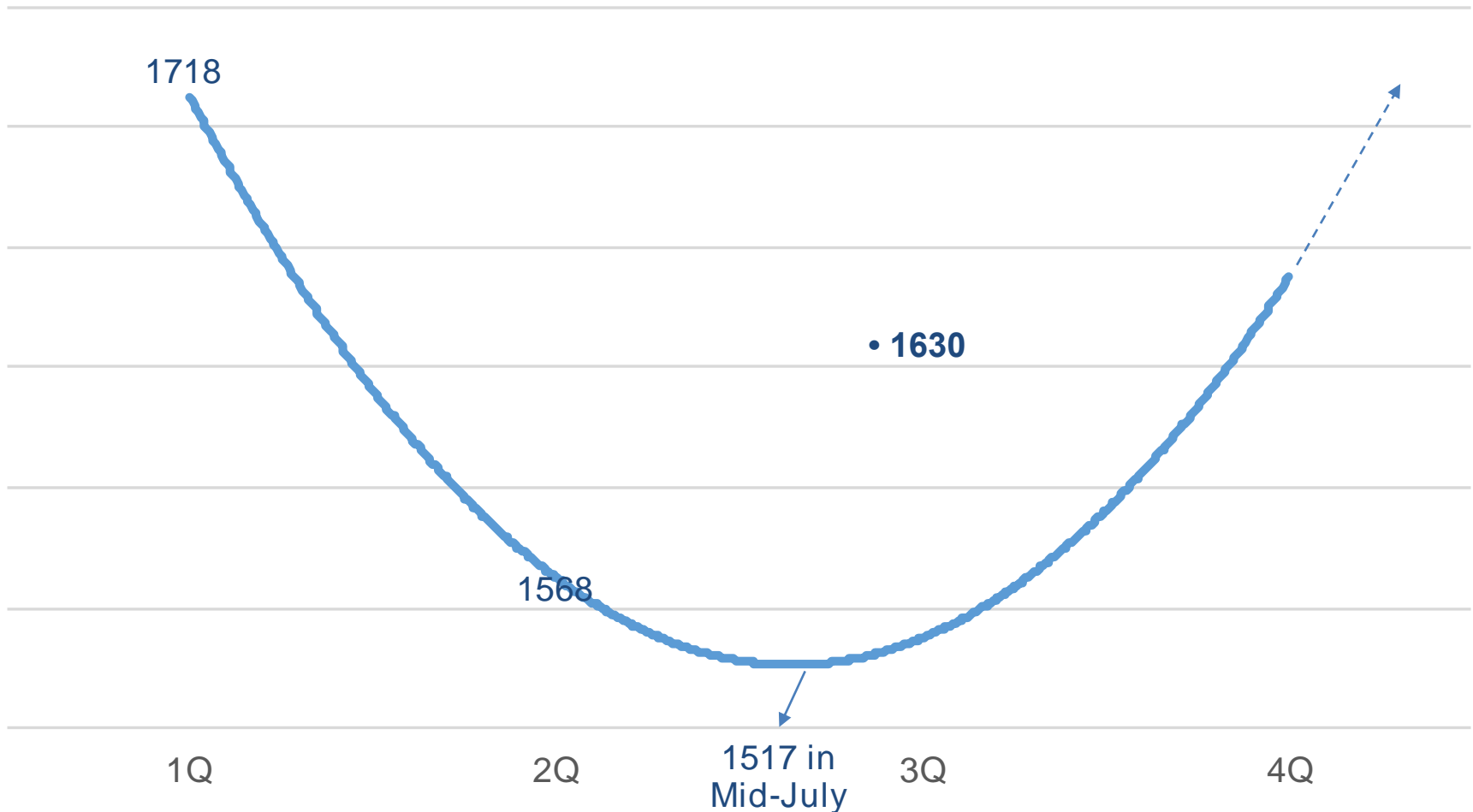# 4Q22:
Middle of the Road

September 2022

Nuttachart Mekmasin, CFA, FRM
Trinity Securities

Stick with U-shape pattern for SET in 2022, but 4Q bounce has more chance to test 1Q peak

Projected SET trajectory in 2022

1718

• **1630**

1568

1517 in
Mid-July

1Q   2Q   3Q   4Q

Source: Trinity Research

We are right in the middle

Peak of inflation fear

Peak of recession fear

"Middle of the Road"

Source: Trinity Research

What surprised us so far in 3Q22

1) Strong EPS momentum for SET Index. In 3Q we see 2022E EPS being upgraded by 3.4% - mostly in ENERG & HELTH

2) Flows were not diverting from stock to bond, eventhough EYG was significantly below average. This could be explained by ample global liquidity and (still) dim recession fear.

3) A revert back to 3.5% of 10y UST yield – which make our <u>OW</u> call on bond in the quarter look bad.

4) An underperformance of China which could be partly explained by a renew of Zero-Covid policy.

Source: Trinity Research

What did not surprise us

1) A bounce in global equity which was due mainly to a peakout in inflation.

2) A prolonged twin deficit problem in Thailand. Service balance recovered slower than market expectation. THB declined by 4% in the quarter.

3) Declining Thai FX reserves to the lowest level since 2019

4) Excluding SETETRON which was heavily affected by DELTA, SETHELTH is the most outperforming sector in 3Q22

Source: Trinity Research

Top 10 issues in 4Q22

1) 4Q22 – 1Q23 should be right in the middle between peak of inflation fear and peak of recession fear. So this is the time that risk sentiment will sit right in the middle. Market will move sideways and that's why 'Sell into strength' and 'Buy on weakness' strategies should be applied.

2) A selloff in bonds while inflation (both spot & expectations) remained anchored has caused real bond yield to reach new height. In the past, this is a main caveat for risk assets such as equity and alternative assets such as gold.

Source: Trinity Research

Top 10 issues in 4Q22

3) 4Q22 could still be too early for the global recession to panned out. Unless U.S. unemployment rate hit 4-5%, market will likely not much concern about it. As a result the Great rotation from stocks to bond may be still yet to come, and thus a drop in UST yield to below 3% may still not occur.

4) Global liquidity is still ample as depicted by global central bank balance sheet. Fed did not walk the talk in regards to the pace of Quantitative Tightening (Balance sheet reduction). Unless there is a major shift, expect risk assets to continue being supported by 'Buy on Dip' phenomena.

Source: Trinity Research

Top 10 issues in 4Q22

5) Domestic demand in Thailand is on a brighter side when compared to external demand that will be hard hit from economic slowdown in DM and China. Unlike UST, 2s10s spread in Thailand is now creeping up nicely and should bode well to domestic cyclical stocks.

6) However key risk for domestic consumption is persistent inflation which now becomes a global problem as basic prices such as food are very sticky to change. If this continues, expect a little negative implication on household spending. In addition, it could put pressure on BoT to send stronger hawkish signal which is normally not a good thing for stock.

