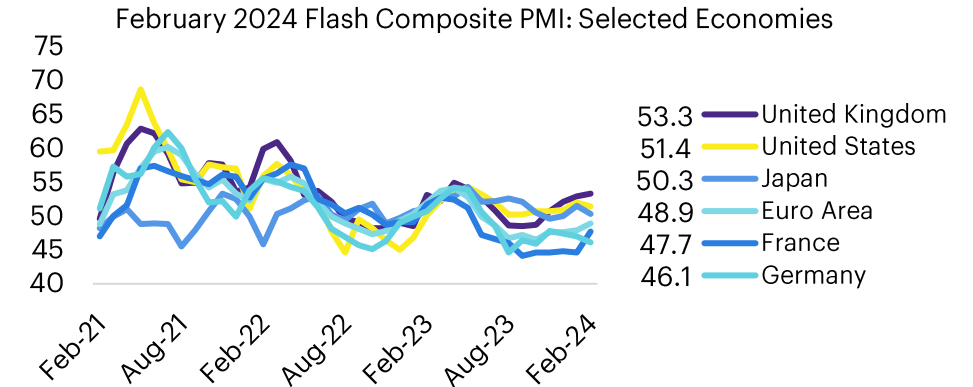
Europe's economy has entered recession, but monetary policy has more room to act

- The slowdown in the European economy and in inflation makes us believe that monetary policy should be able to be loosened. In the midst of “deflationary exports” from China, interest rates may be cut in June as Christine Lagarde, President of the ECB, said, and could be cut four times due to the slowing in inflation and the economy. In this regard, we believe that we must keep an eye on the slowdown of the Chinese economy, since this will affect exports from Europe, which has a higher trade relationship with the United States. (Europe exported \$250bn to the US in 2022, compared to \$150 billion for the US.)

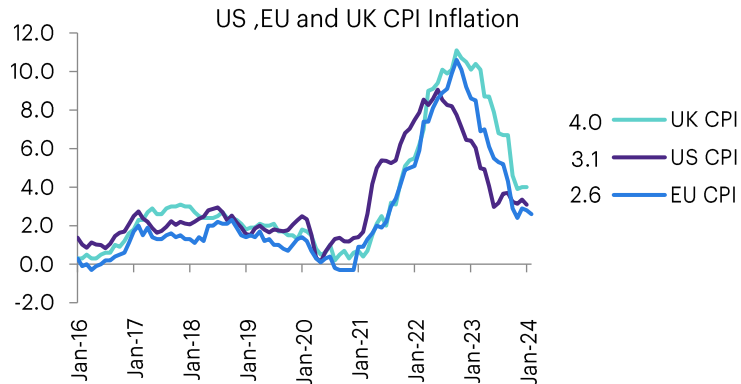
The Eurozone Economic Heatmap indicates that the economy is entering a recession.

Indicator	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Real GDP (QoQ%)	0.6	0.9	0.4	0.0	0.1	0.1	-0.1	0.0
Real GDP (YoY%)	5.5	4.4	2.4	1.8	1.3	0.6	0	0.1
Household Consumption	7.9	5.5	2.7	1.1	1.4	0.6	-0.4	0.5
Government Consumption	3.1	0.8	0.6	0.7	-0.2	0.2	0.6	0.2
Gross Fixed Investment	3.6	2.8	4.7	0.9	1.8	1.1	-0.1	0.2
Exports (YoY%)	8.7	7.9	7.6	4.6	2.5	-0.6	-3	-1.8
Imports (YoY%)	9.3	8.5	10.5	3.2	1.4	-0.4	-4	-1.7
Industrial Production (YoY%)	0.2	0.3	0.5	0.7	0.8	-1.1	-3.2	-4.4
CPI (YoY%)*	6.1	8.0	9.3	10.0	8.0	6.2	4.9	3.3

Looking ahead (from PMI), large European economies remain at risk.

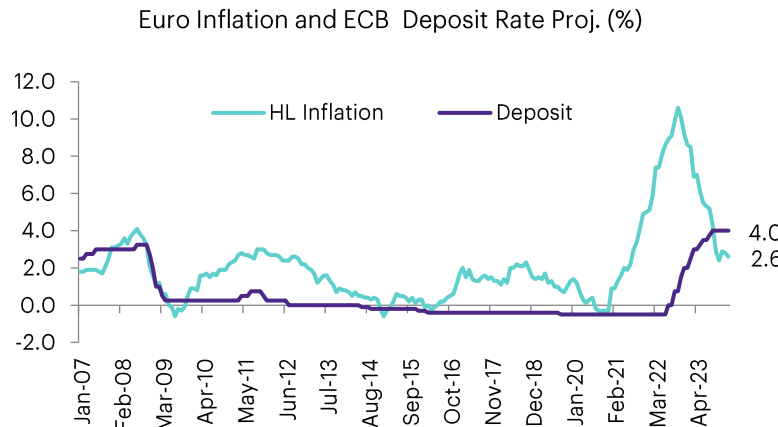


The good point is that European inflation has dropped faster than other developed countries, which is partly due to much slower demand.

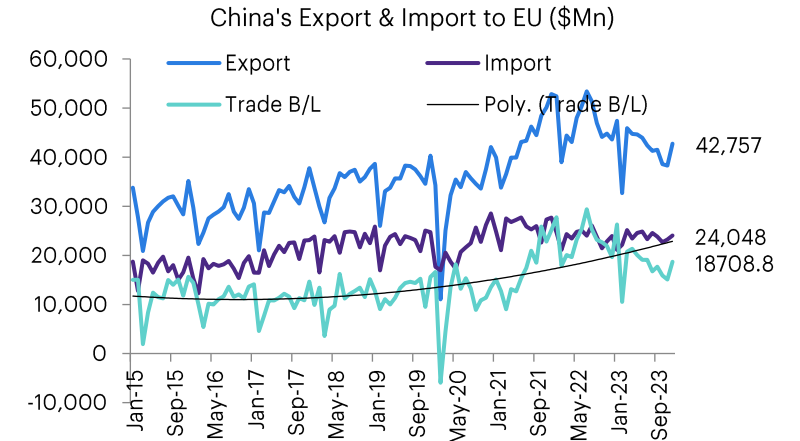


Source: CEIC, INVX, Bloomberg

Inflation is falling rapidly, making the ECB likely to cut interest rates in 2024 by 1 percentage point



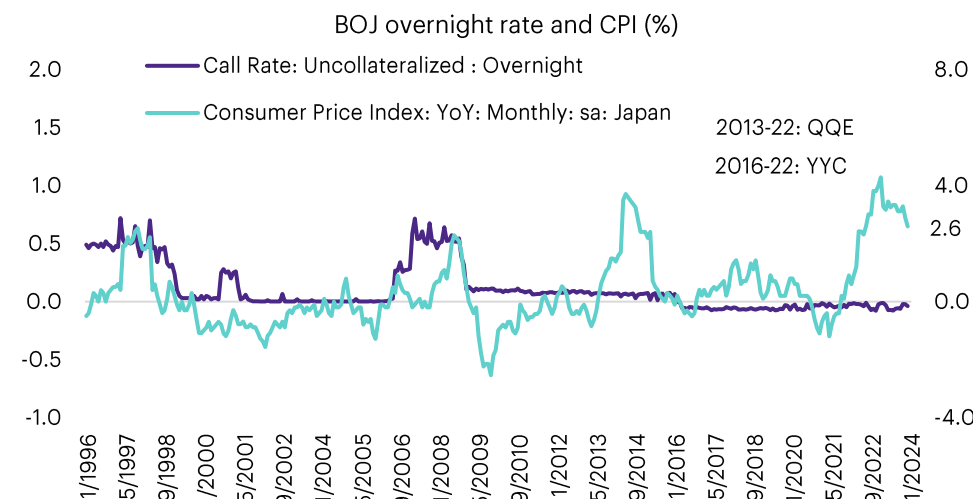
Europe continues to have a trade deficit with China. This indicates that China can export deflation to Europe.



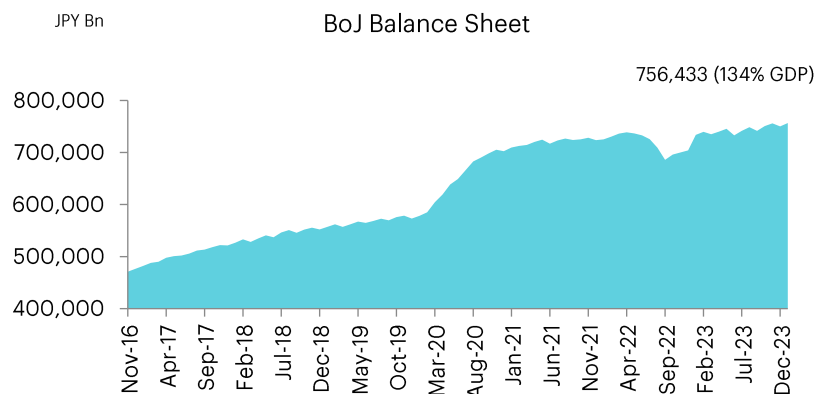
Japanese economy is recovering due to easing monetary policy. We believe BOJ will normalize soon.

- At the Monetary Policy Meeting (MPM) on Jan 22-23, the Bank of Japan (BoJ) said that inflation is likely to pick up more clearly as accelerating wages and higher costs will pass through to prices. As for monetary policy, the BoJ stated that "If the bank meets its (inflation) target, it will decide whether to continue with large-scale monetary easing. Including the negative interest rate policy," which is a signal that the BoJ may change monetary policy soon. This makes us think that the BoJ will end the negative interest rate policy (NIRP) in March (or increase interest rates by 10 bps from -0.1% at present) and begin to reduce QQE measures more to keep the yield curve in the same range.
- The reason we think that the BoJ may be normalize faster is because: 1) it may be done before the Fed cuts interest rates so as not to make too much of a difference in monetary policy (because it may cause the yen to strengthen too quickly) and 2) the BoJ has been doing QQE for a long time, causing market distortions.
- We are closely watching the Reverse Yen Carry Trade trend, but we believe that the BoJ will implement monetary policy gradually. This will not cause much fluctuation in capital flows.

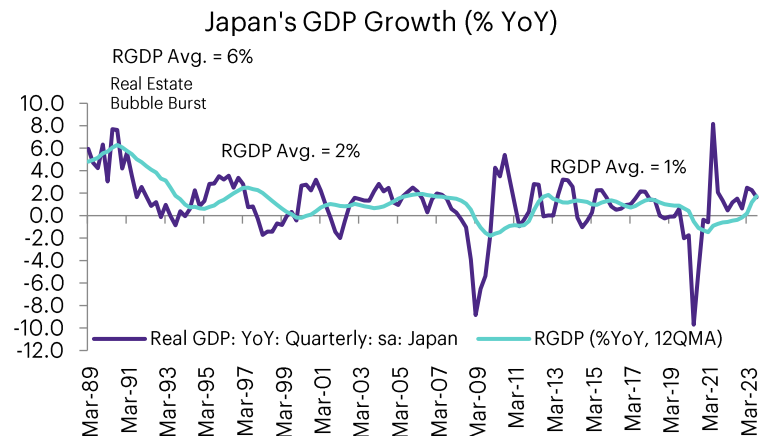
The BOJ has made monetary policy loose for 2 decades



BoJ balance sheet soars beyond 134% GDP



The Japanese economy recovered sustainably from accommodative monetary policy.



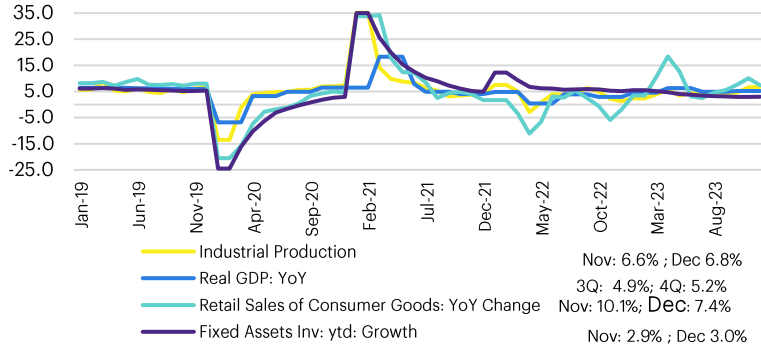
The BoJ should tighten monetary policy gradually so that the economic recovery is not significantly affected.

Indicator	Q1 23	Q2 23	Q3 23	Q4 23
Real GDP (YoY%)	2.5	2.2	1.5	1.7
Real GDP (QoQ% SAAR)	5	3.6	-2.9	1.1
Consumer Spending (YoY%)	3.6	-2.5	-0.6	0.8
Public Consumption (YoY%)	0.7	-0.2	1.3	0.5
Private Investment (YoY%)	7.2	-5.2	-1.8	2.8
Exports (QoQ% SAAR)	-13.6	16.2	1.5	2
Imports (QoQ% SAAR)	-6	-12.5	3.2	3.2
CPI (YoY%)	3.6	3.3	3.2	2.9
Core CPI (YoY%)	3.1	3.3	2.8	2.3
USDJPY	132.86	144.31	149.37	147.8

China's economy will recover in the short term, but in the long run, there are risks from three crises.

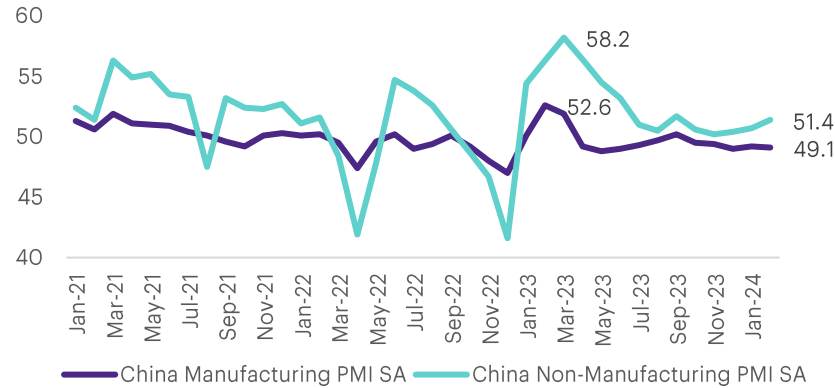
The Chinese economy improved less than expected.

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



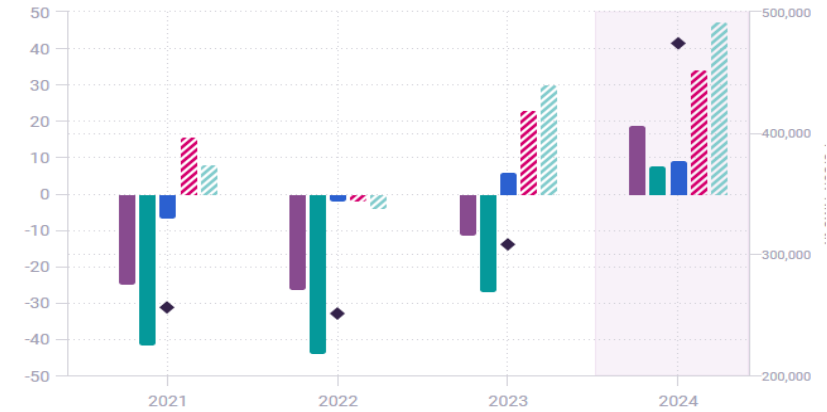
Source: CEIC, Bloomberg, INVX

The service sector is recovering better, but the manufacturing sector is still at risk.



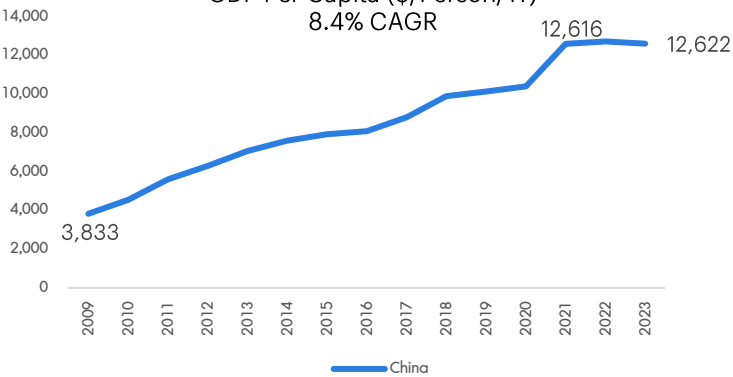
The service sector is recovering mainly because of tourism.

Number of Tourists (RHS), Number of Tourists, % over 2019, Tourism Revenue, % over 2019, Tourist Expenditure per Capita, % y/y, Number of Tourists, % y/y, Tourism Revenue, % y/y
China Spring Festival Tourism Finally Recovers Above Pre-Pandemic Levels



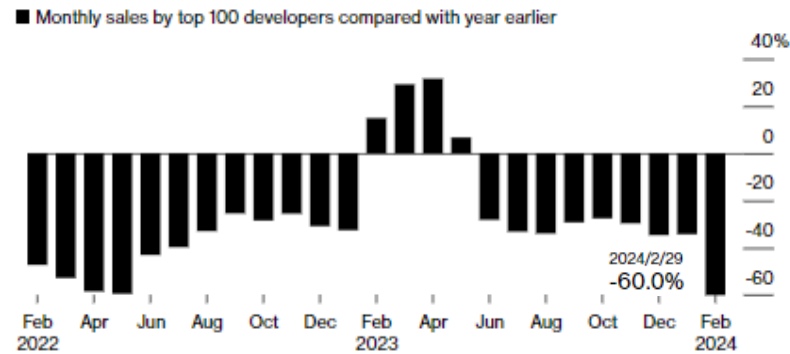
Long-term, China faces lost decade risks

China GDP Per Capita (\$/Person/Yr) 8.4% CAGR



In the midst of the real estate crisis

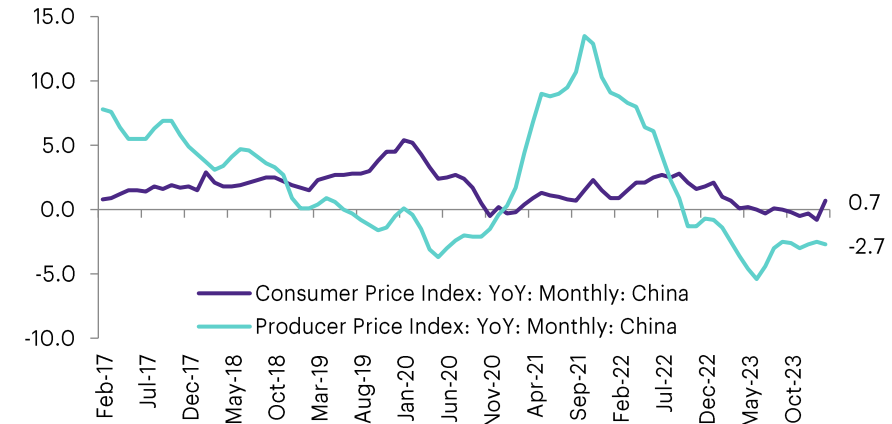
China Home Sales Slump Accelerated Despite Intervention



Source: China Real Estate Information Corp.