Source: Trinity Research

Top 10 issues in 4Q22

7) China Communist party's congress in mid-October comes with so much high expectations. A 3rd term of Xi Jinping is widely expected, however the main focus will be the roadmap out of China's zero-Covid policy / measures to deal with property sector debt / Central Bank action against falling yuan. Any shift in policy would be welcomed by the market.

8) U.S Mid-term election in November could be a turning point for U.S. equity. History suggests that if House majority changed hands (currently illustrated by poll) U.S. stock market tends to go up thereafter. On the contrary, SET normally declines in those period.
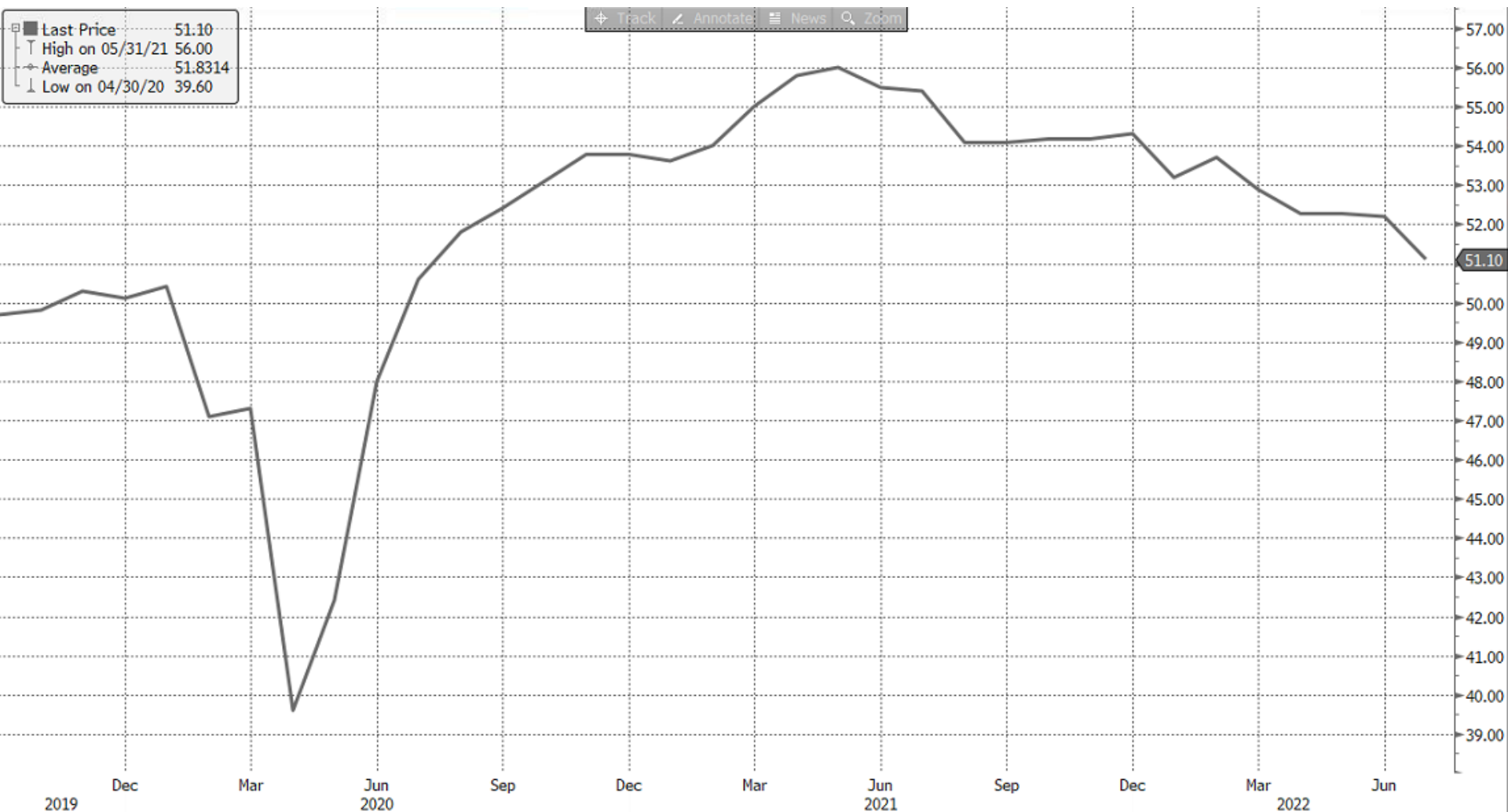
Source: Trinity Research

Top 10 issues in 4Q22

9) Thailand saw the most earnings upgrade in 3Q22 which led us to adjust the PE model. By incorporating the higher 2023E EPS from 106.5 to 110.0 baht, we get a new best case for SET to be 1750. This moderately put our previous forecast that '1Q22 was the peak of SET' in some jeopardy.

10) DELTA will be the key determinant for SET. Standing at no.3 in terms of market cap with weighting of 4% in the index, we cannot cross out the possibility that the stock will drive the SET Index one way or the other. Our last simulation points to more & more possibility that this stock will be included into SET50/SET100 next round.

Source: Trinity Research

Global Liquidity &
Economic Indicators

Global PMI continued to fall but was stll in expansion

Last Price	51.10
High on 05/31/21	56.00
Average	51.8314
Low on 04/30/20	39.60

Note: Data as of August 2022
Source: Bloomberg

Economic surprise still hit positive for the U.S.