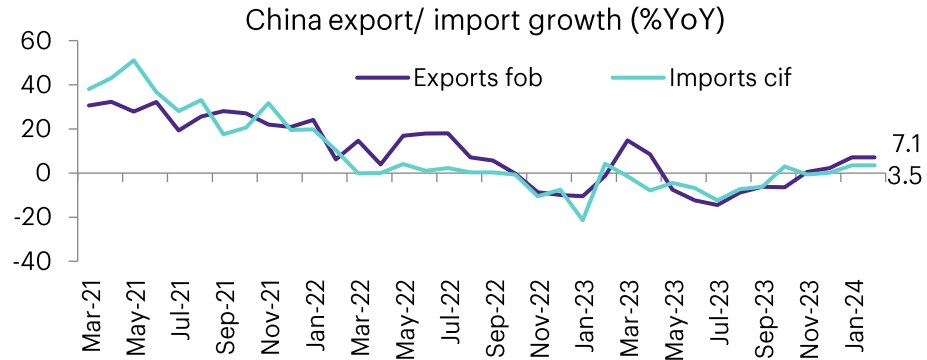
and the deflationary crisis

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



China exporting its way out of trouble, with consequences to the world

Chinese exports recovered more than expected at 7.1%.

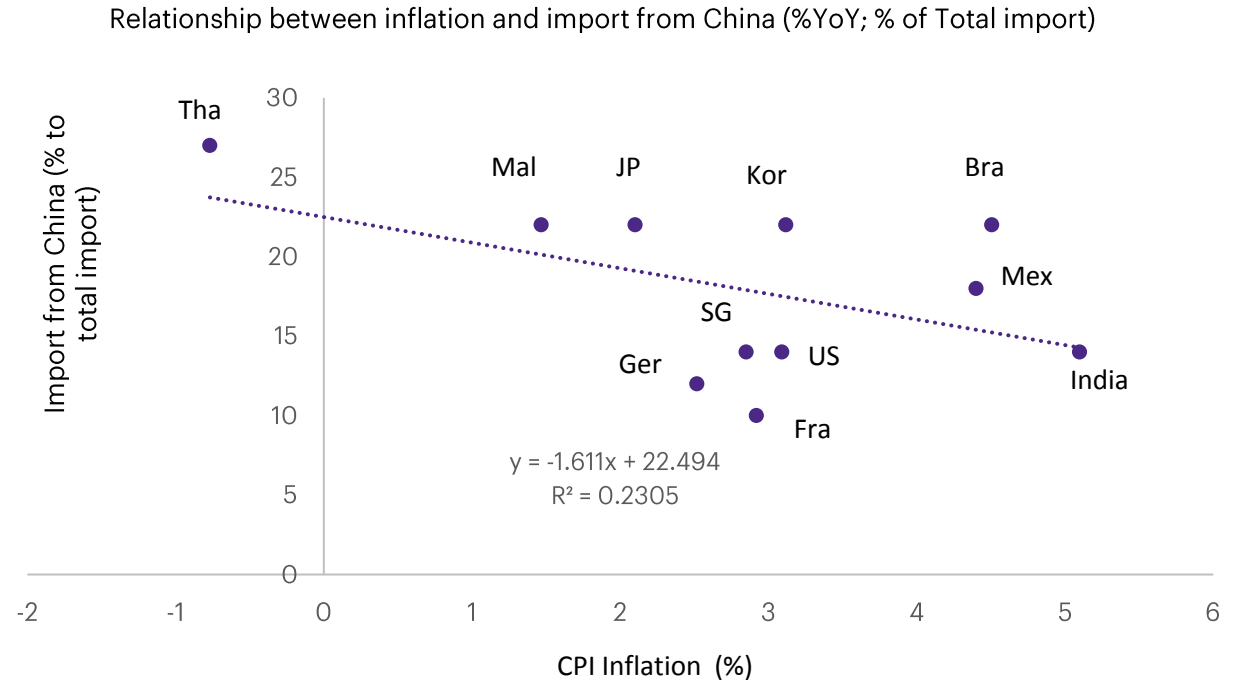


This is partly due to China lowering the price of export products in order to sell them.



Source: CEIC, INVX

Countries that import a lot of goods from China tend to "import deflation" from China as well.

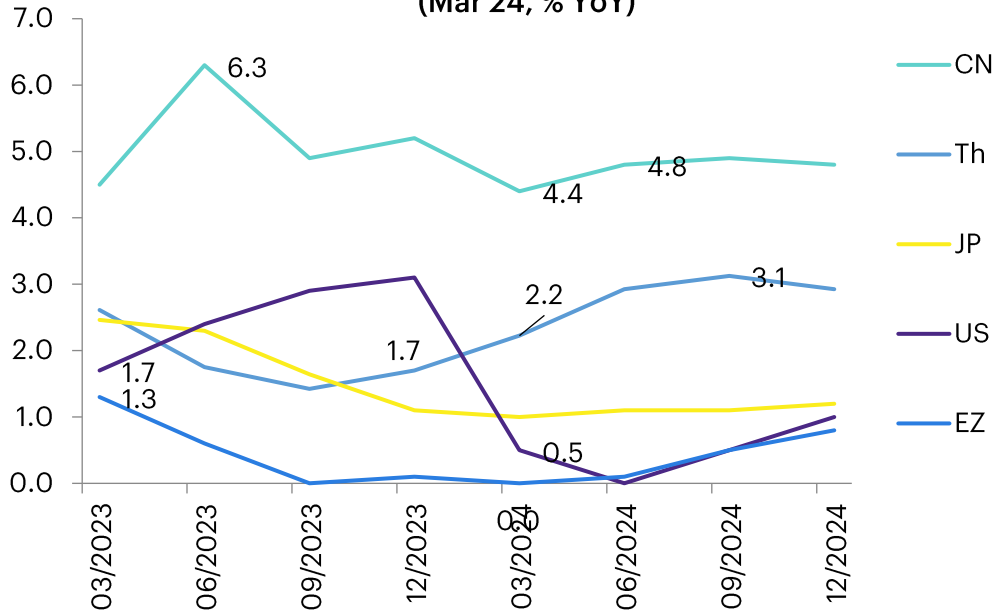


With such a picture, we believe that world inflation will not rise strongly, due to the "export of deflation" from China.

The global economy in 2024 is expected to slow down and make a soft landing

- The global economy in 4Q23 looked better for many major economies, especially the United States.
- Looking forward, even though the US economy expanded better than expected, it will slow down in 1H24 as it faces several risks, the same as in Europe.
- We maintain our forecasts for Japan and China in 2024, while we adjust our forecasts for the Thai economy after the announcement of the NESDB's 2023 GDP figures.

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



Source: CEIC, INVX

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

	Actual				Forecast					
	03/2023	06/2023	09/2023	12/2023	03/2024	06/2024	09/2024	12/2024	yr 2023f	yr 2024f
US	1.7	2.4	2.9	3.1	0.5	0.0	0.5	1.0	2.5	0.5
EZ	1.3	0.6	0.0	0.1	0.0	0.1	0.5	0.8	0.5	0.4
CN	4.5	6.3	4.9	5.2	4.4	4.8	4.9	4.8	5.2	4.7
JP	2.5	2.3	1.6	1.1	1.0	1.1	1.1	1.2	1.9	1.1
Thai	2.6	1.8	1.4	1.7	2.2	2.9	3.1	2.9	1.9	2.8
Avg. 5	2.5	2.7	2.2	2.2	1.6	1.8	2.0	2.1	2.4	1.9

Forecasts of monetary policy actions by major central banks

INVX policy interest rate forecasts by major central banks in 2024 (%)

		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	5.13	4.88	4.88	4.63	4.63	4.38	4.38
ECB	Date	25		7	11		6	18		12	17	7	18
	Rate	4.00	4.00	4.00	4.00	4.00	3.75	3.50	3.50	3.25	3.25	3.00	3.00
BOJ	Date	23		19	26		14	31		20	31		19
	Rate	-0.1	-0.1	0.0	0.0*	0.0	0.0**	0.0	0.0	0.0	0.0	0.0	0.0
BOT	Date		7		10		12		21		16		18
	Rate	2.50	2.50	2.50	2.25	2.25	2.00	2.00	2.00	2.00	2.00	2.00	2.00

Note: * BOJ cancels Yield Curve Control; ** BOJ relaxes QQE measures

Source: Central banks, INVX

Our analysis suggests that:

- 1) In the US, economic growth will begin to slow down in the second quarter of 2024, leading the Fed to begin cutting interest rates at the June meeting and cut four times this year.
- 2) In Europe, interest rate cuts will be made slightly faster than the Fed because the economy was weaker. The ECB cut will begin in June and will cut four times as well.
- 3) In Japan, the preliminary Shunto agreement that raises wages at least 3.85% this year is higher than the 3.8% increase in 2023 and the 2% in previous years, giving the BoJ more room to raise rates at the March meeting, followed by the cancellation of the bond yield curve control (YCC) measure and the start of the withdrawal of quantitative and qualitative easing (QQE).
- 4) As for the BoT, we expect that MPC will cut its rate on April 10 and June 12 as the economy is still fragile while inflation is not a risk.

Important factors of the central bank's monetary policy implementation

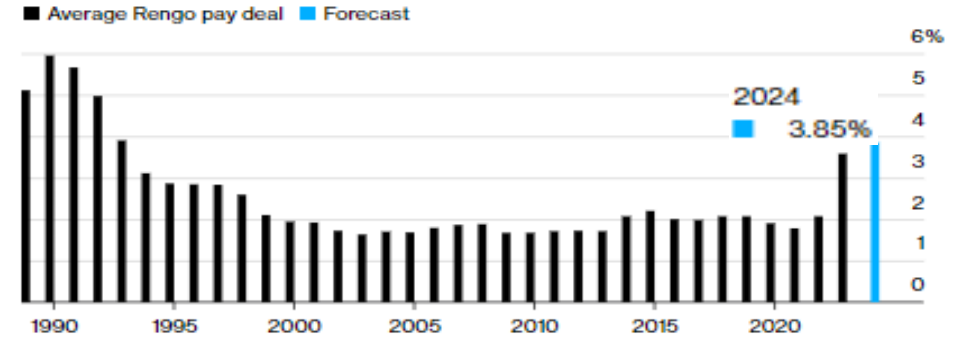
The US economy will decelerate more clearly in the second quarter.

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	5.13	4.88	4.88	4.63	4.63	4.38	4.38
CPI	3.1	3.2	3.1	3.1	3.0	3.0	2.9	2.9	2.9	2.9	2.8	2.8
GDP	0.5	0.5	0.5	0	0	0	0.5	0.5	0.5	1	1	1
ISM Manu	49.1	47.8	48.7	48.8	48.9	48.9	49.4	49.8	50.6	51.0	51.4	52.2
ISM Service	53.4	52.6	50.6	50.2	49.7	49.8	50.3	50.6	50.9	51.1	51.3	51.8
NFP	229.0	275.0	215.1	90.2	14.9	7.1	24.3	52.7	75.2	92.9	117.8	153.3
U-rate	3.7	3.9	4.2	4.3	4.3	4.2	4.2	4.2	4.1	4.1	4.0	4.0
Retail Sales	0.7	3.6	1.6	0.2	-1.1	-2.1	-0.3	1.5	2.0	2.5	3.0	4.0
Core K-Goods shipment	-3.2	-3.1	-3.0	-2.8	-1.8	-0.8	-0.5	0.5	1.5	1.4	2.4	3.4

Preliminary Japanese wage negotiations expect wages to increase about 4% this year.

Signs of Progress

Economists expect Japan's biggest union group to secure larger pay raises this year



Source: Japanese Trade Union Confederation, known as Rengo
Note: 2024 figure shows Japan Center for Economic Research forecast.

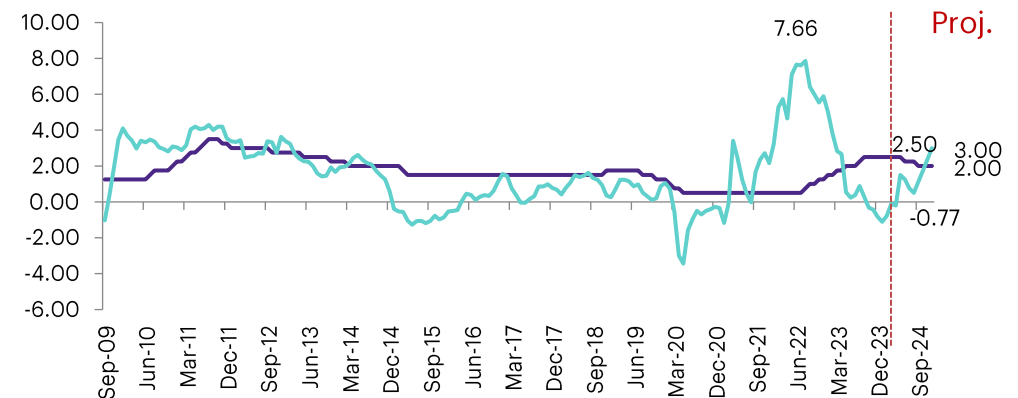
The European economy slowed more than the US in 2023, in part because European economy depends on China more than the US.

Eurozone Econ Indicator	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Real GDP (QoQ%)	0.6	0.9	0.4	0.0	0.1	0.1	-0.1	0.0
Real GDP (YoY%)	5.5	4.4	2.4	1.8	1.3	0.6	0	0.1
Household Consumption	7.9	5.5	2.7	1.1	1.4	0.6	-0.4	0.5
Government Consumptio	3.1	0.8	0.6	0.7	-0.2	0.2	0.6	0.2
Gross Fixed Investment	3.6	2.8	4.7	0.9	1.8	1.1	-0.1	0.2
Exports (YoY%)	8.7	7.9	7.6	4.6	2.5	-0.6	-3	-1.8
Imports (YoY%)	9.3	8.5	10.5	3.2	1.4	-0.4	-4	-1.7
Industrial Production (YoY%)	0.2	0.3	0.5	0.7	0.8	-1.1	-3.2	-4.4
CPI (YoY%)*	6.1	8.0	9.3	10.0	8.0	6.2	4.9	2.7

Source: CEIC, Bloomberg, INVX

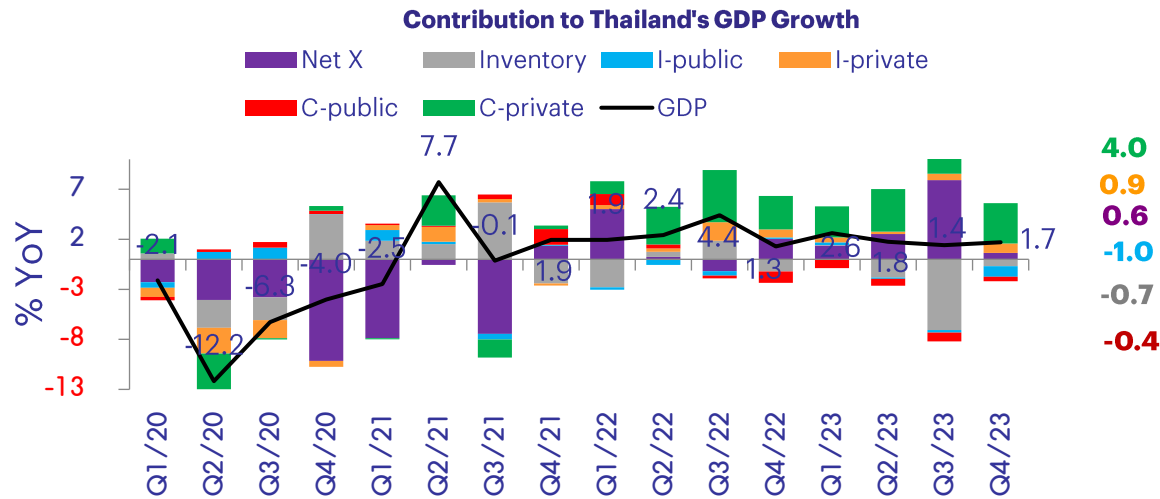
Thai inflation will be in negative territory for at least another 2 months amid a slowing economy, making the BoT likely to cut interest rates in April.

Thailand's Policy Rate and Headline Inflation projection (%)



World Economy: Thailand structural decline

The Thai economy in 4Q23 expanded 1.7%, close to our expectation of 1.8%



- The Thai economy in 4Q23 grew 1.7%, close to our expectation of 1.8% (bringing the whole year 2023 to 1.9% growth). The main engine driving the economy was private consumption, which expanded a high 7.4%. Within private consumption, the primary driver was in the service category, which grew a high 12.8%, mainly due to the expansion of hotel and restaurant spending. Durable goods and semi-durable goods expanded at a low level. Merchandise exports began to increase, with export volume expanding 3.2%. Product groups showing increased exports included rice, rubber, computers, refrigerators, and electrical appliances. Groups that are still at risk include computer components, air conditioners and passenger cars. The picture overall indicates that the global economic recovery is still at risk. Service exports (tourism) expanded 14.7%, slowing from 30.6% in the previous quarter in tandem with slowed tourism income. The part of the sector that is holding back the economy is the government sector. Public consumption shrank 3% (and caused GDP to shrink 0.4%), while public investment sank 20.1% (and caused GDP to contract by 1.0%), indicating that the delay in the passage of the budget led the investment budget to shrink compared to the previous year and form a drag on the Thai economy.