Citi Economic Surprise Index - Global -5.60
Citi Economic Surprise - United States 2.50
Citi Economic Surprise Index - Eurozone -13.20
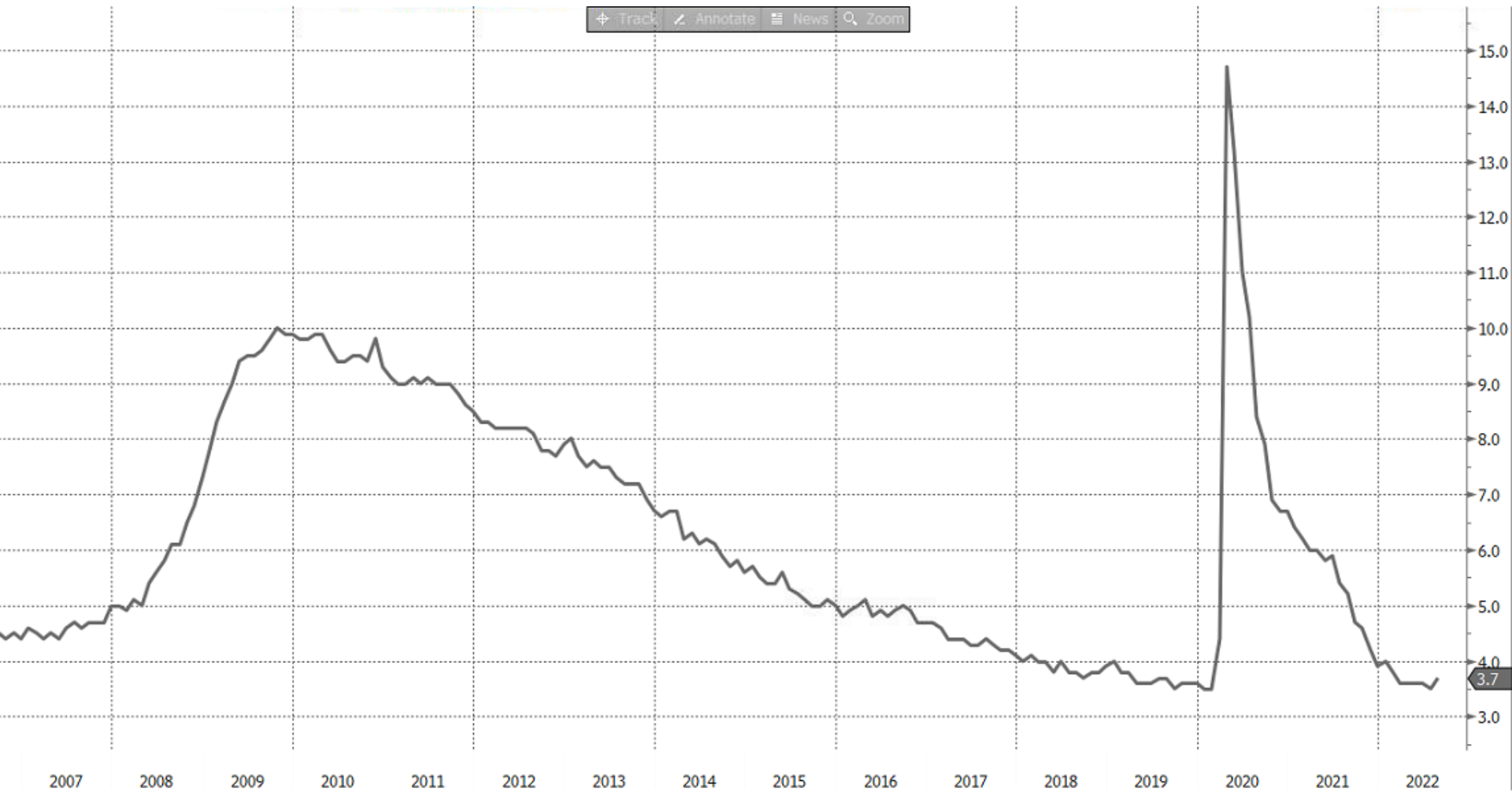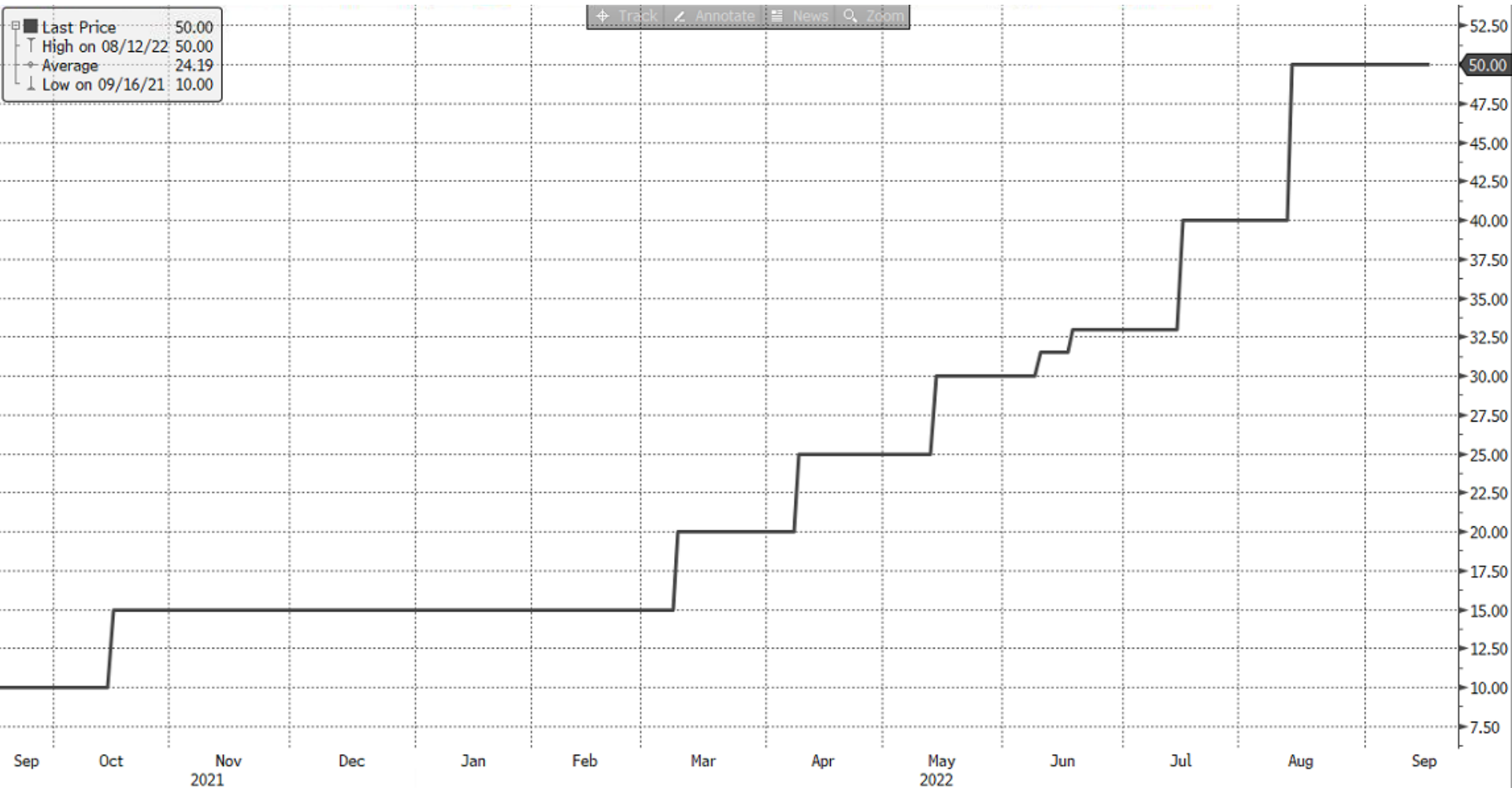Citi Economic Surprise Index - China -30.00

Note: Data as of 16 September 2022
Source: Bloomberg

Don't expect U.S. recession talk to kick in as long as unemployment stays below 5%