- On the production side, the manufacturing sector contracted 2.4%, the agricultural sector shrank 0.8% and the construction sector fell 8.8%, with manufacturing production for exports shrinking 9.9%. However, production for domestic consumption began to recover and grew 1.7%. Important industrial products where production fell include automotive, electronic parts and circuit boards, computers and parts. This points to a fragile world economy. The agricultural, forestry and fishing sectors shrank -0.8%, with important agricultural products falling including palm, fruit trees, cassava, sugarcane and rice paddy, indication of the detrimental effect of the drought on the Thai agricultural sector. As a result, farm income decreased by 2.5%, falling for the third quarter. The business sector related to tourism continued to expand but expansion was slower. Both the hotel and restaurant sectors expanded 10% from 15% last quarter, while income from foreign tourists stood at Bt277bn, growth of 34.8%, though slowing from 76.8% in the previous quarter. The year of 2023 brought 28.15mn foreign tourists with total income of Bt1.03tn (average spending per person per trip is ~Bt37,000, down from Bt41,000 last year)

Growth	Share	GDP Growth Production side							
		Yr2021	Yr2022	Yr2023	23Q1	23Q2	23Q3	23Q4	
GDP	100.0%	1.5	2.6	1.9	2.6	1.8	1.4	1.7	
Agri	9.0%	2.3	2.4	1.9	6.2	1.5	1.1	-0.8	
Manufacturing	26.3%	4.9	0.4	-3.2	-2.6	-3.5	-4.4	-2.4	
Electric	2.3%	0.3	1.9	3.0	-4.0	5.8	4.7	6.0	
Water Supply Sewerage	0.5%	4.5	4.1	4.9	3.8	6.7	4.9	4.1	
Construction	2.9%	2.2	-2.7	-0.6	3.8	0.3	0.5	8.8	
Wholesale, Retail	17.2%	1.6	3.1	3.8	3.3	3.4	3.3	5.1	
Transport	4.9%	-2.7	7.1	8.4	12.5	7.4	7.1	6.7	
Hotel & Rest.	3.2%	-14.2	39.3	18.0	34.4	15.3	15.0	10.0	
ICT	2.6%	6.1	5.1	3.3	3.5	3.7	3.1	2.9	
Financial	8.0%	5.5	1.0	3.1	0.9	2.4	4.2	4.8	
Real Estate	2.7%	1.7	2.1	1.9	1.9	2.5	1.9	1.1	

Source: NESDC, CEIC, INVX

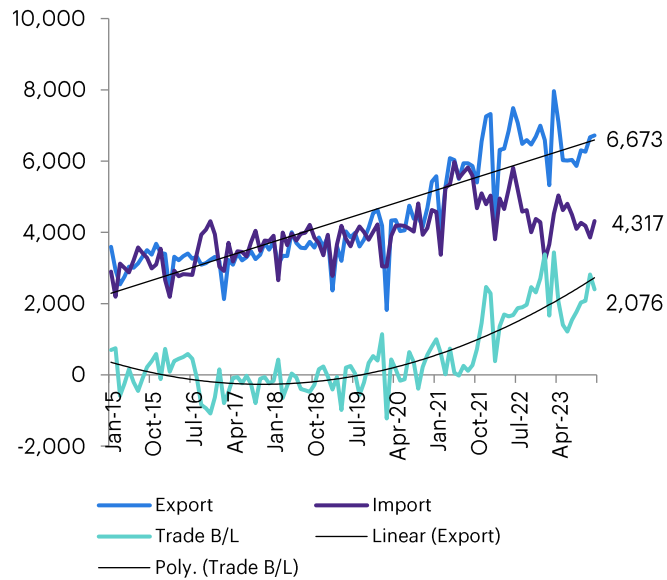
Observations and challenges for the Thai economy

Selected countries' GDP Growth (%QoQSA)

	3/2022	6/2022	9/2022	12/2022	3/2023	6/2023	9/2023	12/2023
China	0.6	-2.1	4.0	0.6	2.1	0.6	1.5	1.0
EU	0.7	0.7	0.5	-0.2	0.1	0.1	-0.1	0.1
France	-0.1	0.4	0.6	0.0	0.0	0.7	0.0	0.0
Germany	1.0	-0.1	0.4	-0.4	0.1	0.0	0.0	-0.3
India	1.5	3.1	-0.5	0.7	2.7	4.3	0.0	N/A
Indonesia	1.4	1.4	1.0	1.1	1.3	1.6	0.8	1.2
Japan	-0.7	1.1	-0.2	0.4	1.1	1.0	-0.8	-0.1
Malaysia	2.4	4.1	2.2	-1.7	0.9	1.5	2.6	-2.1
Philippines	1.2	0.7	2.8	2.1	0.6	-0.9	3.8	2.1
South Korea	0.7	0.8	0.2	-0.3	0.3	0.6	0.6	0.6
Taiwan	1.4	-2.6	0.8	-0.3	-1.0	1.8	1.9	2.1
Thailand	0.2	1.0	0.9	-0.8	1.5	0.2	0.6	-0.6
UK	0.5	0.1	-0.1	0.1	0.2	0.0	-0.1	-0.3
US	-0.5	-0.1	0.7	0.6	0.6	0.5	1.2	0.8
Vietnam	1.3	2.0	0.3	1.4	-0.1	2.2	2.3	1.7

Source: NESDC, CEIC, INVX

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



Export and Import of Goods and Services and G-5 Global GDP (%YoY)



We make four observations about the Thai economy in 4Q23.

1. Thai GDP contracted in 4Q23 at 0.6% QoQSA, joining many other countries that contracted, including Germany (1 quarter), Japan (2 quarters), Malaysia (1 quarter), and England (2 quarters), indicating that the momentum of the overall world economy began to slow down.
2. A look at the relationship between exports, imports and the world economy, shows that they are closely related. We have discovered that manufacturers are preferring to run down inventory.
3. If the world economy is as we predict – that is, it will slow down into a soft landing – then exports are even more at risk this year. But if the world economy continues to expand (no landing), depleted inventories will pull the manufacturing sector back into recovery.
4. Currently, Thai products face dumping from China, which has led Thailand to have a larger trade deficit. More than 9% of domestic consumer products are imported from China (up from 5% in 2020). If this continues, it will hurt the Thai manufacturing sector.

Official Thai economic projections compared with INVX

- We divide our economic projection into two situations, each hinging on government disbursement. If disbursement can accelerate strongly in 2H24 at the rate projected by the Fiscal Policy Office (FPO), i.e., capital budget disbursement rate for FY2024 at 64%, equivalent to Bt450bn, the Thai economy will expand 3.0% from speeding up public and private investment. On the other hand, if the disbursement is lower than expected the Thai economy will expand by 2.5%. In the latter case, the BoT may be able to cut interest rates twice.

2024 Thai GDP Growth momentum: Best and Worst Case (%)

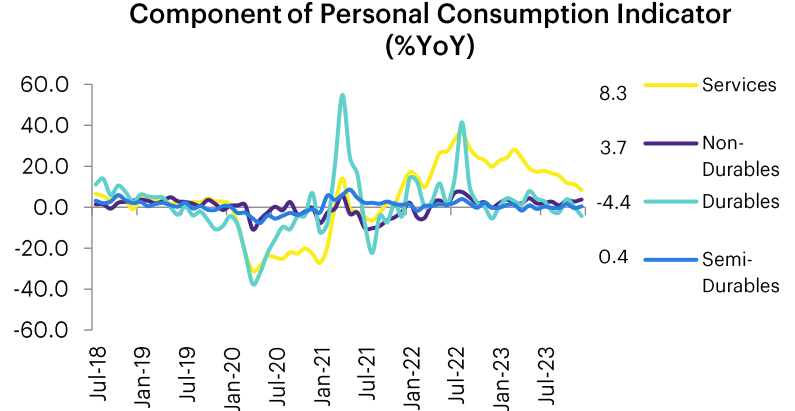
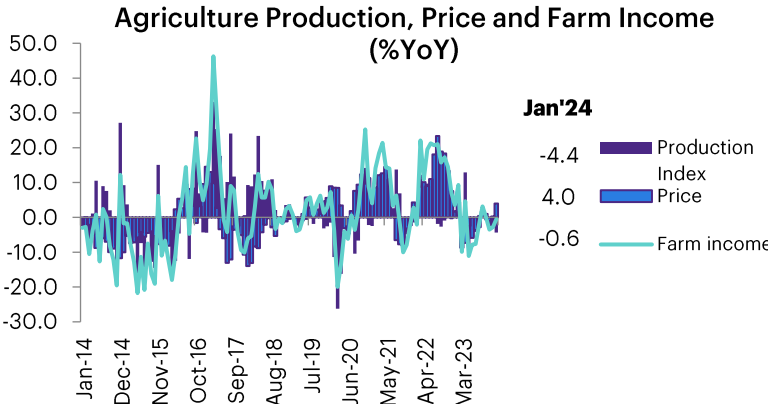
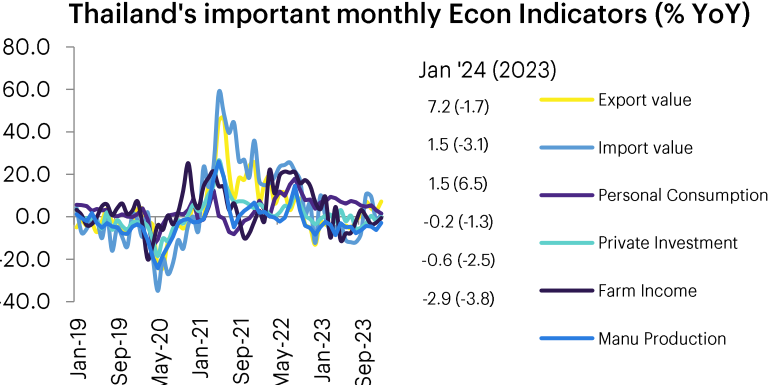
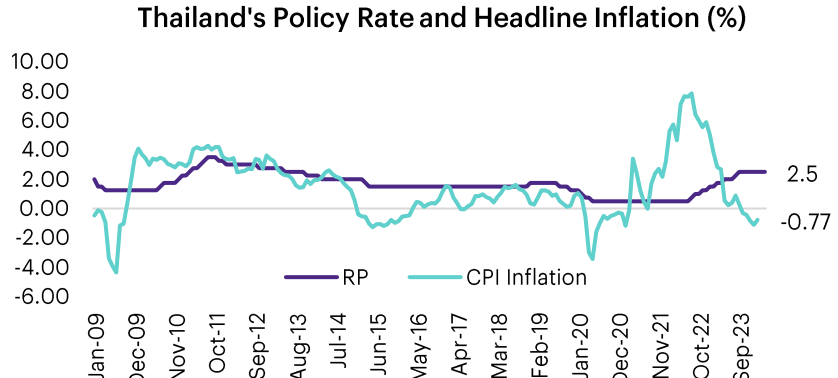
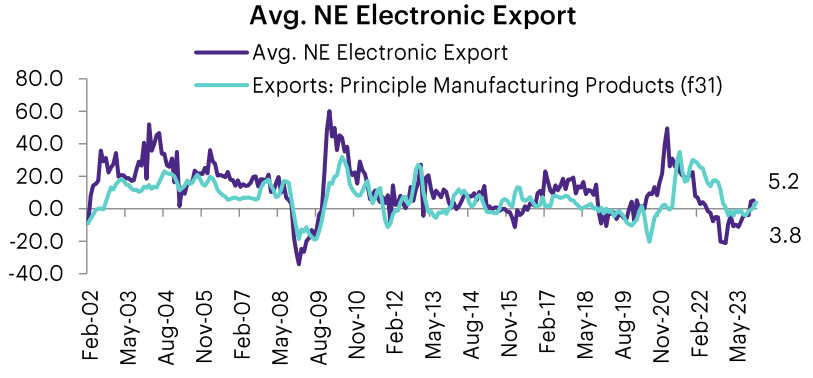
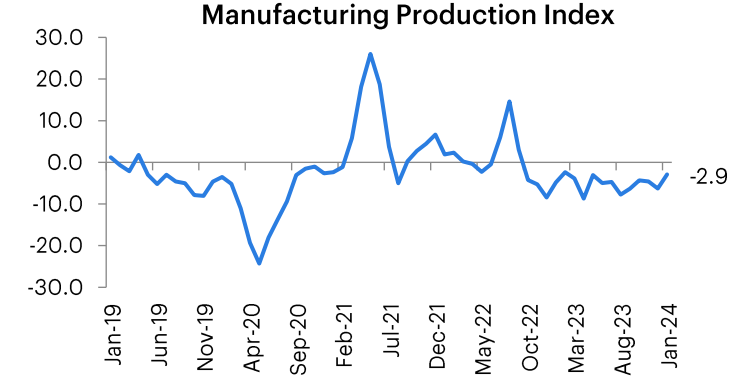


Source: CEIC, NESDC, BOT, FPO, INVX Research

Macro growth projection	Actual	Actual	Actual	FPO (Jan'24)	NESDC (Feb'24)	INVX-Worst (Mar'24)	INVX-Best (Mar'24)
	2021	2022	2023	2024f	2024f	2024f	2024f
GDP growth	1.6	2.5	1.9	2.8	2.7	2.5	3.0
Private investment	2.9	4.7	3.2	3.2	3.5	3.0	3.7
Public investment	3.5	-3.9	-4.6	3.1	-1.8	-1.5	3.0
Private consumption	0.6	6.2	7.1	3.3	3.0	2.0	3.0
Public consumption	3.7	0.1	-4.6	1.4	1.5	1.0	1.5
Export value in US\$ terms (%)	19.2	5.4	-1.7	4.2	2.9	-0.1	-0.1
Import value in US\$ terms (%)	15.0	14.0	-3.1	4.0	4.4	2.0	3.2
Current account to GDP (%)	-2.2	-3.2	1.3	1.8	1.4	0.0	-0.5
Headline inflation (%)	1.2	6.1	1.3	1.0	1.4	0.7	1.2
USD/THB	32.0	35.1	35.0	34.4	34.8	35.0	36.0
Policy rate (%)	0.50	1.25	2.50	N/A	N/A	2.00	2.50
No. of inbound tourists (mn)	0.43	11.2	28.2	33.5	35.0	35.0	35.0

Six factors in the Thai economy that need to be watched

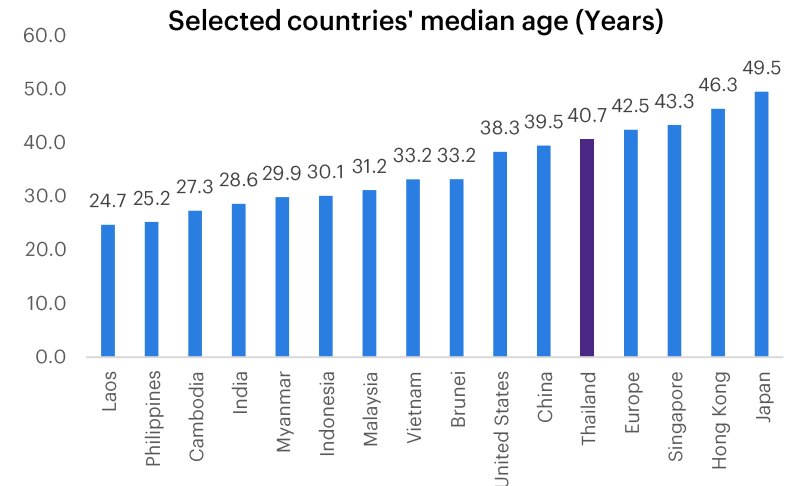
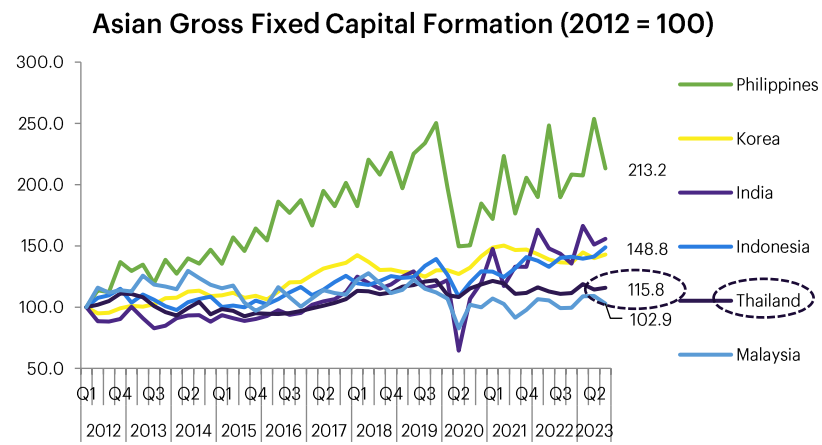
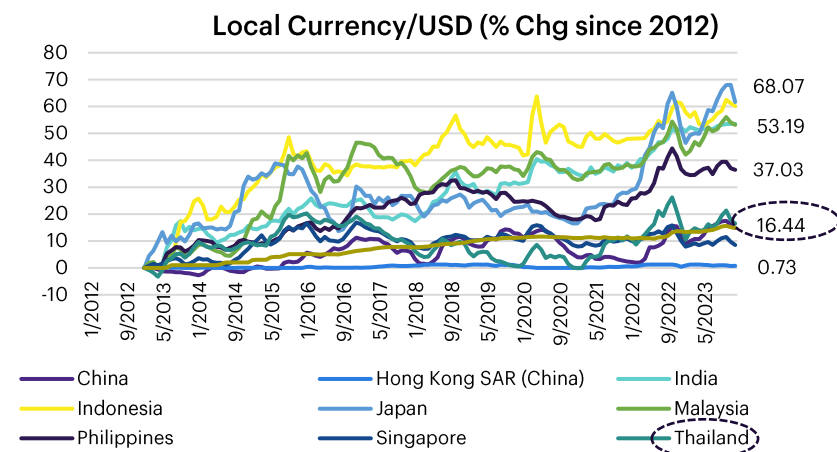
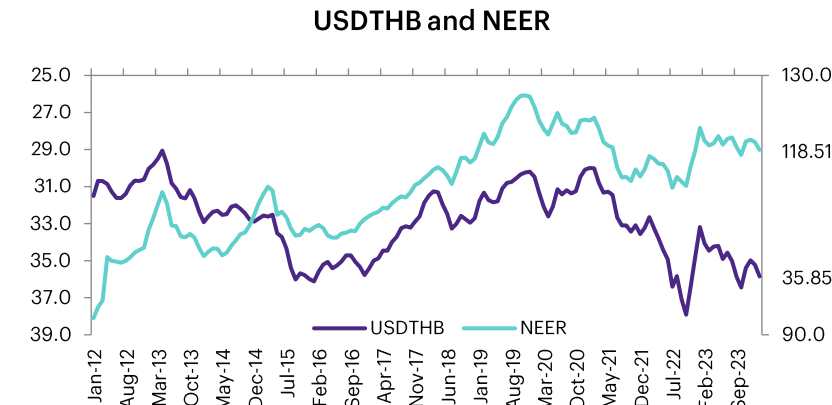
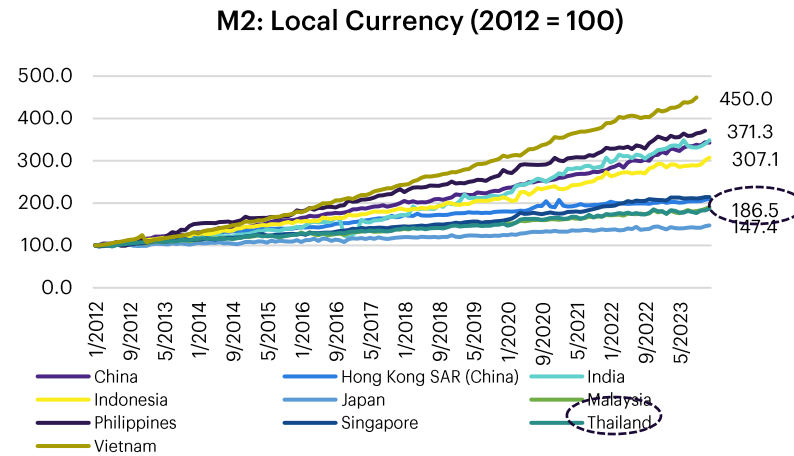
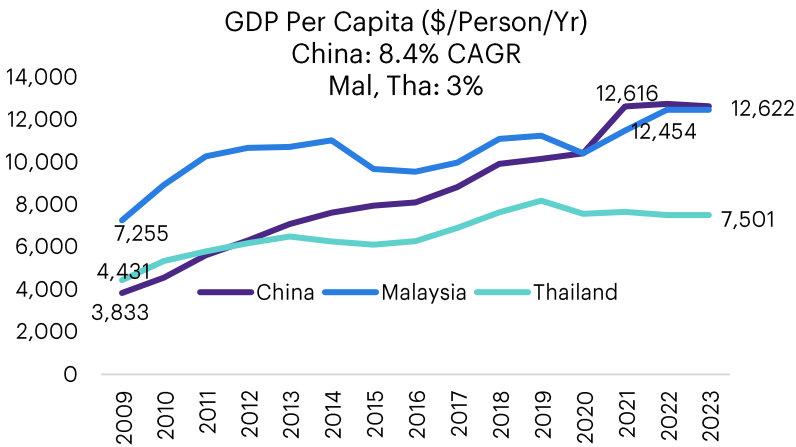
- In 2024, we are keeping an eye on six economic factors that will cause the Thai economy to revive or slow down. 1) Industrial production. Currently, this has been shrinking for more than a year. However, inventories are depleted, especially electronic (both globally and in Thailand) making it possible that production will begin to return. But if the world economy slows down, production will continue to shrink. At the same time, Thai manufacturers are increasingly at risk from Chinese manufacturers' market penetration. 2) The latest export recovery (+10% in January) partly reflected the recovery of the electronics cycle. If we consider the relationship between electronic product exports from four Northeast Asian countries, we find that the expansion is in line with Thai electronic and industrial exports. However, it is necessary to monitor the electronic product cycle, whether the production of industrial products can recover sustainably or not when the MPI of important countries is still shrinking. 3) Continuously negative inflation. This will be negative for at least another two months. 4) Private investment, which is still shrinking in line with industrial production. However, we must keep an eye on whether exports are improving. If so, it will improve industrial production to full capacity. But, will it be able to push the private sector to turn around and invest? 5) Farm income. This is at risk from the amount of agricultural products lost due to drought. 6) Private consumption, where important components such as the service sector continue to slow down while at the same time, growth of consumption of durable goods such as cars contracts as credit becomes more difficult to obtain.



Source: BOT, CEIC, INVX

Long-term structural issues for the Thai economy -- middle income trap

- As for structural issues, we are concerned about the long-term growth potential for the Thai economy, which is falling into the middle income trap (per capita income is less than US\$15,000/year) because it faces three main problems: 1) tight monetary policy resulting from the BoT printing too little money compared to its neighbors; this has caused inflation to be lower than neighbors and the baht (Nominal Effective Exchange Rate: NEER) has strengthened nearly 20% over the past 12 years, causing Thai manufacturers to lose their competitiveness; 2) fiscal policy, which is too tight due to the need to maintain fiscal discipline, causing both public and private investment growth to be almost the lowest in the region and 3) an aging society. The average age of a Thai is 40.2 years old, the second highest in the region. This makes Thailand unattractive for investment both in terms of consumption and



Source: CEIC, NESDC, INVX Research

2Q24 outlook and themes

Riding a market carousel

InnovestX Securities Co., Ltd.



1Q24 market review

Our 1Q24 recommendations

Underperformed the SET by 5%

We are nearing the end of 1Q24 and the Thai stock market is down 2.1%, underperforming regional and EM peers by 3% and the global market by 8% due to: 1) pressure from China's growth slowdown, 2) continuous short-selling pressure, 3) delay in fiscal budget disbursement, 4) friction between the government and the central bank and 5) weaker-than-expected earnings recovery. All of this has made investors concerned about the outlook for corporate earnings, particularly given China's economic slowdown, and they will stay on the sidelines until analysts finish the GDP and earnings downgrades.

The Thai stock market has offered negative returns in 1QTD and is one of the worst performers during the current global market rally. Index contribution has been concentrated in four sectors: Transportation (AOT, AAV), Tourism (MINT), Telecommunication (TRUE) and Commerce (CPAXT, CPALL), while Electronics (DELTA, HANA, KCE), Building Materials (SCC, IVL), Food & Beverages (CBG, OSP, BTG), Bank (KTB, BBL, KBANK) and Energy (OR, PTT, EA, BANPU) disappointed.

Foreign investors have sold a net US\$884mn in Thai equities QTD, decelerating from an outflow in 4Q23 of US\$981mn. Foreign outflows have varied in ASEAN peers: Indonesia with +US\$1.12bn, the Philippines with +US\$251mn, and Malaysia with +US\$77mn.

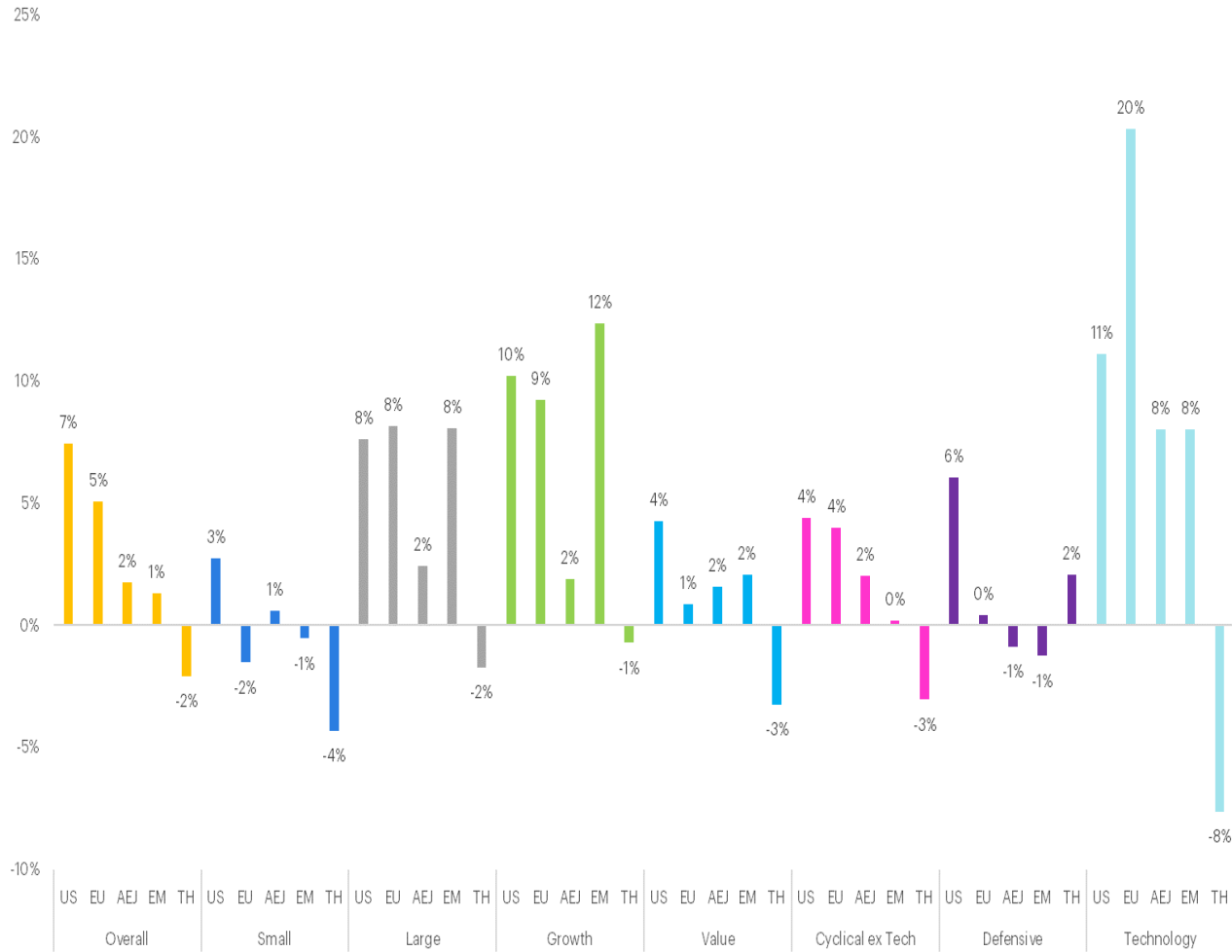
Our key theme in 1Q24 was global economic uncertainty, worsening geopolitical risk, and the end of the Fed's hiking cycle, which seems to have aligned with market reactions. Meanwhile, weaker-than-expected China demand and earnings recovery weighed the market down.

Our top picks that focused on good balance sheets, high earnings recovery visibility and benefits from stimulus offered average returns of -7%: CPALL and GULF outperformed, while BBL, KCE and SCC underperformed due to weaker-than-expected domestic economic growth and earnings recovery along with China's continuous destocking.

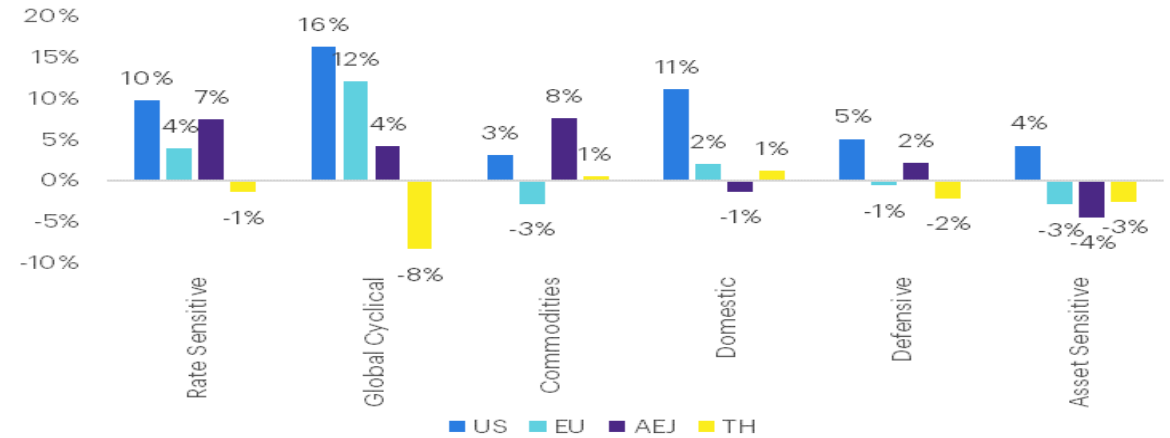
Price performance in 1Q24

Large cap, global cyclical, growth, rate-sensitive outperformed

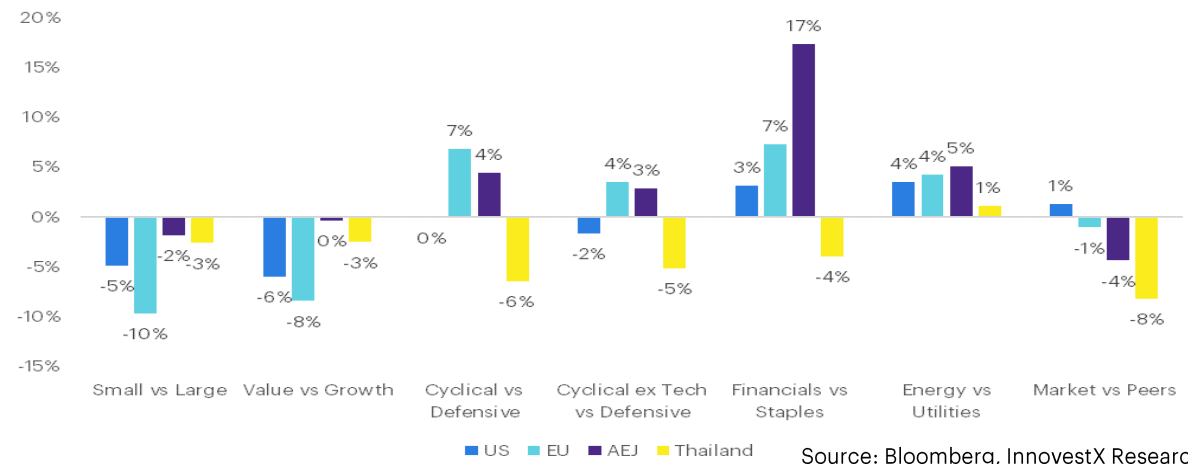
Performance comparison in 1Q24 (as of 8 March 2024)



1Q24 basket returns (as of 8 Mar 2024)



Relative performance in 1Q24 (as of 8 Mar 2024)

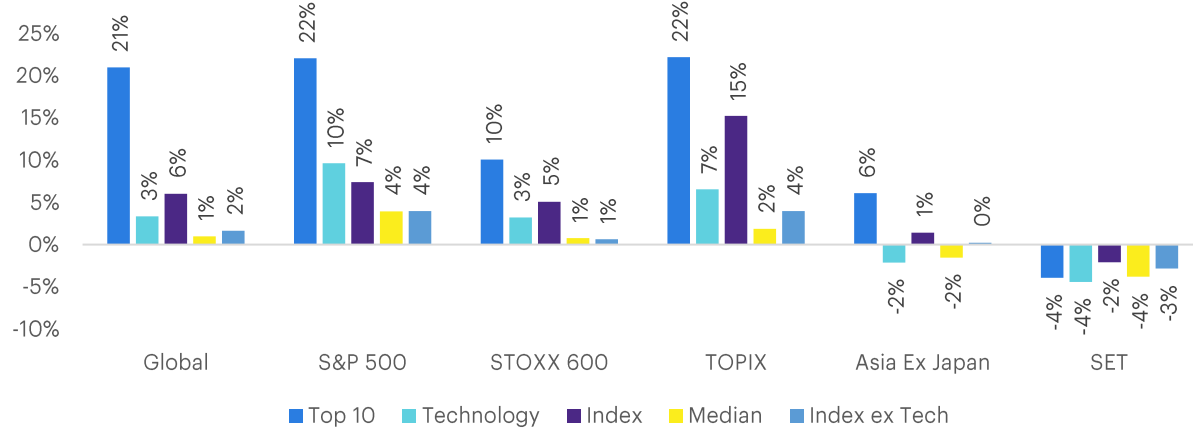


Source: Bloomberg, InnovestX Research

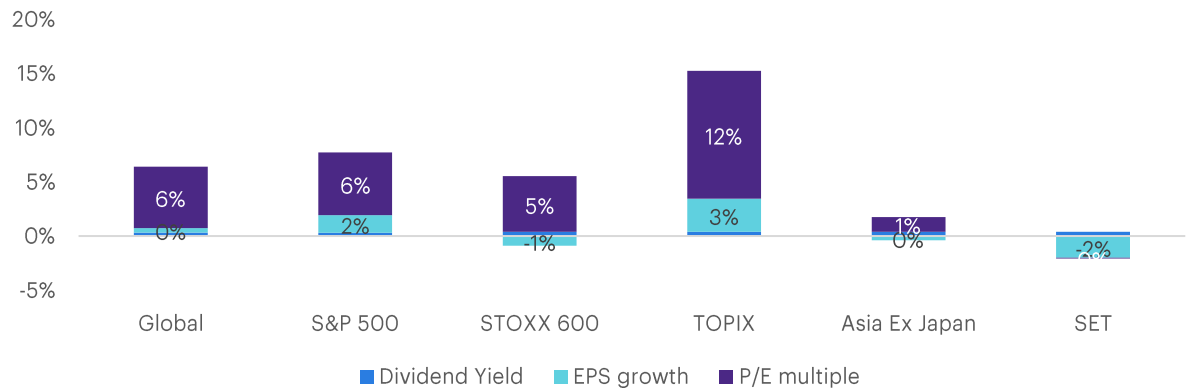
High concentration

Some are hyper-independent, driven by sentiment

Total return performance 1QTD; Main returns contribution driven by some specific sectors



Returns composition - Mostly driven by valuation expansion



The pattern of returns in all markets in 1QTD are similar to 4Q23, with rising concentration in a few specific areas in most developed markets. Meanwhile, Asia ex Japan markets are facing challenges from growing China dependence that is pressuring earnings growth.

- 1) The Top 10 stocks in the US contributed 61% of returns thanks to strong earnings recovery and AI growth narrative. One third of US market returns are driven by NVDA and 47% come from Tech.
- 2) The Top 10 stocks in EU contribute 63% of returns thanks to China's reopening, AI demand and a weight loss pill boom. 75% of EU market returns are driven by NOVOB, LVMH, ASML, SAP, RMS.
- 3) Returns in Japan are more diversified than in the US and EU thanks to the weak yen, which helps export-oriented companies such as Toyota, Tokyo Electron, Keyence, Fast-Retailing.
- 4) Asia Ex Japan and SET returns are facing pressure from the weak China growth story. Asia is the only region with limited valuation re-rating.

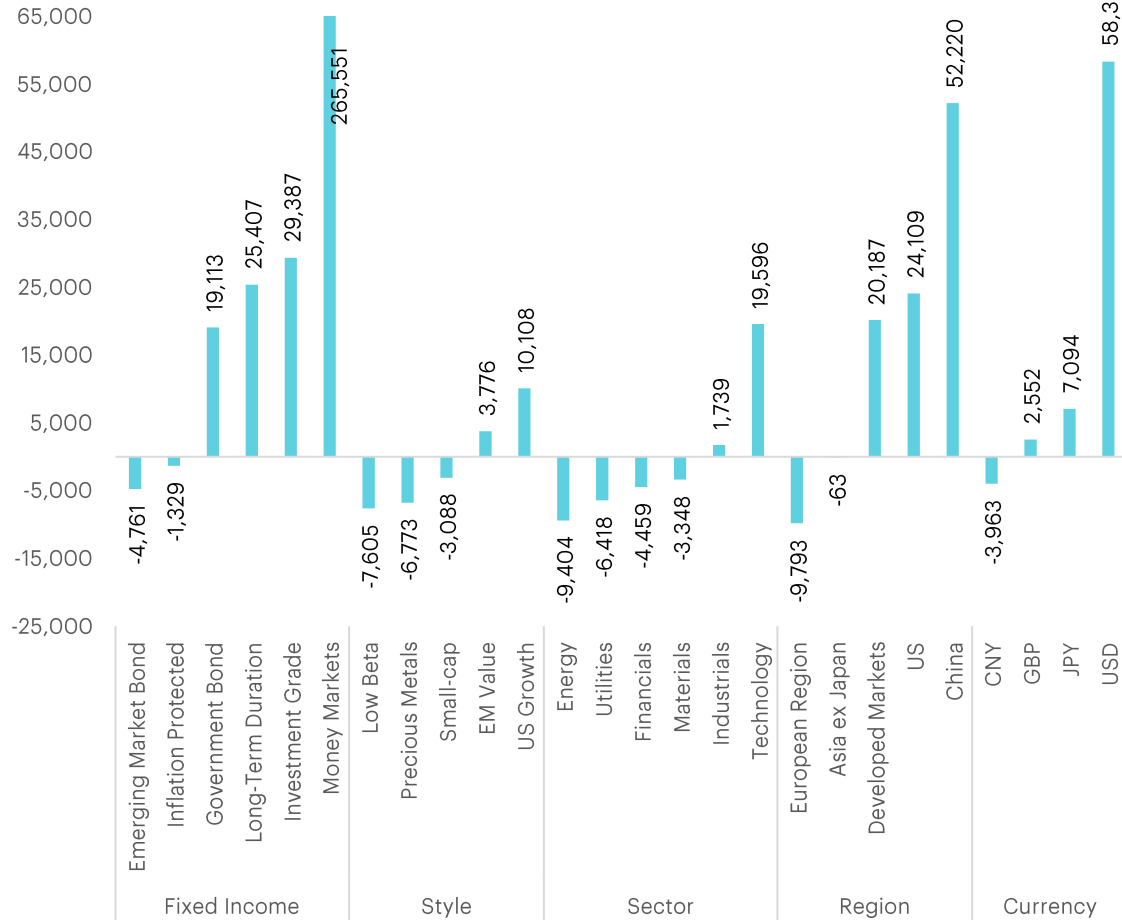
We expect this trend to continue in 2Q24. We believe growth to value rotation will be seen upon improving revenue growth, early signals of China's recovery and a lower interest rate environment in 2H24.

Source: Bloomberg, InnovestX Research

Dynamics of fund flows

Bond flows dominate; tech triumphs

Fund Flows - 1QTD (as of 8 Mar 2024)



Source: EPFR, Haver Analytics

Flows into mutual funds and related investment products were continuously positive in bond funds in 1QTD, while flows into equities and sector funds were mixed.

Within the fund flow patterns in 1Q24, we have seen:

- 1) IG, government and long duration bonds have seen a huge inflow on the back of falling but sticky inflation, betting on the first rate cut and the need for some protection from external risks.
- 2) The US economy is showing more robust growth than other countries as recession fears ease, leading to strong inflow into the US, while the EU and AEJ are facing outflows due to vulnerable growth from China. State-backed funds drive China inflows.
- 3) Investors continue to demand technology funds on AI mania while both cyclicals ex. tech and defensives—utilities and consumers in particular—is seeing outflows.
- 4) Small-cap, low beta, and precious metal is seeing a large outflow.
- 5) Money market funds are attracting a continuous influx of cash of US\$266bn in QTD with high holdings in USD.

We expect flows to spill from money market funds into risky assets such as asset-sensitive and cyclical ex Tech on the back of a rate cut view and better growth than feared. Bond and tech flows will continue in 2Q24.