Note: Data as of 16 September 2022

Source: Bloomberg

U.S. recession prob. is up but still only at 50%

Last Price	50.00
High on 08/12/22	50.00
Average	24.19
Low on 09/16/21	10.00

A surge in real UST yield is the real problem for risk assets and gold

Note: Data as of 16 September 2022
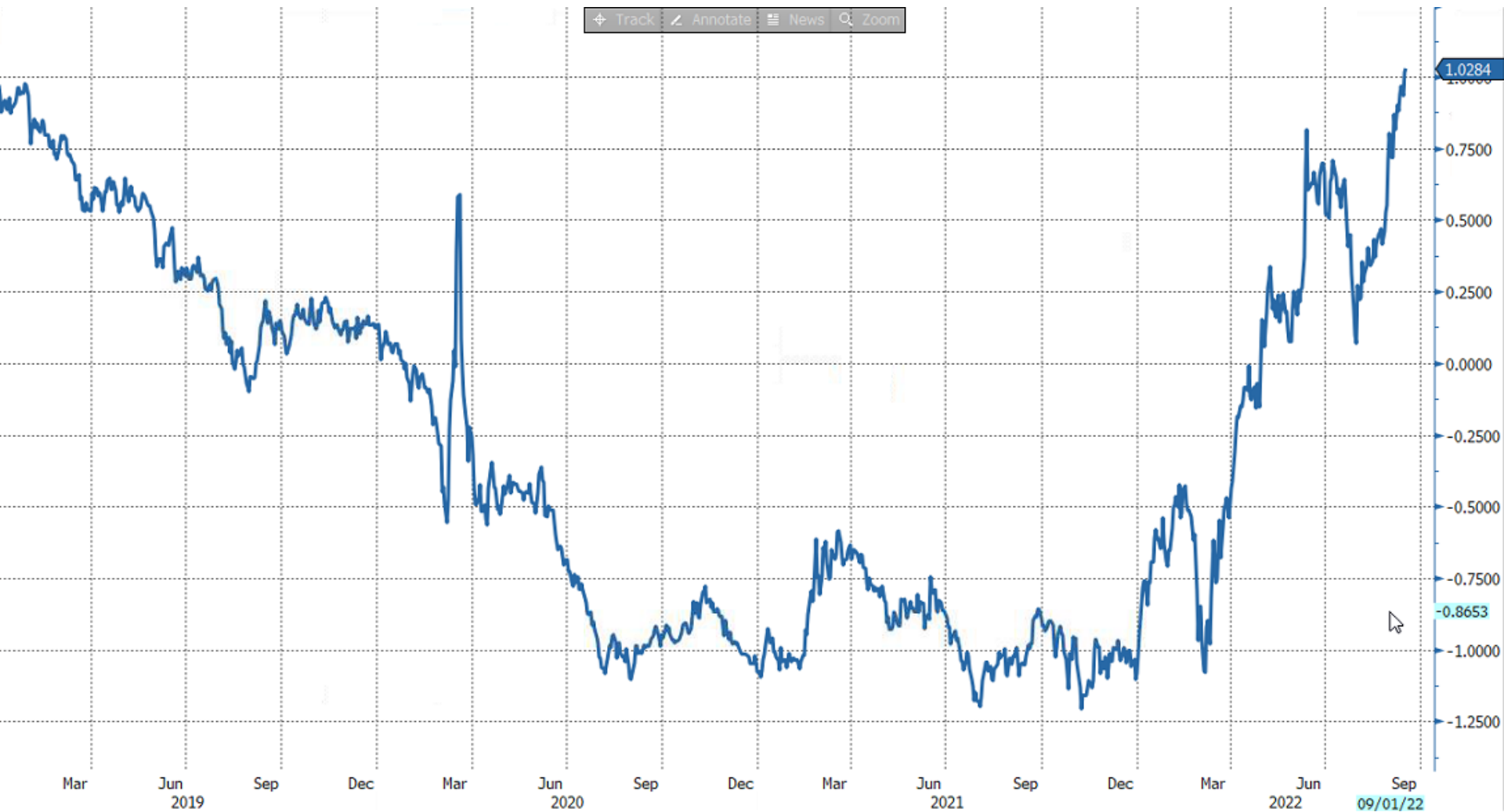
Source: Bloomberg

Fed MBS holding was actually been higher since May

USD, m

Legend: Fed MBS holding

Y-axis (USD, m): 2,700,000 — 2,705,000 — 2,710,000 — 2,715,000 — 2,720,000 — 2,725,000 — 2,730,000

X-axis: 25-May-22, 1-Jun-22, 8-Jun-22, 15-Jun-22, 22-Jun-22, 29-Jun-22, 6-Jul-22, 13-Jul-22, 20-Jul-22, 27-Jul-22, 3-Aug-22, 10-Aug-22, 17-Aug-22, 24-Aug-22, 31-Aug-22, 7-Sep-22, 14-Sep-22
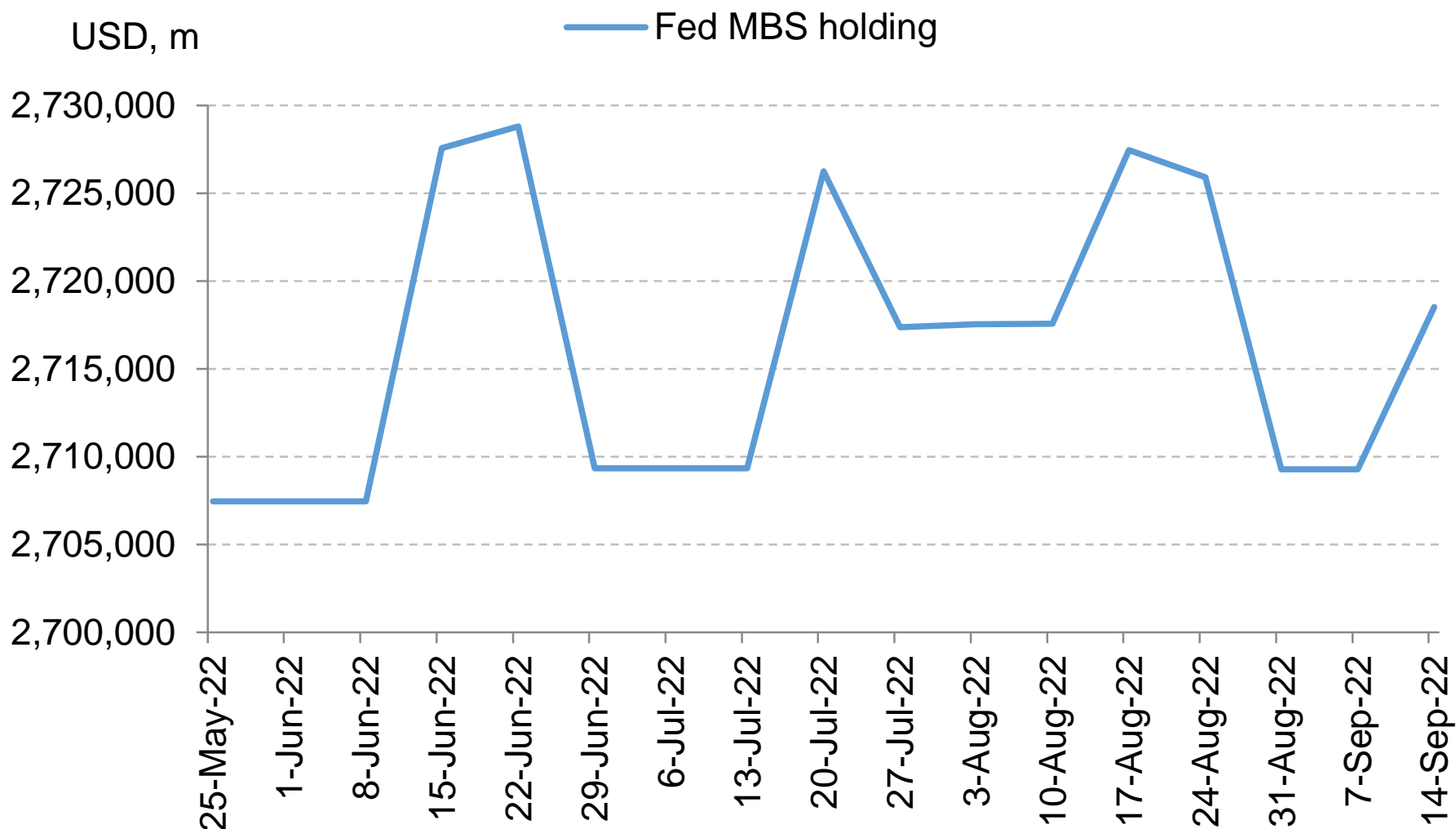
Note: Data as of 16 September 2022