2Q24 market outlook

Key points of our 2Q24 strategy

Summary of our views

Macroeconomic outlook

The global economic picture is better than expected, especially in the US, where improvement beat expectations. However, we look for a slowing ahead due to: 1) the impact of rising interest rates, 2) increased banking sector risks and 3) greater geopolitical risks in the global economy. Though the risk of recession has declined, we continue to believe that the continuously high real interest rate without a meaningful rise in productivity will make the US economy prone to recession going forward. If disbursement can accelerate well in 2H, the Thai economy will expand 3.0% from speeding up public and private investment. If disbursement is lower than expected, the Thai economy will expand by 2.5% that lead to two interest rate cut.

Economic bright spots

Artificial intelligence, Cybersecurity, Tourism, Utilities, domestic demand, government spending

Manufacturing cycle recovery

The global economy is exhibiting nascent signs of improvement, particularly in the manufacturing sector. The recent PMI cycle was smaller and less aggressively priced for EM and AEJ markets. If China surprises to the upside in the short-term, this could resemble previous industrial upturns with equities and currencies in Asia benefiting, with positive momentum for cyclical equities, non-tech, and for non-US equity markets

Nearing a shift toward cutting rates

We believe the Fed is aware of the risk of cutting too late. Stock markets have tended to rise into and after the first Fed rate cut when easing has been driven by policy rate normalization. We suggest investors consider long-duration sectors such as Commerce, Healthcare and Utilities and high beta on yield-sensitive areas such as REITs, Property and Consumer Finance.

Accelerating fiscal budget disbursement

As the government speeds up disbursement, the disbursement of the FY2024 budget can be started in late Apr-early May and this would support economic growth. We expect to see accelerating government disbursement in 2H24, which should boost GDP and earnings growth. Monthly disbursement may increase from Bt50bn to Bt70bn (+40%). We expect accelerating budget disbursement to boost earnings by 1.1%

Growth convergence in 2H24

If China surprises to the upside, GDP and earnings upgrades are expected in 3Q24. In addition, we continue to believe growth in the US and an interest rate cut could help DMs show strong growth. We also expect earnings to bottom out in 1Q24 and start recovery from 2Q24 onward.

Strategy (2Q24)

Continuous Tech earnings recovery, Thai economic and earnings bottoming along with accelerating budget disbursement, improving industrial cycle and hope for rate cuts by central banks could offset the negative sentiment from Tech's rich valuation and China's property crisis. China's policies are likely to limit short-term downside risks. Thus, the market is expected to go up with rising volatility. Within a complex macro backdrop, our strategy is to focus on stocks whose earnings have bottomed and begun to improve. We expect to see early signs of DM to EM rotation and new money to focus more on non-tech and cyclical sectors from 2Q24 onward.

SET Index target

Our 2024 SET Index target is 1,550. Our key entry point is below 1,400 with expected returns of 12%.

Sector weighting (2Q24)

Overweight
Neutral
Underweight

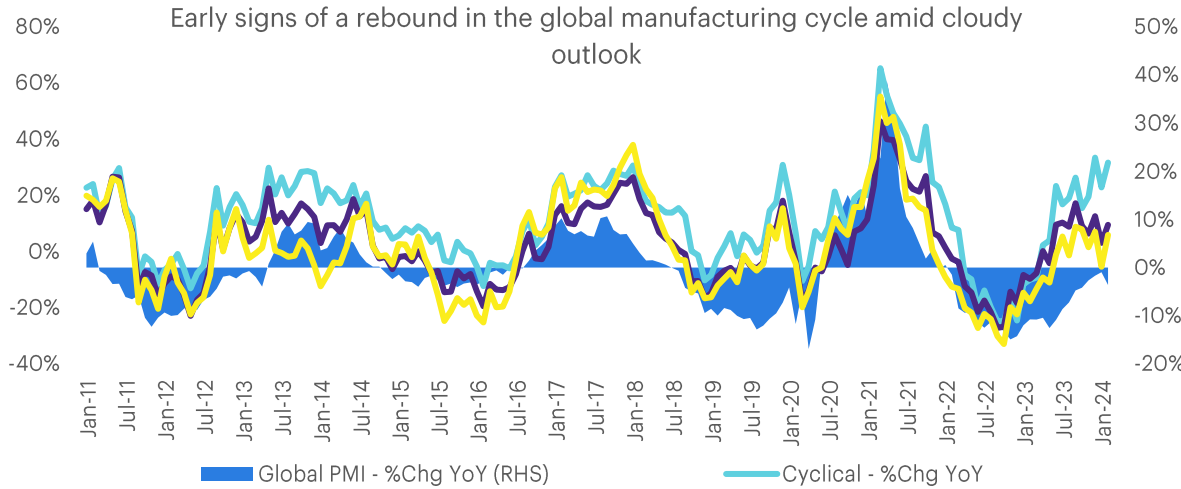
Commerce, Electronics, F&B, Transportation, Utilities
Agribusiness, Building Materials, Energy, Healthcare, Hotel, Petrochemical, REIT, Telecommunication
Automotive

Recommendations

We look at stocks that: 1) have good balance sheets and cash flows, 2) are gaining momentum from global manufacturing recovery, 3) have seen earnings bottom, and 4) are benefiting from accelerating budget disbursement. Our top picks in 2Q24 are AOT, GFPT, GULF, KCE, SCGP

Global economy is better than feared

Recent cycle was smaller and less aggressively priced for EM

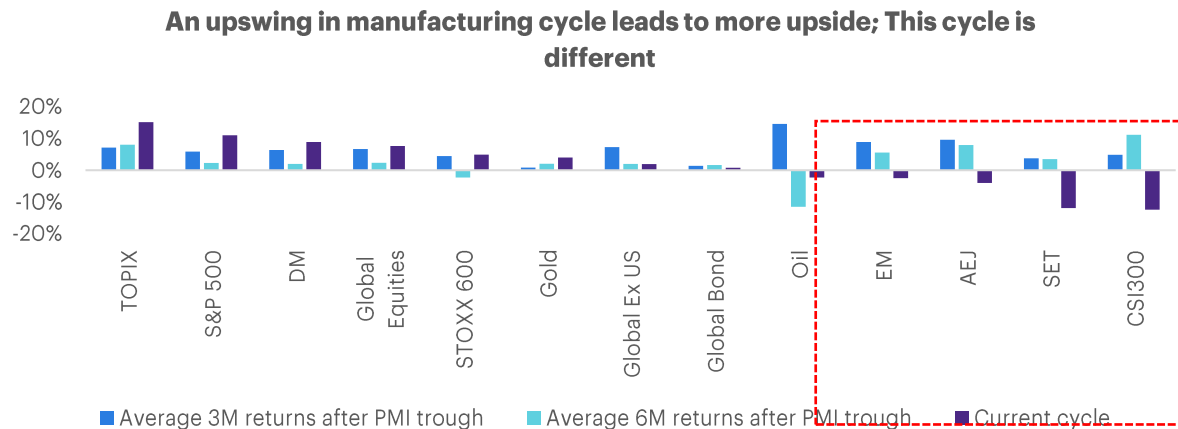


Equities are poised to continue their upward trajectory due to favorable growth conditions and subdued inflation. Despite elevated valuations, particularly in the United States, we think equities are likely to keep trending higher against a better macro backdrop than had been feared.

The global economy is exhibiting nascent signs of improvement, particularly in the manufacturing sector. Traditionally, this bodes well for cyclical sectors, equities in emerging markets, small-cap companies and for commodity-related assets. The recent PMI cycle was smaller and less aggressively priced for EM and AEJ markets.

If China surprises to the upside in the short-term, this would resemble previous industrial upturns with equities and currencies in Asia benefiting. However, we think China is facing a recovery rather than a boom or strong demand growth.

If continuous disinflation and improving global cyclical news occur simultaneously, they could create positive momentum for cyclical equities, non-tech, and for non-US equity markets, although we would see this mostly as a further broadening in equity strength rather than a rotation away from the US, as broadly, its economy is more resilient than others.

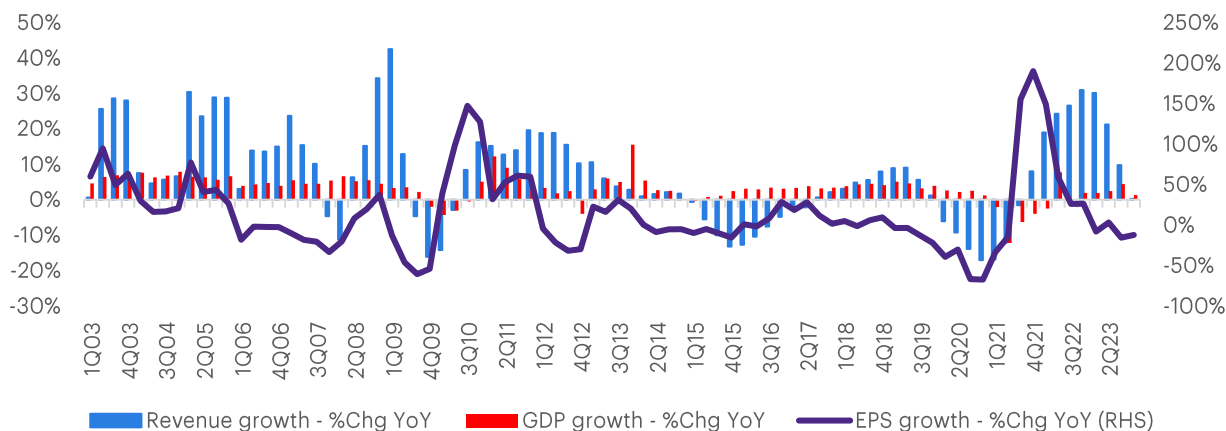


Source: CEIC, InnovestX Research

Prepare for the worst for Thai GDP

Downside remains; defensive growth should perform well

Economic growth drives the corporate revenue growth



Excess returns during the SET downturn at 10% downside

	Small-Cap	Large-Cap	High Dividend	Cyclical	Defensive
Oct-11	-3%	0%	0%	-1%	6%
Jun-12	-2%	-1%	0%	0%	6%
Jan-14	-1%	0%	1%	1%	4%
Jan-16	1%	-3%	-2%	3%	1%
Dec-18	-9%	2%	1%	-1%	4%
Oct-20	9%	-4%	-2%	3%	-3%
Jul-23	-4%	5%	5%	-3%	-3%
Average	-1.3%	-0.4%	0.5%	0.2%	2.3%

Source: CEIC, SET, InnovestX Research

Although we view that positive momentum will support the Thai stock market in 2Q24, we believe the Thai economy is dealing with uncontrollable moving factors from some economic and political events that could lead it to disappoint.

We run a scenario for Thai GDP growth in 2024 at 2% YoY, which is below the lowest consensus GDP forecast of 2.1%. In this case, we expect to see:

- 1) earnings downgrades of 7% from the INVX worst-case scenario of GDP growth of 2.5%
- 2) earnings growth in 2024 to plunge from current projection of 22% YoY to 6% YoY based on revenue growth of 1%.
- 3) valuation is stretched at PE of 16x (vs 10-year average of 15.4x)
- 4) SET Index will drop to 1,260 or 9%
- 5) Baht depreciates by 2%

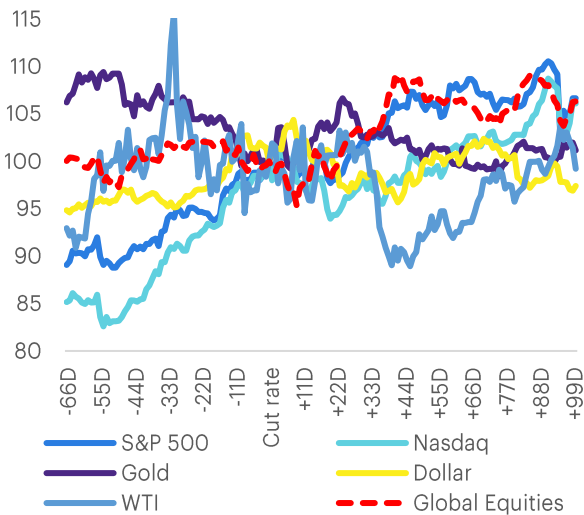
Our analysis suggests defensives such as Utilities and Healthcare as well as high dividend yield plays should outperform (all show negative returns). These should outperform during a market rally. We still prefer large-caps and strong balance sheets over small-caps and weak balance sheets.

Nearing a shift toward cutting rates

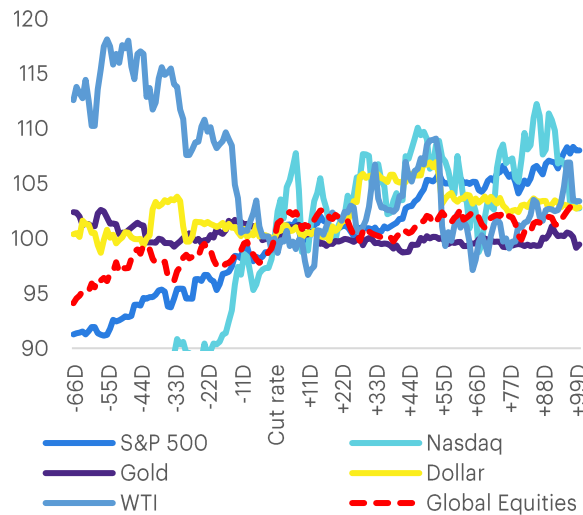
What goes up must come down; market may go up further

	Recession	Rate policy	Real GDP Growth (%Chg YoY)	Core PCE (%Chg YoY)	Unemployment rate	1Y rate vs Fed Funds rate	S&P 500 P/E	S&P 500 1Y returns	Global market 1Y returns
Sep-84	No	Normalization	6.9%	3.7%	7.3%	29	na	9%	na
Jun-89	No	Normalization	3.7%	4.2%	5.3%	-161	19.3	13%	6.0%
Jul-95	No	Normalization	2.7%	2.0%	5.7%	-25	18.1	18%	6.4%
Current			3.2%	2.8%	3.7%	-81	21.1		

Price performance during the first rate cut in 1989



Price performance during the first rate cut in 1995



The US rate cycle is nearing the shift toward cutting interest rates in view of the taming of inflation and cooling labor market. The Fed is aware of the risk of cutting too late given continuous concerns about commercial real estate and rising consumer price sensitivity. The EBC has the same stance. Asian countries are likely to follow suit to avoid currency fluctuation.

Stock markets have tended to rise into and after the first Fed rate cut when easing has been driven by policy rate normalization. In two previous normalization-driven cutting cycles in 1989 and 1995, both saw quiet positive equity returns in the year following the first rate cut with volatile dollar and oil price. Gold outperformed in the short-term and was stable on the one-year horizon.

Until disinflation trends become clear, risk markets may remain better supported than core rates if reduced easing expectations are driven also by better growth. What matters more for equities is a Fed that is willing and able to ease policy in the face of slower growth rather than the number of cuts needed.

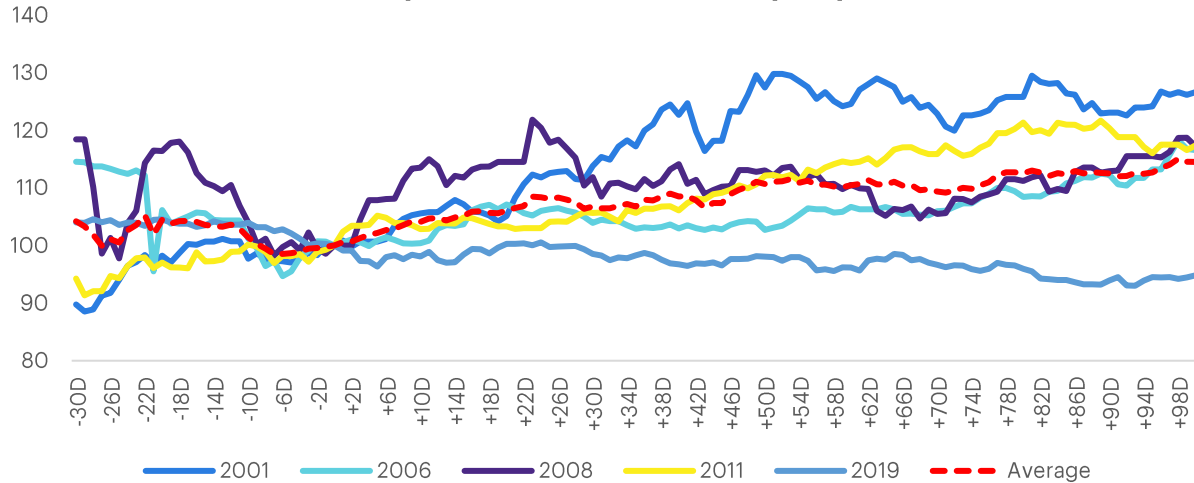
We suggest investors consider long-duration sectors such as Commerce, Healthcare and Utilities and high beta on yield-sensitive areas such as REIT, Property and Consumer Finance.

Source: CEIC, Bloomberg, InnovestX Research

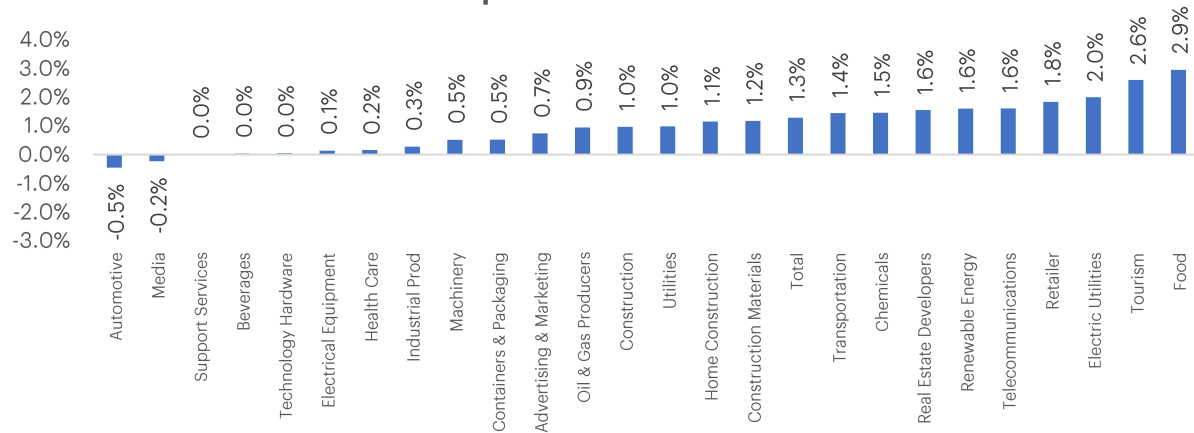
Cutting rate is not that bad

Positive to market sentiment

SET Index performed well after the first policy rate cut



Impact of interest rate cut



Our estimates of the impact of cutting interest rates on Thai corporate earnings indicate this is positive for most sectors. Based on historical data (2000-2020), we find that the SET has tended to rally further after the first rate cut in the previous five episodes with average returns of 5% one month after first rate cut with a stable baht. Large-cap outperformed small-cap. Utilities, Transportation and Property offered strong performances after the first rate cut.

Assuming all interest-bearing debt is floating without a grace period, net profit for all companies will increase by Bt17bn per year or 1.3% from the base case that assumes constant financial cost for every 25bps interest rate cut or 20 points on the SET Index. The impact will be lower if we include the narrowing in bank net interest margin, which banks normally manage well in a gradually falling interest rate environment.