Source: Bloomberg

Treasury holding was lower but with only a pace of $24bn per month, not $30bn as stated

USD, m
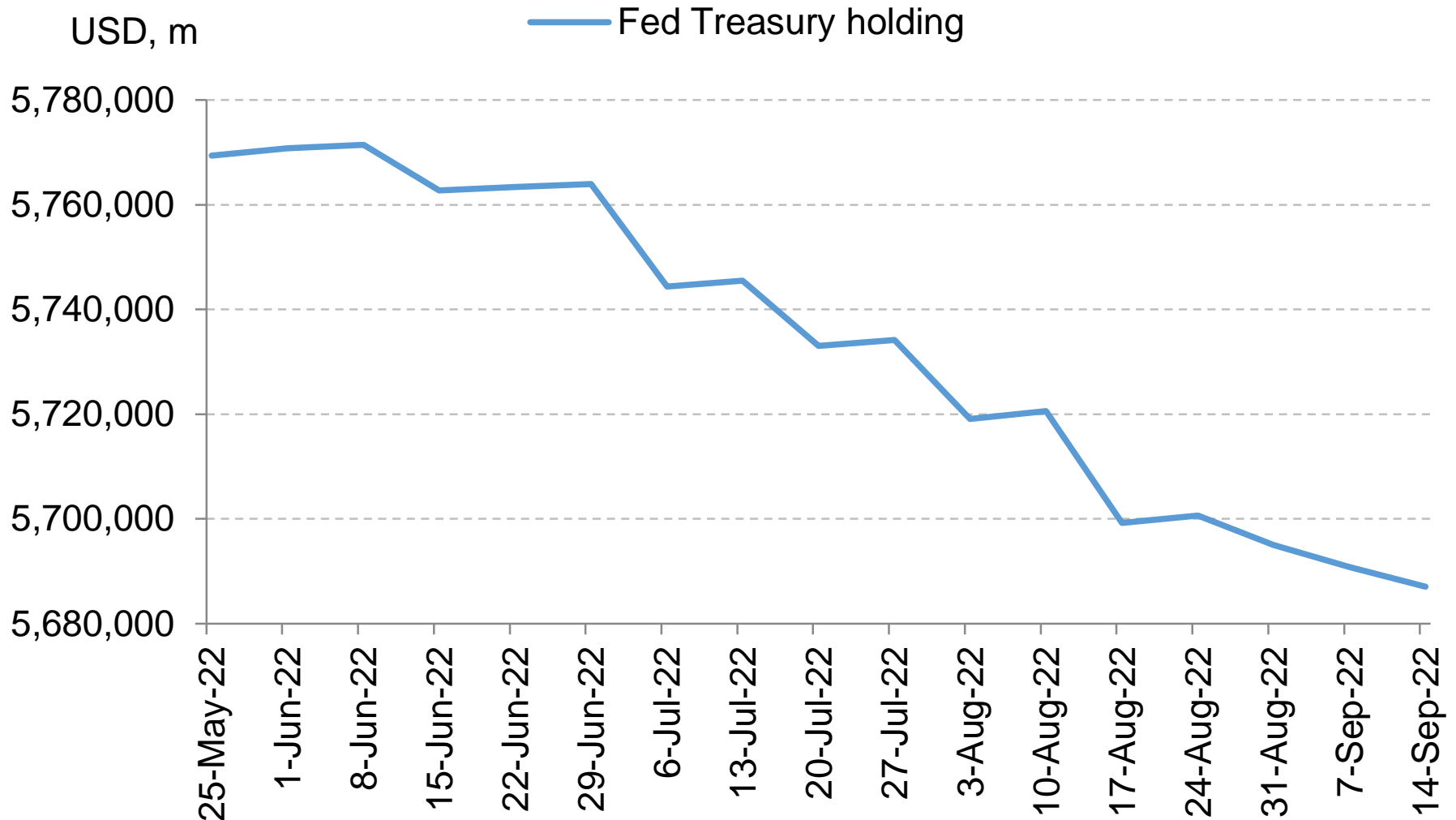
Fed Treasury holding

This resulted in only $82bn withdrawing from the Fed account so far – Not $140bn as we previously feared