Companies with high leverage and high investment such as Tourism, Food, Commerce, Communications and Utilities face little tailwind impact from interest rate cuts. Small properties are relaxing. In contrast, Electronics, Automotive, Beverage and Healthcare have low debt and adequate cash on hand. If the economy is in good shape in 2H24, profit recovery will be an indirect benefit from a rate cut.

Source: Bloomberg, InnovestX Research

Historical Thai sector performance after first rate cut

Utilities, financials and transportation were the top performers

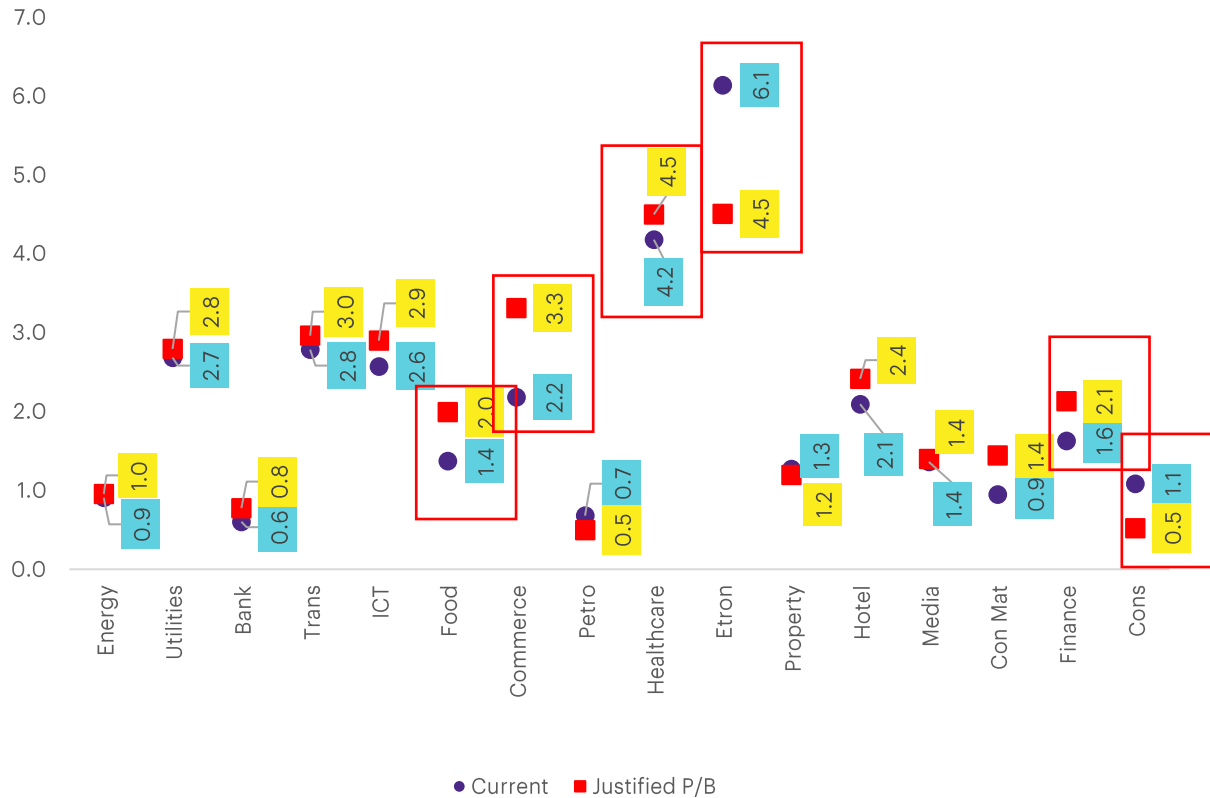
Macro factor	3-month returns after first rate cut					Average	Hit rate
	2001	2006	2008	2011	2019		
	Real GDP +4.1% YoY CPI +0.7% YoY Policy rate 2.5%	Real GDP +5.4% YoY CPI +3.1% YoY Curr Acct 1% GDP Budget 0.7% GDP Policy rate 5%	Real GDP -2% YoY CPI +0.4% YoY Curr Acct 0.3% GDP Budget -1.5% GDP Policy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

Source: CEIC, InnovestX Research

Cutting rate could mean something for valuation

Attractive value or value trap?

P/B - Current valuation vs Justified valuation



We think using P/E to derive price target is tricky on the back of low earnings visibility with a cloudy growth outlook. P/B is more justified during a period of high earnings volatility.

We discover that valuations of most of sectors, such as Transportation, Telecommunication, Property, Media, and Utilities are trading at their fundamental profile based on growth prospects. Although, Energy, Banking, Petrochemical and Construction Services look cheap relative to valuation metrics, we feel performance for these sectors will rely on earnings growth rather than multiple expansion.

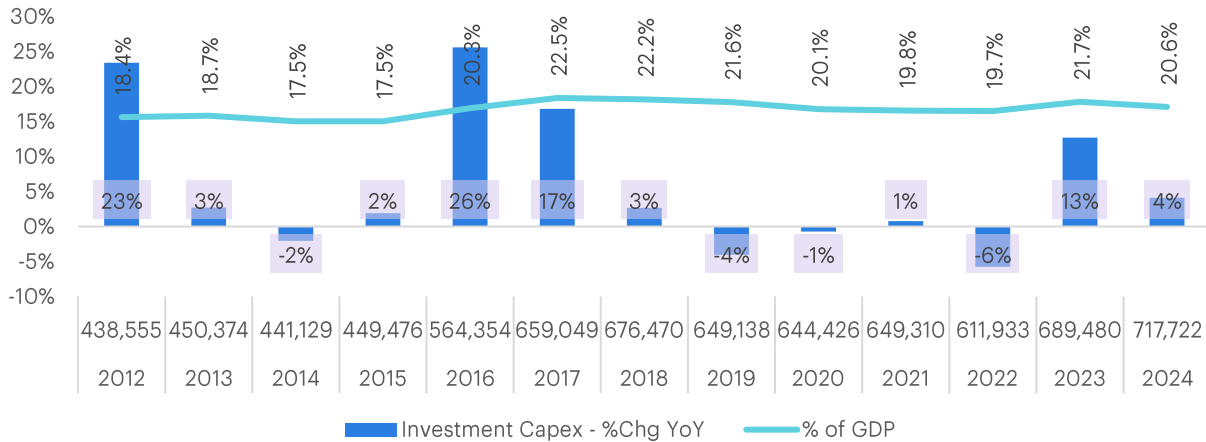
On the other hand, we think Food, Commerce, Healthcare, Finance Services and Hotel sectors are likely to see multiple expansion due to improving ROE growth in 2024-2025.

Lower interest rate will support valuation expansion in the short-term. Meanwhile, the Thai stock market is entering mature stage with a limited growth outlook and lack of new economy businesses. We think the Thai stock market will shift from high growth to being a dividend market with ample cashflows and no multiple expansion. We believe accelerating earnings growth is key to driving total returns in the long-term.

Source: Bloomberg, SET, InnovestX Research

Accelerating fiscal budget disbursement ...could boost growth in 2H24

Budget for an investment increase 4% YoY



The unexpected contraction in 4Q23 from 3Q23 came from a drop in government spending as fiscal budget was delayed. As the government now works to speed up the process, the FY2024 budget can be disbursed starting late Apr-early and this will shore up economic growth. Contracts for planned investment projects must be signed by June while contracts for new investment projects must be signed by July. The state investment budget for FY2024 is Bt200bn, with a 95% disbursement target.

Key focus areas are new industry (Bio-industry, green economy, AI adoption, EV, power storage), tourism (renovating airports and capacity expansion, a botanical garden, international fairs and sporting events), a smart city, communication networks, SMEs. In contrast, the government is paying less attention to developing the Special Economic Zones and Eastern Economic Corridor. Tourism, ICT, renewable energy, Utilities and Electronics are key beneficiaries.

Thus, we expect to see accelerating government disbursement in 2H24 that will boost GDP and earnings growth. Monthly disbursement could increase from Bt50bn to Bt70bn (+40%). Based on our calculations, accelerating budget disbursement could boost earnings by 1.1% or add 10-15 points to the SET.

	Weight	2022	2023	2024
Value creation agriculture	13%	625%	73%	-37%
Development of future industries and services	1%	-5%	81%	145%
Creating income from tourism	2%	-32%	12%	44%
Area development and smart livable city	2%	88%	9%	27%
Integration of transport and logistic system	46%	1%	22%	38%
Energy security	0%	98%	8%	56%
Development of digital economy and society	1%	-23%	-43%	149%
Supporting SMEs	2%	54%	46%	221%
Development of Special Economic Zones	0%	-89%	7%	-33%
Integration of EEC	2%	-44%	-7%	-27%
Innovation R&D	5%	-29%	20%	13%
Development of Science Technology and Innovation potentials	0%	-92%	-36%	-31%
Supporting development of competitiveness	15%	-38%	3%	-40%
Public sector personnel	11%	-1%	0%	2%
Total = THB393b in 2024		-16%	19%	-1%

Source: Royal Thai Government, InnovestX Research

Supportive measures from regulators is key to boosting retail investor confidence

Details	
South Korea	<p>Re-impose a ban on short-selling shares at least until Jun24</p> <p>Lower the ratio of cash required as collateral for retail investors to borrow stocks to 105%, down from the current 120%, to match the ratio for institutional investors.</p> <p>New cap of a maximum 90 days will be imposed on borrowing of stocks for short selling, in line with retail investors</p> <p>Establish a team of investigators to probe short-selling by foreign investment banks for illegal activity</p>
China	<p>Fully suspend the lending of restricted shares</p> <p>Borrow shares from institutional investors to wait one day before providing them to brokerages</p> <p>Investors who buy shares will not be allowed to lend them out for short selling within an agreed lock-up period</p> <p>Pre-IPO investors will have limited channels to cash out their holdings in A share listed companies during the lock-up period.</p> <p>For privately-offered securities investment funds, they are now subject to a margin ratio of 100% increased from 50-80%.</p>
Additional measures	
Thailand	<p>Market cap requirement: Raise the market capitalization requirement for securities eligible for short selling from the current level of THB5b to THB7.5b</p> <p>Liquidity: Requiring companies to have monthly trading volume of more than 2% of monthly turnover</p> <p>Uptick rule: If the price of a stock drops by more than 10% from the previous day's close, the short sale price must be higher than the latest price under the uptick rule</p> <p>Daily limit: Set a ceiling for the short selling of securities in the form of a daily limit based on average 30 days trading volume</p> <p>Dynamic price band: Imposing dynamic price band on each security in addition to the existing static +/- 30% daily movement limit to curb the extreme price fluctuation</p>

Source: Bloomberg, SET, InnovestX Research

The use of high frequency trading (HFT) systems with advanced tools and a rapid pace has increased dramatically in global stock markets. They increase volatility in the market and could even cause a market to crash. We think HFT is unblockable and unfair trade but controllable because this the key part of the price discovery process and liquidity provider.

China and South Korea are banning short-selling, naked short-selling in particular. China is cracking down on any market manipulation and tightening rules on quants and IPOs in order to avoid irrational selloffs. Based on historical market intervention, this has failed to support share prices in the medium term.

The SET is adjusting for tighter control measures related to short-selling and algorithmic trading as well as increasing disclosure to reduce volatility of price and boost retail investor confidence.

We think the relatively low fees and ample supply for shorting has a greater impact on the speed of price adjustment of shortable stocks to new information that leads to price volatility. In addition, Thailand has larger bid-ask spread than peers, making it suitable for short-selling and HFT to make a profit.

Sector and earnings outlook

Sector outlook for 2024

Air Transportation	Automotive	Bank	Commerce	Construction Materials
<p>We believe 2024 will be a year earnings will 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 forecast 2024 core earnings at Bt1.2bn based on 21mn passengers (the high range of company target) and average fare of Bt1,900/pax, an 8% increase (more conservative than company target). The rise in jet fuel cost and ability to pass through cost via a higher average fare will be important factors determining earnings.</p>	<p>We have a cautious view on Thai auto production and forecast 3% growth to 1.9mn vehicles in 2024, dragged down by concerns over economic uncertainty that may derail local auto demand and consequently auto sales and exports. 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.</p>	<p>We expect the sector's earnings growth to be modest due to weak loan growth, slipping NIM from the potential 50 bps in policy rate cuts, a slight ease in credit cost and a modest recovery in fee income.</p>	<p>Sector SSS is expected to grow 2% YoY in 2024F, boosted by private consumption growth, more tourists and the return of disbursement of the government investment budget in late 2Q24, not yet including upside from potential new government stimulus, i.e. the digital wallet scheme. This, together with store expansion and wider margin, will support sector earnings to grow 13% YoY in 2024F</p>	<p>We anticipate a continued decline in the sector's earnings YoY in 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 positive signs for cement and building materials, with demand picking up as the government hastens its budget disbursement from April.</p>
Electronics	Energy	Finance	Food & Beverage	Healthcare
<p>The global electronics market in 1H24 is anticipated to soften, pressured by the high interest rate environment which has impacted consumer electronics-related demand as well as the end of EV subsidies in Germany and a lower subsidy in France. 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 level globally. Additionally, Thai electronics companies are expected to benefit from capacity expansions, such as DELTA's new factory scheduled to commence operations in early 2024, KCE's efforts to eliminate bottlenecks in its specialty PCB production, and HANA's installation of new HEI machines.</p>	<p>Oil & Gas: Average oil price is expected to weaken from 2023 due to more surplus supply from non-OPEC while downside risk to demand growth persists given increasing economic headwinds and geopolitical risks.</p> <p>Utilities: Lower gas price due to more domestic gas supply will reduce cost pressure for power producers. Electricity tariff is being 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.</p>	<p>In 2024, we expect a moderate recovery in earnings, underpinned by robust loan growth, a slight ease in credit cost (with the exception of SAWAD) on easing NPL formation and falling NIM (under pressure from rising cost of funds).</p>	<p>Food: We expect 2024 to bring a return to core profit from losses in 2023 on lower feed costs, better broiler exports and better local product prices YoY, hopefully in 2H24F (better control of illegally import swine and additional local swine supply peak in mid-2024), amid low swine prices in China from oversupply. For aquatic players, we expect sales volume to grow off 2023's normal base with a wider margin from higher sales and lower tuna raw material costs.</p> <p>Beverage: Expect net profit to recover backed by lower COGS and healthier demand, both domestic and overseas.</p>	<p>2024 will see private hospitals resume normal growth after the high base from COVID-19 services (in 2022) and the low base of international patients (in 2022-23). We forecast sector growth at 12% in 2024. Private hospitals are in an expansion phase and strategic location is in the EEC area where demand for healthcare is increasing in tandem with economic activities.</p>
Hotel	ICT	Land Transportation	Petrochemicals	Property
<p>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) while the other source markets ex-China will continue to increase, but with a normalized growth (at 27mn arrivals, 94% of pre-COVID-19 level). After strong operations and earnings in 2023, with occupancy rate nearly back to pre-COVID-19 level and ARR above pre-COVID-19 level, we expect normalizing in 2024.</p>	<p>We believe 2024 will be a year of integration and harvest for the sector. TRUE should complete the integration process in 2023 and start to realize cost synergy in 2024 while ADVANC just successfully acquired 3BB and 3BBIF in 4Q23. Hence, 2024 will be a year of integration for ADVANC, which will make its earnings growth unexciting.</p>	<p>Expect the recovery pattern in 2024 to be mixed. We believe expressway traffic, MRT & BTS ridership will continue growing, as traffic numbers for all have not yet reached pre-COVID level. The ongoing recovery in international tourists will help support traffic in 2024.</p>	<p>Demand recovery will be gradual unless China initiates stimulus with more impact, especially for property sector. Fears of economic recession will remain a headwind though additional supply is expected to slow down from 2023. Product spread will remain low, though improve slightly YoY, until market sentiment improves at a stronger pace to offset new supply, mainly in Asia</p>	<p>2024 presales targets indicate hopes for high growth of 21% in 2024 after a drop in 2023, which was pressured by higher rejection rates after a hike in interest rate. New launches are expected to slip 2% after adding more than Bt240bn in supply to the market in 2023.</p>

Source: InnovestX Research

Earnings outlook in 2024

External risk persists but recovery to continue

	Consensus		InnovestX		3-Yr CAGR (2022-2025)
	2024F	2025F	2024F	2025F	
Agribusiness	9%	10%	4%	8%	-9%
Automotive	10%	4%	7%	7%	4%
Banking	5%	6%	4%	5%	8%
Commerce	15%	14%	14%	15%	15%
Construction Materials	-3%	25%	-2%	25%	14%
Electronic Components	13%	15%	6%	13%	10%
Energy & Utilities	-3%	9%	7%	11%	7%
Finance & Securities	13%	15%	8%	14%	4%
Food & Beverage	233%	25%	185%	56%	-15%
Health Care Services	9%	8%	11%	8%	6%
Information & Communication Technology	126%	27%	129%	17%	11%
Insurance	5%	14%	12%	7%	7%
Packaging	21%	15%	83%	10%	22%
Petrochemicals & Chemicals	274%	61%	397%	34%	20%
Property Development	-5%	6%	-7%	8%	-1%
Tourism & Leisure	45%	16%	37%	13%	37%
Transportation & Logistics	187%	32%	629%	39%	nm
Total	17%	12%	22%	13%	10%

Despite weaker-than-expected earnings recovery in 4Q23, earnings did show some recovery in 4Q23. Net profit grew 10% YoY, though fell 40% QoQ on seasonal weakness (vs ex Energy, +11% YoY, -22% QoQ). Margin expansion was the key growth driver, with flat revenue growth. On the mai, net profit fell 48% QoQ but surged 38% YoY. We expect earnings to continue growing both QoQ and YoY off a low base and seasonality. We believe this trend will continue in 1H24 with steady YoY growth for most of the sector.

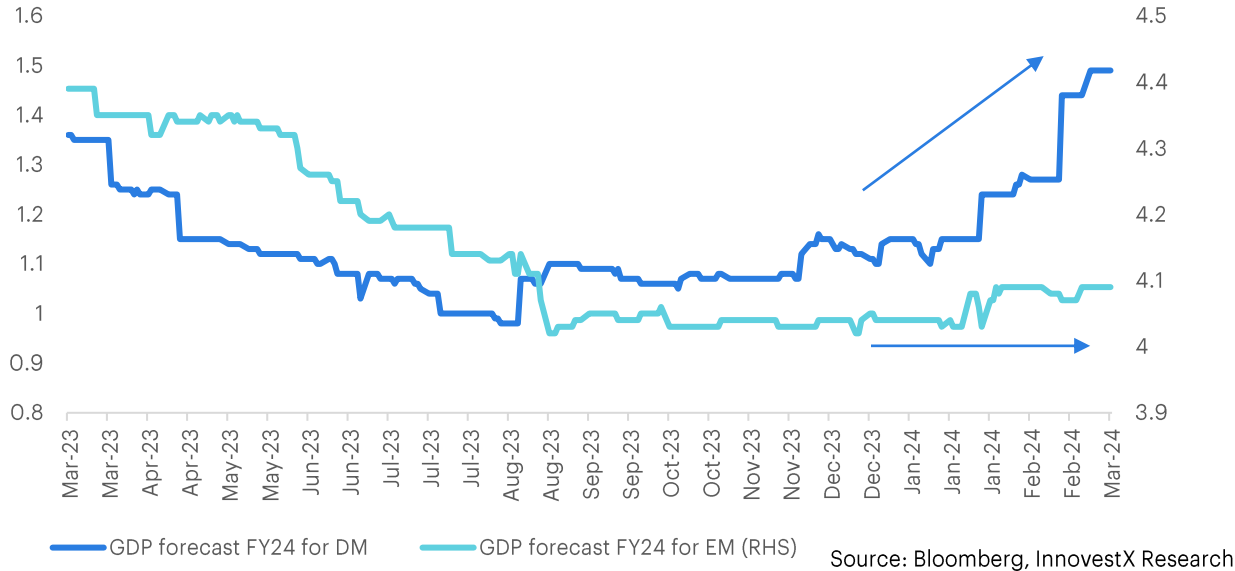
Thailand's economic recovery is intact. The BoT will cut its rate and government budget disbursement will accelerate, easing the pressure on growth. We expect earnings to grow 22% YoY in 2024 (vs consensus of +17% YoY) thanks to continuous travel and service activities, with stable growth in the manufacturing sectors aided by falling cost. We think the strong growth expectation in 2024 is achievable. Sectorally, earnings growth delivery is likely to be broad-based with high growth contribution from Commerce (stimulus), Petrochemical (low base, restocking), F&B (low base, new products, lower cost) and tourism-related sectors in 2024.

Source: Bloomberg, InnovestX Research

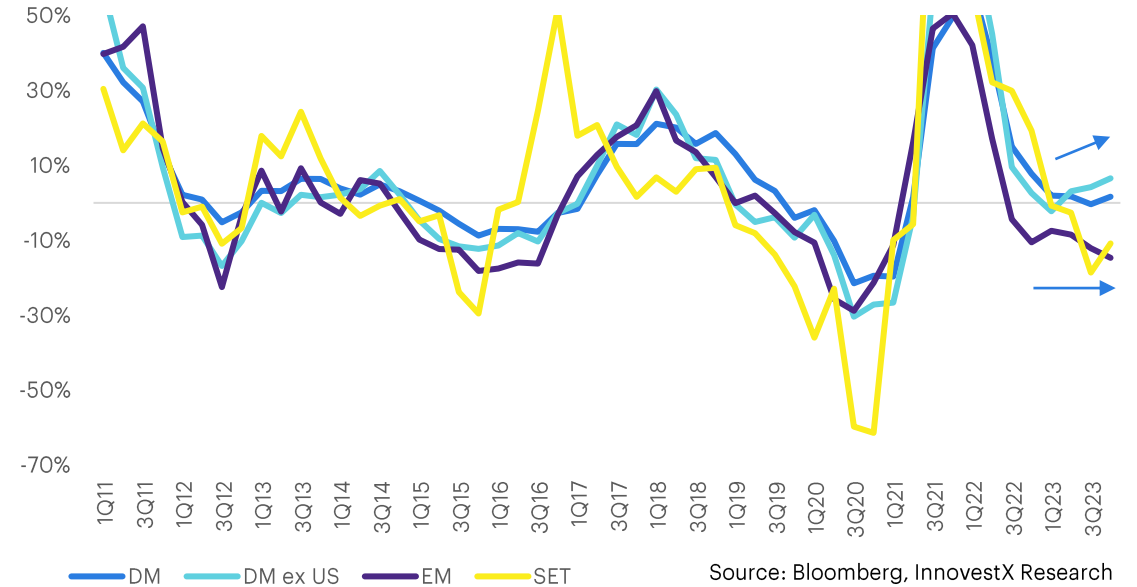
Earnings outlook in 2024

DM vs EM – growth convergence in 2H24

Consensus forecasts are optimistic for DM, but cautiously optimistic on growth for EM



Earnings growth divergence continues

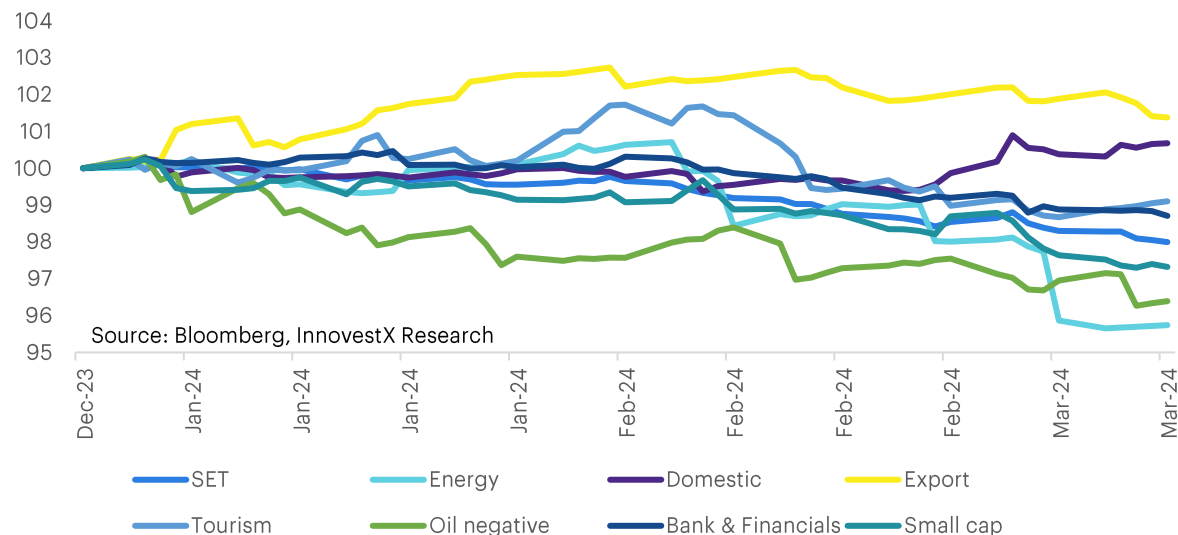


Resilient growth in the US, slowing global inflation and a weakening yen will be tailwinds for DM growth. Meanwhile, the market is concerned about China’s growth slowdown and a spillover of the property crisis. As EMs are highly dependent on China, EM GDP growth is under pressure for upward revision. If China surprises to the upside, GDP and earnings upgrades are expected in 3Q24. In addition, we continue to believe in growth in the US and an interest rate cut would help DMs show strong growth. We also expect earnings to bottom out in 1Q24 and start recovering from 2Q24.

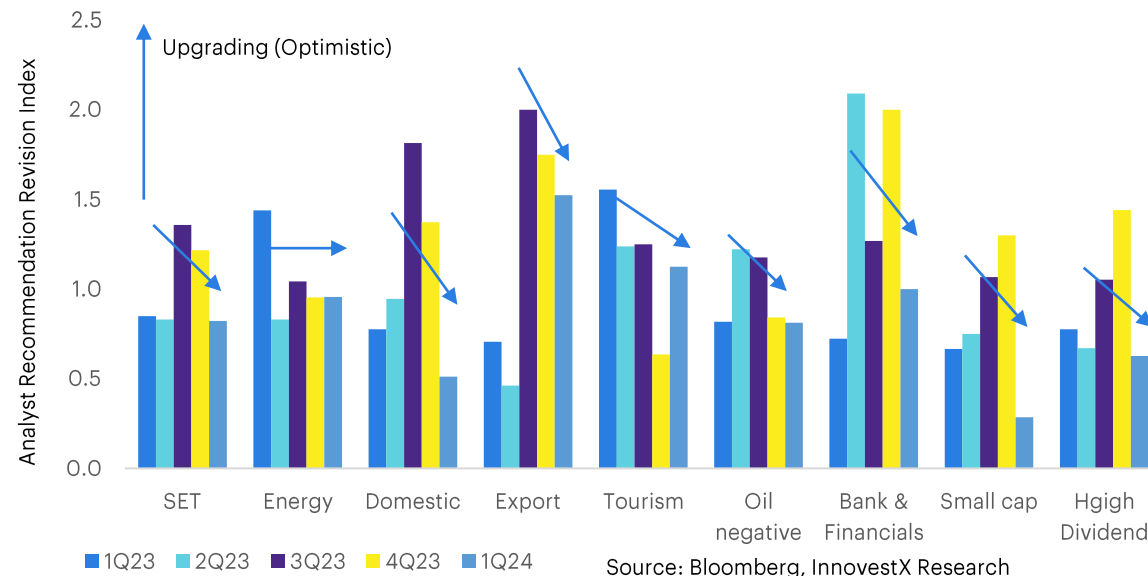
Earnings revision

Less optimistic in 1Q24; Likely to improve in 2Q24

Earnings outlooks remain weak for nearly all sectors



Analysts are downgrading their recommendation



Consensus 2024 EPS estimates have been downgraded 2% QTD after slower-than-expected recovery in domestic activities and slow revenue growth amid China's growth weakness. High contributors to the downward revisions are: 1) Negative impact from oil price sensitive sectors on the back of rising oil price (+7% YTD), 2) Materials (-11% in 1Q24) and Energy (-4% in 1Q24) on a slowdown in China demand and 3) small-cap from faltering demand growth. At the same time, tourism-related sectors were upgraded thanks to continuous traffic recovery and visa-free with China. In addition, hope for fresh domestic stimulus led to earnings upgrades for Commerce, Healthcare and ICT in 1Q24. Overall, we think the slowing China growth outlook is factored into earnings as analysts are downgrading their recommendations in 1Q24. Accelerating budget disbursement, domestic stimulus and rate cuts could offset external factor weakness that could lead earnings estimates to stabilize. Thus, the Thai equity market outlook is likely to improve in 2Q24.

Sector outlook for 2Q24

Air Transportation	Automotive	Bank	Commerce	Construction Materials
2Q is normally the low tourism season (-QoQ) but we believe 2Q24 will be a strong low season, driven by increasing tourists from China after being granted visa exemption and a flight capacity increase. The YoY earnings uptrend will continue in 2Q24.	Thai auto production is normally low in 2Q due to a long holiday (-QoQ). We expect sector earnings to be flat YoY but drop QoQ in 2Q24. On a YoY basis, slow auto production with insignificant new order flow will lead to stagnant earnings; a QoQ drop is due to seasonality.	Om 2Q24, we expect earnings to rise YoY (better NII from higher NIM, lower credit cost) but be flattish QoQ (falling NIM from the potential policy rate cut to be offset by easing credit cost).	Sector earnings to grow YoY in 2Q24F, backed by SSS growth and wider margin from growing tourists, the return of disbursement of government budget in late 2Q24, but down QoQ on seasonality.	In 2Q24, we expect sector earnings to remain weak due to low consumer spending in a high interest-rate environment and high household debt levels. However, the good news about the government's disbursement program, expected to start in April-May 24, should be a catalyst for the sector. Another positive is the potential for lower energy costs for coal and utilities.
Electronics	Energy	Finance	Food & Beverage	Healthcare
We expect earnings to recover only slightly given the high global interest rate environment. Key factors to watch include the new AI smartphone replacement cycle and AI PCs, which are expected to increase electronic component demand. Regarding the EV outlook, we expect short-term hiccups due to price wars and reduced EV subsidies in Germany and France. However, the medium-to-long-term outlook remains positive. Thai electronics companies, particularly DELTA with its new factory focusing on EV-related products, should benefit from the trend toward EVs. KCE is expected to see a boost in 2H24 from restocking demand and potentially lower electricity costs. HANA's earnings are anticipated to recover strongly in 2H24 due to the rapid installation of HEI machines for their Silicon Carbide (SiC) products.	<p>Oil & Gas: OPEC+ is expected to keep its output cut at the current level but fluid geopolitical tension remains a risk. Higher demand for transport fuel will support market GRM, especially for gasoline. It will take time for new oil refining capacities to ramp up production.</p> <p>Utilities: Lower fuel cost (gas and coal) will reduce cost pressure for power producers and boost margin. Electricity tariff will be maintained at current level despite lower fuel cost to compensate EGAT for its debt burden.</p>	We expect most finance companies to see flat earnings in 2Q24F YoY (good loan growth, falling NIM, higher credit cost) but a small rise QoQ (robust loan growth, falling NIM and modest ease in credit cost).	<p>Food: We expect 2Q24F sector earnings to grow YoY on a faster fall in feed costs than in local livestock prices, better broiler exports and lower tuna raw material costs, and up QoQ on seasonality.</p> <p>Beverage: Demand is expected to improve both YoY and QoQ on seasonal effect and off a low base. Efficiency will also improve with lower average COGS.</p>	2Q is normally the low season for the Healthcare Service sector (-QoQ). However, the earnings uptrend YoY will continue on growing Thai and international patient services and strong EBITDA margin.
Hotel	ICT	Land Transportation	Petrochemicals	Property
2Q is normally the low tourism season (-QoQ). The YoY earnings uptrend will continue from higher average room rate (ARR) and occupancy rate, but the growth trend will be normalizing as hotelier earnings have been strongly rebounding since 4Q22.	Sector earnings should continue to grow QoQ and YoY, driven by cost reduction and better competitive landscape in terms of pricing. Growing international tourists will also help boost sector revenue.	Rising domestic tourists will continue to drive expressway, MRT and BTS traffic in 2Q24. The partial opening of ONE Bangkok in late 1Q24 will also help raise traffic. The Pink and Yellow lines should also see better ridership, which will give a boost to the traffic on the network as a whole.	Better outlook for PET demand ahead of summer months in Asia and western markets. Overall demand recovery will be gradual unless there are stimulus packages with a greater impact in China, especially for the property sector. Supply of aromatics will be capped by limited feedstock due to higher demand for gasoline blending.	2Q24 presales are expected to increase after a cut in interest rate as demand has been waiting for lower interest rate. We forecast a more active sector for both presales and new launches in 2H24 after the cut and more project launches.

Source: Bloomberg, InnovestX Research

Earnings momentum in 1Q24 and 2Q24

SECTOR	1Q24		2Q24		Reason
	YoY	QoQ	YoY	QoQ	
Energy (Oil & Gas)	-	+	=	+	Energy – core profit is expected to improve QoQ in 1Q24 on higher GRM on solid demand for gasoline and diesel. Demand for jet fuel will soften off the high season. More stable oil price implies lower risk for net profit from stock gain or loss. Earnings will continue to improve in 2Q24 on higher demand for transport fuel.
Commerce	+	-	+	-	Growing SSS from E-Receipt measure (Jan 1 – Feb 15), more tourists and the return of the disbursement of the government investment budget in late 2Q24 are key catalysts.
Electronics	+	=	+	+	We expect core earnings to remain flat QoQ in 1Q24, but to recover in 2Q24 due to low inventory levels and the positive impact of the new AI smartphone replacement cycle and AI PC on the sector's earnings performance.
Beverage	+	+	+	+	Expect higher beverage demand during the high hot season. More cost efficiency from lower raw material and production cost (aluminum, electricity)
Healthcare	+	+	+	-	2Q is normally the low season for the Healthcare Service sector. However, the earnings uptrend YoY will continue from growing Thai and international patient service and strong EBITDA margin.
Tourism	+	+	+	-	2Q is normally the low tourism season. The YoY earnings uptrend will continue from higher average room rate (ARR) and occupancy rate. However, the growth is normalizing as hotelier earnings have rebounded strongly since 4Q22.
Utilities	+	+	+	-	Utilities – electricity demand from the industrial sector will recover QoQ in 1Q24 after low season in 4Q23. Lower fuel cost and higher Ft rate QoQ will be positive for SPP EBITDA margin in 1Q24. Ft rate is expected to stay at the current level in 2Q24 despite lower fuel cost in an effort to lower EGAT's debt burden caused by high energy cost in 2022.
Property	+	-	+	+	Backlog remains strong from low-rise, pressure coming from gross margin from inventory sales.
Bank	+	+	+	=	In 2Q24F, we expect earnings to rise YoY (better NII from higher NIM, lower credit cost) but be flattish QoQ (falling NIM from the potential policy rate cut to be offset by easing credit cost).
Chemical	+	+	+	+	Demand will improve QoQ in 1Q24 after low season in 4Q23 and destocking could continue to ease. More stimulus packages in China (if any) 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. Lower additional supply is more positive for the sector.
Con Mat	=	=	=	=	We expect the sector's earnings to remain weak in 1H24 due to low consumer spending in a high-interest-rate environment and high household debt levels. However, the positive good news of the start of the disbursement of the FY2024 budget, expected April-May, will be a catalyst for the sector.
Insurance	-	+	-	=	Mixed earnings direction among insurance companies. For TLI and BLA, we expect weak premium growth, better combined ratio (from a shift in product mix and PAD release on matured policies) and easing ECLs in 1H24. Yield on investment is expected to be better YoY and stable HoH in 1H24. ROI is expected to fluctuate from investment gain/loss.
Finance	+	+	+	+	We expect most finance companies to see flattish 2Q24F earnings YoY (good loan growth, falling NIM, higher credit cost) with a small QoQ rise (robust loan growth, falling NIM and modest ease in credit cost).
Food	=	+	+	+	A drop in feed costs YoY at a faster pace than in local livestock prices YoY, stronger broiler exports and lower tuna raw material prices will help support earnings growth YoY in 2Q24.
ICT	+	+	+	+	We expect 1Q24 core earnings to grow QoQ and YoY. The QoQ growth will come from lower SG&A on seasonality and ongoing cost reduction. The YoY growth will be driven by higher mobile & FBB revenue and lower cost.
Land Transport	+	+	+	+	In 1Q24F, the QoQ growth will be driven by no impairment loss at BTS while the YoY growth will come from improving traffic. In 2Q24F, the QoQ and YoY growth will also be supported by rising traffic.
Automotive	=	+	=	-	We expect auto sector earnings to be flat YoY but drop QoQ in 2Q24. On a YoY basis, slow auto production with insignificant new order flow will lead to stagnant earnings while the QoQ drop is due to seasonality.

Source: InnovestX Research

Summary of 2Q24 sector outlook

	2Q23	3Q23	4Q23	1Q24	2Q24	Catalysts	Risks
Commerce	8	7	8	8	8	Growing private consumption, more tourists, and the return of the disbursement of government investment budget.	Key risks are changes in purchasing power, higher interest rate, and changes in government policy
Energy (Oil & Gas)	6	7	7	7	8	Improving domestic demand implies higher margin for Thai oil refineries, stable oil price and lower downside risk from stock loss; higher sales volume for E&P from G1/61 project.	Economic slowdown and slower recovery than expected in tourism, disruption of oil loading facility and higher freight cost
Utilities	8	7	7	7	8	Lower fuel cost and demand recovery in industrial sector	Lower than expected Ft rate hurting SPP margin, export slowdown to hit industrial production
Beverage	7	7	7.5	7	7.5	Backed by high season, expected sales to increase both YoY and QoQ with efficiency from lower COGS .	Competition in energy drinks expect to remain high, CLMV sales remain volatile.
Electronics	6.5	7	6.5	6.5	7	Expect 2Q24 earnings to gradually improve on the new AI smartphone replacement and AI PCs to boost overall electronic components demand.	Unpredictable events that will interrupt especially the rising tech war concern between China and US and the price war for EVs.
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 shortage. Intense competition.
Land Transport	4	5	5	5	7	Increase in MRT fare price and conclusion of West Orange Line	New government announces a re-auction of the West Orange Line and no Green Line concession extension
Tourism	8	8	8	7	7	Rising ARR, which is a price factor to boost RevPar with no additional cost.	Global economic slowdown. Cost inflation. Initial cost from new investments. Airline: Rising jet fuel price.
Property	6	6	6.5	6.5	6.5	Expect presales to recover YoY and QoQ from pent up demand after the interest rate cut.	Softer demand while competition is getting higher may pressure gross margin.
Chemical	5	5	5	6	6	China stimulus measures, global economic recovery after a pause in rate hikes, easing destocking, operating rate cut by high-cost producers.	Lower than expected gas supply from Erawan, high feedstock cost, slower demand recovery
Food	3	4	4	5	6	A faster drop in feed costs YoY than in lower local livestock prices YoY, stronger broiler exports, lower tuna raw material prices.	Key risks are weaker product prices from new supply, fragile purchasing power, higher feed costs and interest rate.
ICT	5	5	6	5	6	Cost synergy and revenue growth recovery	Weaker-than-expected economy which would negatively hit revenue growth and regulatory risk
Insurance	6	6	6	6	5	Improving underwriting margin, rising VNB and EV	Downside risk to premium growth as a result of lower purchasing power, volatile capital market, falling bond yield
Bank	6	6	6	6	5	Falling NIM to be offset by easing credit cost.	Asset quality risk from an uneven economic recovery and geopolitical risk.
Con Mat	5	5	4	4	5	2Q24 earnings are pressured by high household debt and high interest rate but expect the good news about government budget disbursement in April-May to give a boost.	Prolonged weak economic activates amid high interest rate environment and the delay of government budget disbursement.
Finance	3	4	4	5	5	Robust loan growth, but falling NIM with a gradual ease in NPL formation	Asset quality risk from an uneven economic recovery, rising cost of funds and rising competition from banks
Automotive	5	4	4	4	4	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 loans.