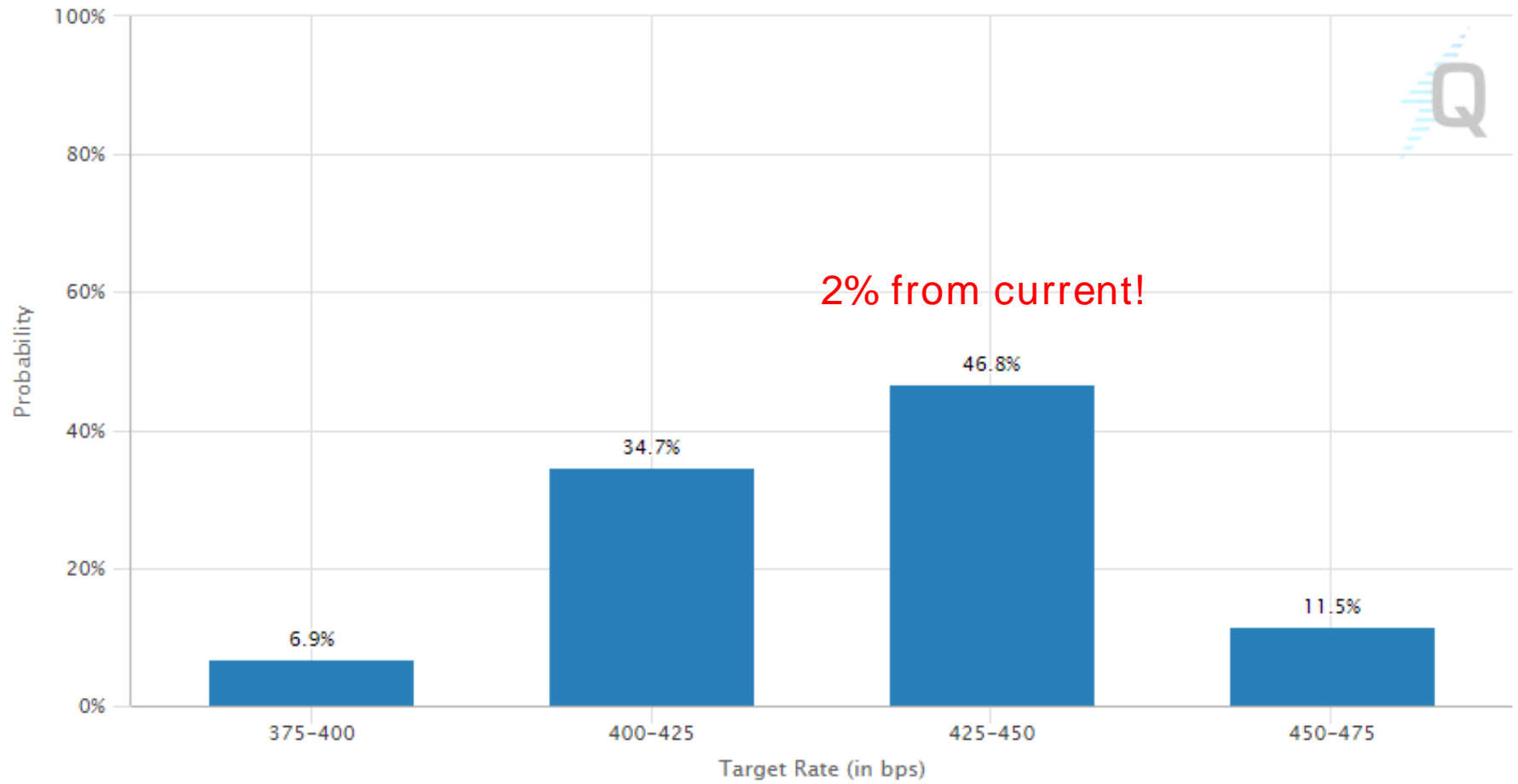

USD, m

Fed total assets
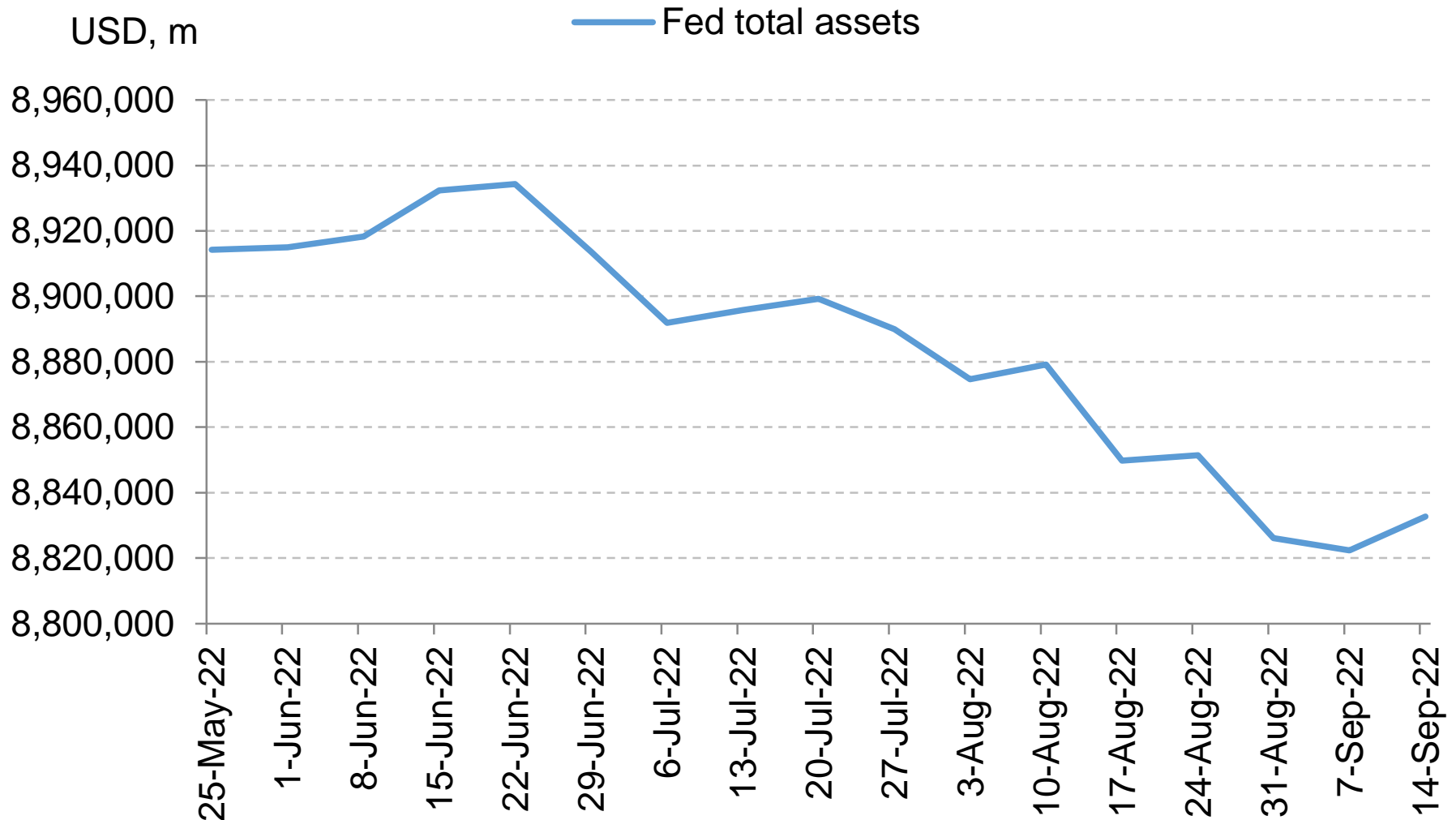
Note: Data as of 16 September 2022
Source: Bloomberg

An overreaction – USD subjected to downside risk

TARGET RATE PROBABILITIES FOR 14 DEC 2022 FED MEETING

Current target rate is 225-250

2% from current!

Note: Data as of 16 September 2022
Source: CME

Thai economy:

Some shining light

Our view on Thai economy

- We are less concern about raw material cost of Thai producers/manufacturers. Thai PPI starts to fall down with global energy/petro price. Together with higher consumer prices that were already set, these firms may start to see some daylights on their margin. Firms with also low portion of labor cost in their COGS may actually start to gain benefits.

- Consumer confidence continues its recovery path though is still far off from the pre-Covid level. A hike in Thailand minimum wage should help support private consumption in some degree.

Source: Trinity Research

Our view on Thai economy (Con't)

- For the rest of 2022 and continuing into 2023, we see 2 key risks for the Thai economy: Slowdown in exports & Prolonged sticky inflation

- Merchandise exports started to show sign of weakness in July especially export to China which accounts around 10-15% of Thai exports. We hope it will fare better once the China lockdown is subside otherwise we will have a problem.

- Though headline CPI is likely peak out, core CPI is rather sticky. If this persists, it would affect purchasing power even if the minimum wage is going to be raised soon. Wage-price spiral could become an issue if things get worse.

Thai PPI continues to fall MoM

Note: Data as of August 2022
Source: Bloomberg
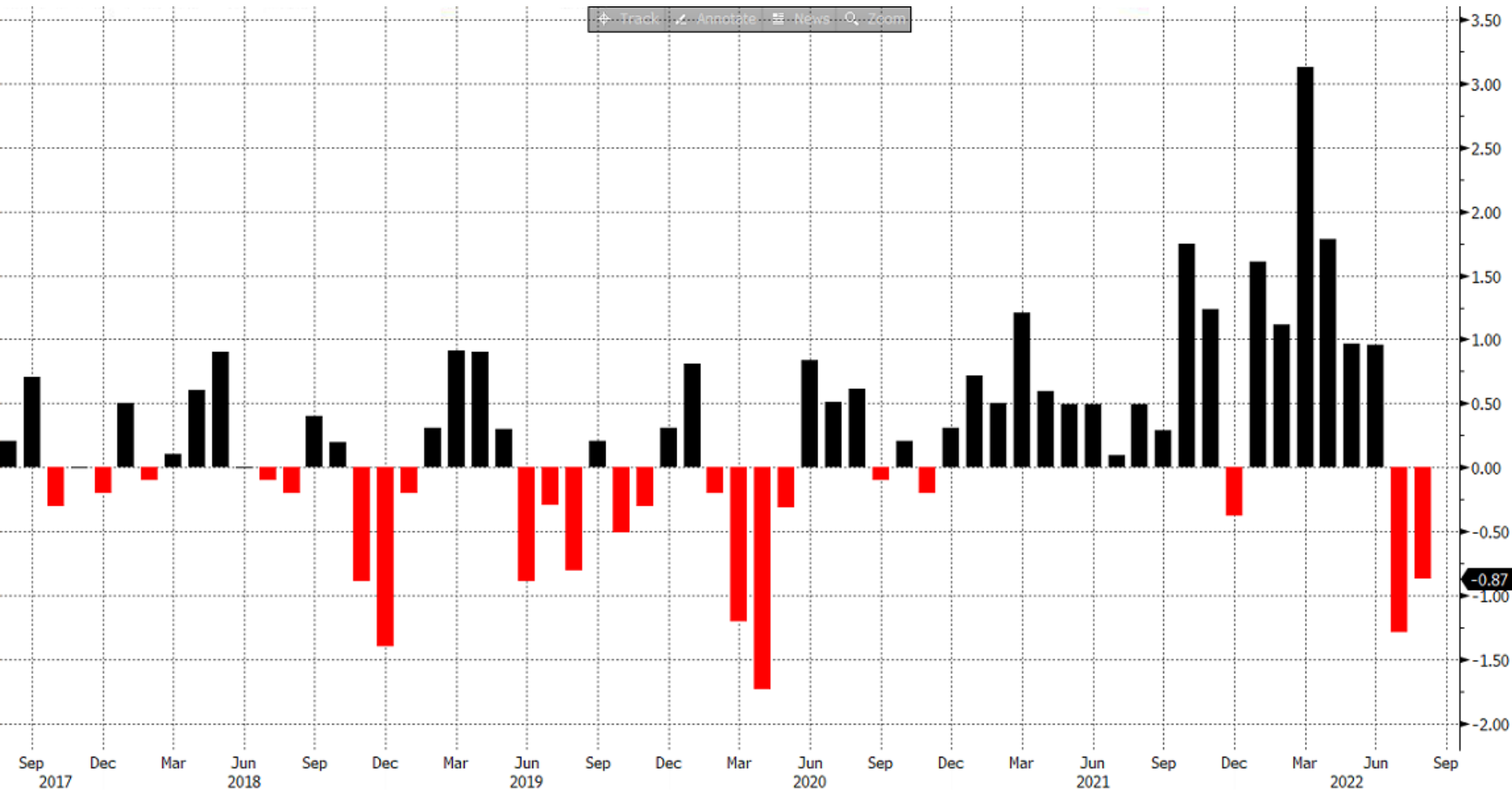
A turning point of firm sentiment on production cost (BSI: input price)