Source: InnovestX Research

Sector weightings and valuations in 1Q24

Sector	Recommended sector weighting	Current SET weight	2023 returns	YTD returns	Growth		Net profit CAGR 22-25	P/E		P/B		Dividend yield		Ev/Ebitda (x)	
					24F	25F		24F	25F	24F	25F	24F	25F	24F	25F
Commerce	Overweight	10.1%	-21%	3%	14%	15%	15%	25.5	22.1	1.6	1.6	2.0	2.3	11.2	10.3
Electronics	Overweight	5.9%	4%	-20%	6%	13%	10%	41.1	36.2	7.7	6.7	0.8	0.9	31.6	28.6
Food & beverage	Overweight	5.4%	-13%	-5%	185%	56%	-15%	29.6	19.0	1.0	1.0	0.4	0.9	10.1	9.3
Land Transportation	Overweight	1.1%	-17%	-9%	166%	28%	n.m.	39.9	31.1	7.0	6.2	0.0	0.0	23.3	22.5
Utilities	Overweight	4.5%	-24%	3%	34%	26%	44%	26.4	20.9	2.4	2.2	0.0	0.0	20.3	20.2
Agribusiness	Neutral	0.5%	-22%	12%	4%	8%	-9%	10.4	9.6	0.8	0.7	1.9	2.1	6.5	6.0
Air Transportation	Neutral	5.7%	-21%	12%	166%	28%	n.m.	39.9	31.1	7.0	6.2	0.0	0.0	19.5	16.0
Bank	Neutral	10.5%	-1%	-3%	4%	5%	8%	7.0	6.7	0.6	0.6	6.4	6.8	n.m.	n.m.
Building Materials	Neutral	3.2%	-16%	-8%	-2%	25%	14%	13.1	10.5	0.8	0.8	3.6	4.5	8.9	7.5
Energy	Neutral	20.8%	-18%	-2%	7%	11%	7%	10.6	9.5	0.9	0.9	4.5	4.9	4.9	4.6
Healthcare	Neutral	5.6%	-7%	1%	11%	8%	6%	27.4	25.4	4.8	4.5	2.5	2.7	16.5	15.3
Hotel	Neutral	1.8%	-13%	6%	37%	13%	37%	26.2	23.2	2.2	2.1	1.3	1.5	10.7	10.1
Petrochemical	Neutral	2.1%	-25%	-5%	397%	34%	20%	10.5	7.9	0.6	0.6	3.9	4.9	6.2	5.1
REITs / PF / IF	Neutral	1.6%	-15%	-3%	1371%	-1%	10%	n.m.	7.7	0.5	0.6	0.2	0.2	6.8	6.5
Residential/IE	Neutral	6.0%	-15%	-3%	-7%	8%	-1%	11.4	10.5	1.0	0.9	4.8	5.2	12.6	11.4
Telecoms	Neutral	8.7%	-10%	3%	129%	17%	11%	29.0	24.8	4.9	4.7	3.0	3.4	6.9	6.4
Automotive	Underweight	0.6%	-16%	-2%	7%	7%	4%	7.0	6.6	0.8	0.7	6.7	7.1	2.7	2.2

Source: Bloomberg, InnovestX Research

SET Index scenario & picks

Upcoming economic events

The hardest part is nearly over



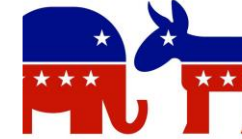
2Q24

- US, ECB and TH interest rate cut
- China's stimulus to continue
- China's and Thailand's economies stabilize
- Accelerating Thai budget disbursement
- Tightening rules on short selling by the SET



3Q24

- Tech sector growth normalization
- Inflation normalization
- Central banks globally cut rates
- Growth to value rotation, DM to EM rotation and Tech to non-tech rotation



4Q24

- US presidential election
- Rising geopolitical risks
- China's growth normalization
- NPLs at China's state banks
- Thailand's credit rating revision

Source: InnovestX Research

SET Index scenario in 2024

Herald of hope

1Q24

Global markets were supported by continued strength in the US economy, better-than-expected earnings in 4Q23, yen weakness, and China's stimulus that countered sluggish growth in EU and China and 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

Although recession is inevitable, a Fed pivot is around the corner. Weakening dollar index and yield is expected. China's recovery and stabilizing property market are keys. EM sentiment is improving. We expect to see DM to EM rotation on a weak dollar. Rate cut could support risky assets, while bonds are starting to outperform equities.

The Thai market should outperform due to accelerating budget disbursement and better earnings momentum.

3Q24

Tech earnings growth is starting to stabilize after a low base effect in 2022. AI demand and monetization are keys for another leg of the rally. 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 the improving sentiment from a Fed pivot and inflation normalization.

The Thai market will move sideways up thanks to rotation and hopes for new stimulus. We think earnings are likely to bottom out, while speed of recovery could be moderate as risk of weak growth in China remains.

4Q24

SET Index target is 1,550

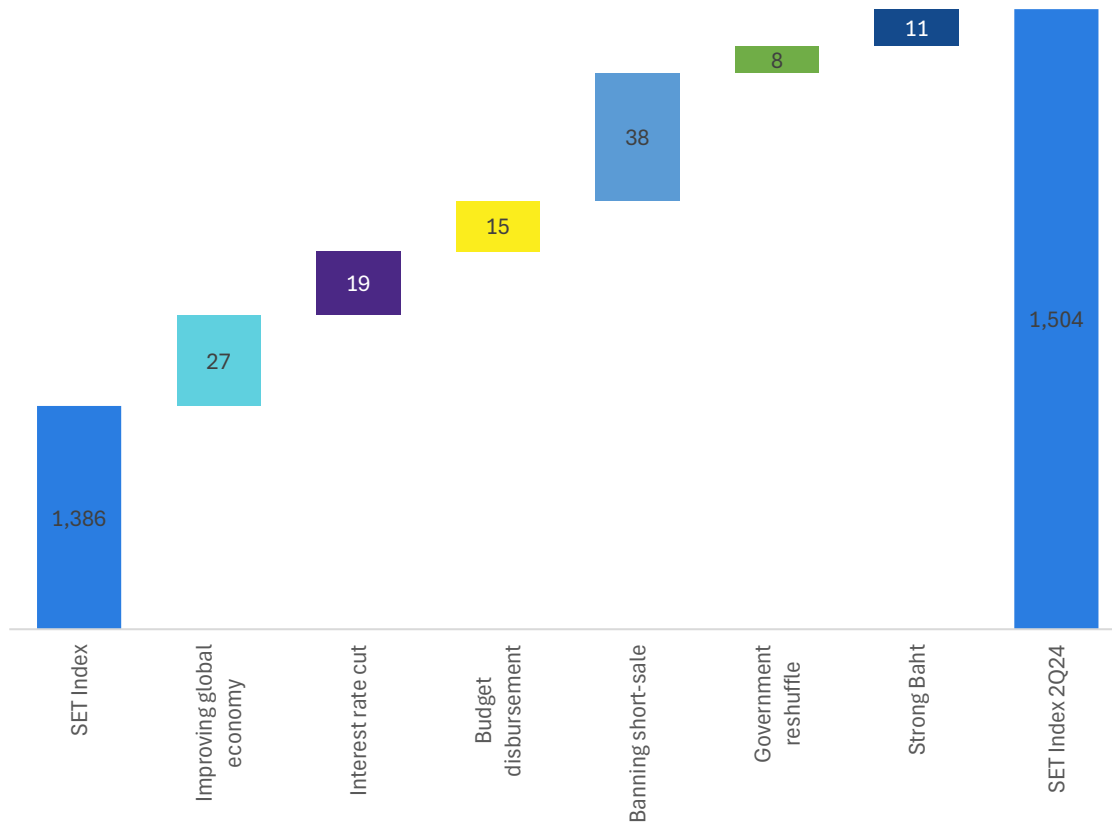
Seasonal pattern is likely to support the market along with the US presidential post election rally. Who wins the election is immaterial - the geopolitical risks between China and US will remain unchanged. The market is also optimistic about the 2025 growth outlook.

The key entry point is below 1400

Source: Bloomberg, SET, InnovestX Research

SET Index scenario in 2Q24

Factor contribution on SET Index in 2Q24



Source: Bloomberg, SET, InnovestX Research

We see several positive factors that would support a SET rally in 2Q24:

- 1) **Better-than-expected global economy** – Positive to earnings and could contribute 27 points to the index.
- 2) **Interest rate cut** – Positive to earnings by 1.3% for a 25bps cut and could contribute 19 points to the index.
- 3) **Accelerating budget disbursement** – Boost GDP and earnings growth in the short-term and could contribute 15 points.
- 4) **Tightening market measures** on short sales and program trading such as banning short sales – slow selling and valuation pressure and could contribute 38 points to the SET.
- 5) **Government reshuffle** – Based on historical data, 3 months average returns after a major cabinet reshuffle was +0.4%, which could contribute 8 points to the SET
- 6) **Strong baht** on the back of a weak dollar, which is positive to the SET Index and could contribute 11 points to the SET for 1% baht appreciation

As the positive factors are expected to emerge after an underperformance relative to Asia peers since early Feb, we expect the SET Index to rally in 2Q24. If our predictions are correct, we believe the SET Index will reach 1500 by the end of 2Q24.

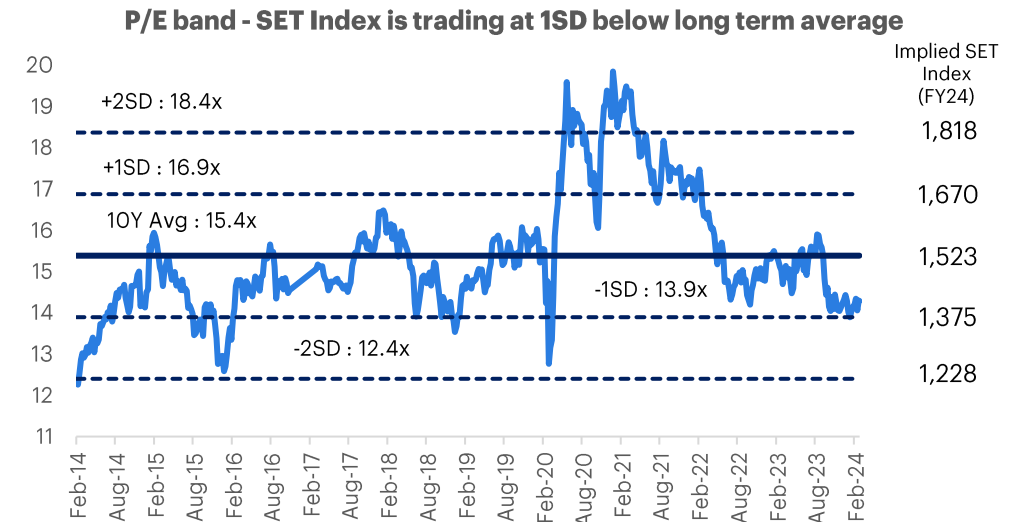
SET Index targets: 1550 for 2024

Key entry point is below 1400

	Book value (2024)	Target PB		Market Cap	
		SD band	Justified PB	SD band	Justified PB
Energy	3,429,747	1.1	1.0	3,629,647	3,429,747
Utilities	85,547	2.3	2.8	198,027	239,531
Bank	2,988,883	0.8	0.8	2,291,314	2,322,362
Trans	513,009	2.7	3.0	1,397,164	1,539,028
ICT	576,862	3.0	2.9	1,730,587	1,672,901
Food	670,205	2.2	2.0	1,459,263	1,340,410
Commerce	795,381	3.2	3.3	2,525,130	2,624,758
Petro	539,964	0.8	0.7	421,705	377,975
Healthcare	227,907	4.5	4.5	1,019,686	1,025,582
Electronics	164,256	3.0	4.5	491,391	739,151
Property	802,719	1.0	1.3	797,817	1,043,535
Tourism	150,062	2.2	2.4	329,215	360,149
Media	98,253	2.2	1.4	216,579	137,554
Con Mat	573,609	1.3	1.4	762,177	803,052
Finance	361,785	2.3	2.1	825,703	759,749
Others	882,719	0.8	0.8	706,176	706,176
Implied target				1,524	1,550

Source: Bloomberg, InnovestX Research

Yield Gap	EPS FY2024				
	-5%	-1%	Base (EPS 97)	+1%	+5%
+1SD (2.9%)	1,552	1,617	1,634	1,650	1,715
Avg (3.6%)	1,397	1,456	1,470	1,485	1,544
-1SD (4.2%)	1,270	1,323	1,337	1,350	1,404
-2SD (4.9%)	1,164	1,213	1,225	1,238	1,287
Forward P/E					
-2SD (12.5x)	1,148	1,196	1,208	1,220	1,268
-1SD (13.9x)	1,284	1,338	1,351	1,365	1,419
Avg (15.4x)	1,420	1,480	1,495	1,510	1,570
+1SD (16.9x)	1,556	1,622	1,638	1,655	1,720



Our top picks in 2Q24 – AOT, GFPT, GULF, KCE, SCGP

Earnings bottomed with limited price reaction

Based on our analysis, there are four stock characteristics will enable outperforming the market in 2Q24. 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 stable demand growth and easing cost pressure.
- 4) Gain from acceleration in government fiscal budget disbursement in 2H24.
- 5) Gain from lower interest rate to both earnings and valuations in 3Q24

Going forward into 2Q24, as risks of a US recession and downside from China are falling with growth outlook cloudy, we expect stocks with strong balance sheets and high visibility for steady earnings recovery to outperform. We prefer companies that has higher earnings growth than market with positive momentum from continuous earnings recovery. We are looking for companies that benefit from lower interest rate and accelerating budget disbursement. Thus, our top picks in 2Q24 are AOT, GFPT, GULF, KCE, SCGP

Top picks valuation table

Company	Rating	Target Price	ETR	PE (x)			EPS growth(%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA		
				23	24F	25F	23	24F	25F	23	24F	25F	23	24F	25F	23	24F	25F	23	24F	25F
AOT	Outperform	80.00	22.14	102.729	40.680	32.096	n.m.	152.529	26.745	8.600	7.427	6.515	8.189	19.316	21.359	0.541	1.229	1.558	40.374	21.761	17.613
GFPT	Outperform	14.50	17.89	11.449	10.355	9.557	(36.928)	10.557	8.357	0.834	0.780	0.731	8.016	7.782	7.895	1.271	1.931	2.093	7.122	6.458	6.015
GULF	Outperform	63.00	40.00	33.515	26.199	20.967	30.066	27.928	24.954	4.504	4.184	3.819	13.069	16.559	19.047	1.966	2.279	2.860	30.478	41.072	33.610
KCE	Outperform	52.00	33.33	29.372	20.302	18.978	(31.194)	44.676	6.977	3.353	3.050	2.782	12.647	15.734	15.334	1.538	1.970	2.108	15.913	12.904	12.854
SCGP	Outperform	51.00	77.39	23.465	12.609	11.502	(10.389)	86.090	9.625	1.184	1.091	1.018	4.654	9.006	9.158	1.947	2.124	3.043	8.171	6.387	5.669

Source: InnovestX Research

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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, FVC, 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, DPAIN, 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, SVOA, SWC, 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

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

To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition (Not including listed companies qualified in the "no announcement of the results" clause from 1 January 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 (ได้รับการรับรอง)

2S, 7UP, AAI, ADVANC, AF, AH, AI, AIE, AIRA, AJ, AKP, AMA, AMANAH, AMATA, AMATAV, AP, APCS, AS, ASIAN, ASK, ASP, AWC, AYUD, B, BAFS, BAM, BANPU, BAY, BBGI, BBL, BCH, BCP, BCPG, BE8, BEC, BEYOND, BGC, BGRIM, BKI, BLA, BPP, BROOK, BRR, BSBM, BTS, BWG, CEN, CENTEL, CFRESH, CGH, CHEWA, CHOTI, CHOW, CIG, CIMBT, CM, CMC, COM7, CPALL, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CSC, DCC, DELTA, DEMCO, DIMET, DOHOME, DRT, DUSIT, EA, EASTW, ECF, EGCO, EP, EPG, ERW, ESTAR, ETC, ETE, FNS, FPI, FPT, FSMART, FTE, GBX, GC, GCAP, GEL, GFPT, GGC, GJS, GLEI, 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, TASC, 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 (ประกาศเจตนาแนบ)

ACE, ADB, ALT, AMC, ASW, BLAND, BTG, BYD, CAZ, CBG, CV, DEXON, DMT, EKH, FSX, GLOBAL, GREEN, ICN, IHL, ITC, J, JMART, JMT, LEO, LH, MENA, MITSIB, MODERN, NER, NEX, OSP, OTO, PLUS, POLY, PQS, PRIME, PROEN, PRTR, RBF, RT, SA, SANKO, SCB, SENX, SFLEX, SIS, SKE, SM, SVOA, TBN, TEGH, TIPH, TKN, TPAC, TPLAS, TQM, TRUE, W, WPH, XPG

N/A

24CS, 3K-BAT, A, A5, AAV, ABM, ACAP, ACC, ACG, ADD, ADVICE, AEONTS, AFC, AGE, AHC, AIT, AJA, AKR, AKS, ALL, ALLA, ALPHAX, ALUCON, AMARC, AMARIN, AMR, ANAN, ANI, AOT, APCO, APEX, APP, APURE, AQUA, ARIN, ARIP, ARROW, ASAP, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCT, AURA, B52, BA, BBIK, BC, BCT, BDMS, BEAUTY, BEM, BGT, BH, BIG, BIOTEC, BIS, BIZ, BJC, BJCHI, BKD, BLC, BLESS, BLISS, BM, BOL, BR, BRI, BROCK, BSM, BSRC, BTNC, BTW, BUI, BVG, CCET, CCP, CEYE, CGD, CH, CHARAN, CHASE, CHAYO, CHG, CHIC, CHO, CI, CITY, CIVIL, CK, CKP, CMAN, CMO, CMR, CNT, COCOCO, COLOR, COMAN, CPANEL, CPH, CPR, CPT, CRANE, CRD, CREDIT, CSP, CSR, CSS, CTW, CWT, D, DCON, DDD, DHOUSE, DITTO, DOD, DPAIN, DTCENT, DTCL, 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, KIAT, KISS, KJL, KK, KKC, KLINIQU, 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.