Note: Data as of August 2022
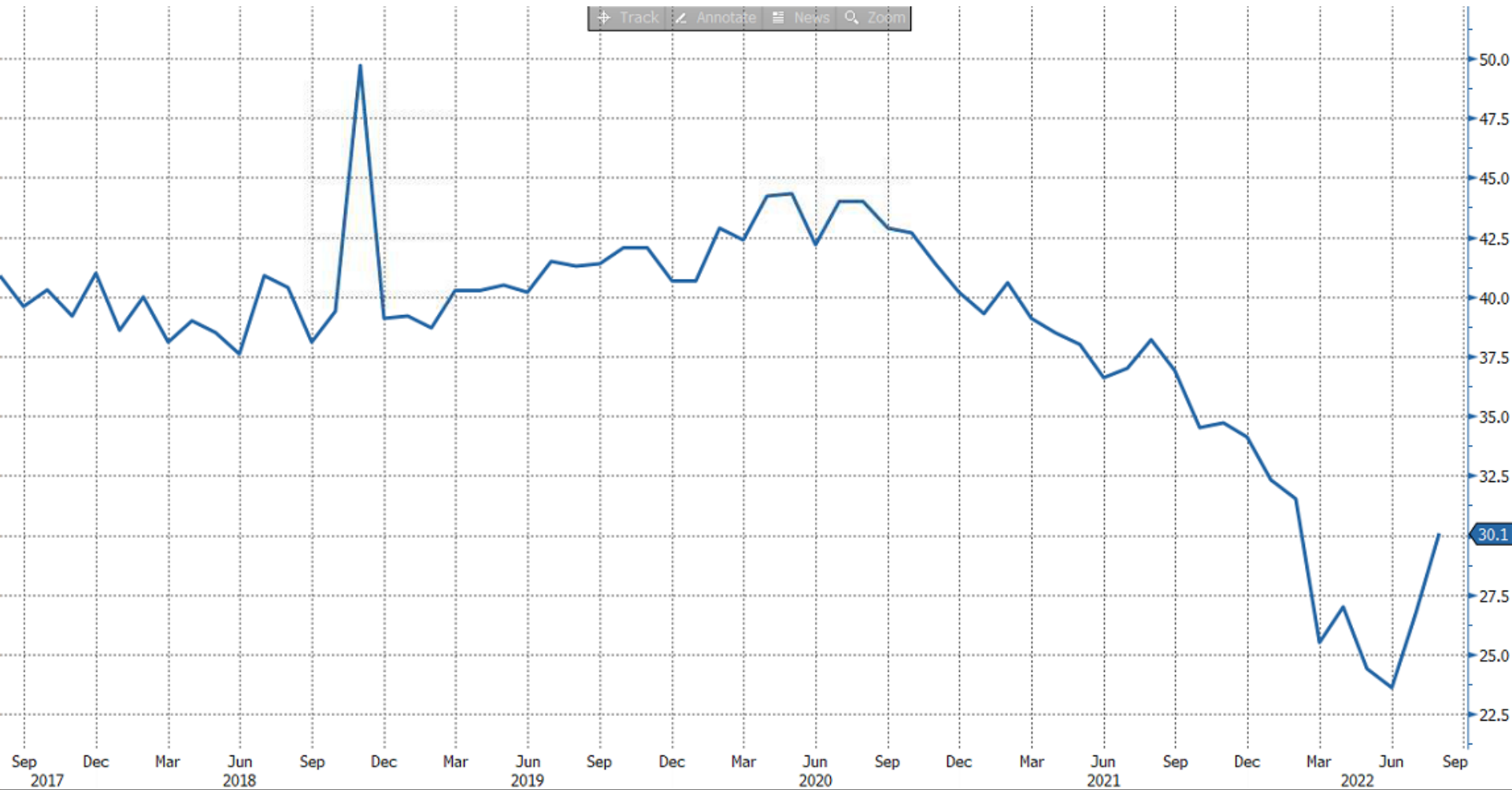
Source: Bloomberg

Hopefully a no back down for consumer confidence

Note: Data as of August 2022
Source: Bloomberg
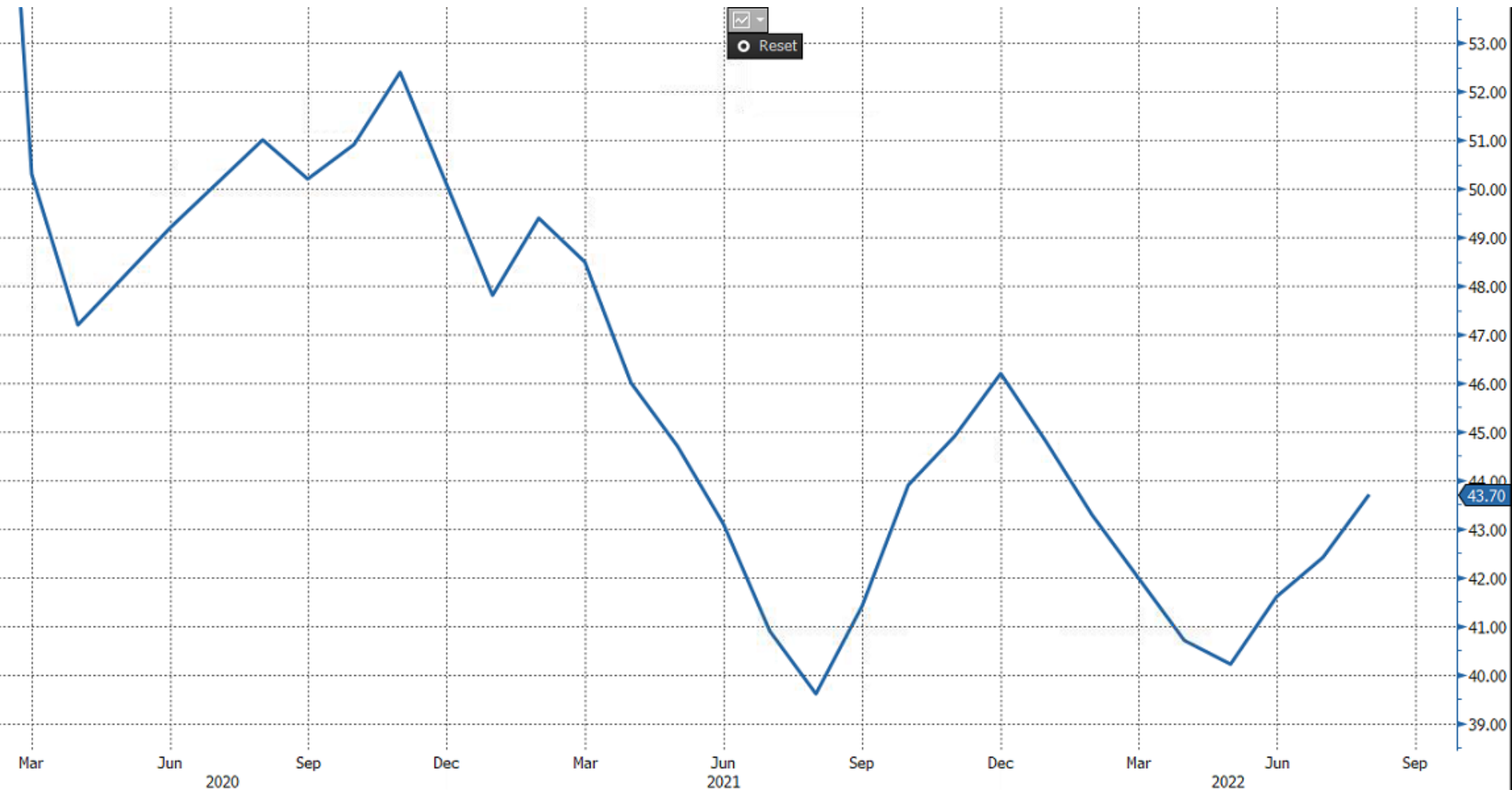
Thai headline CPI forming peak ...

Note: Data as of August 2022
Source: Bloomberg

… but core price is not

Note: Data as of August 2022
Source: Bloomberg

28
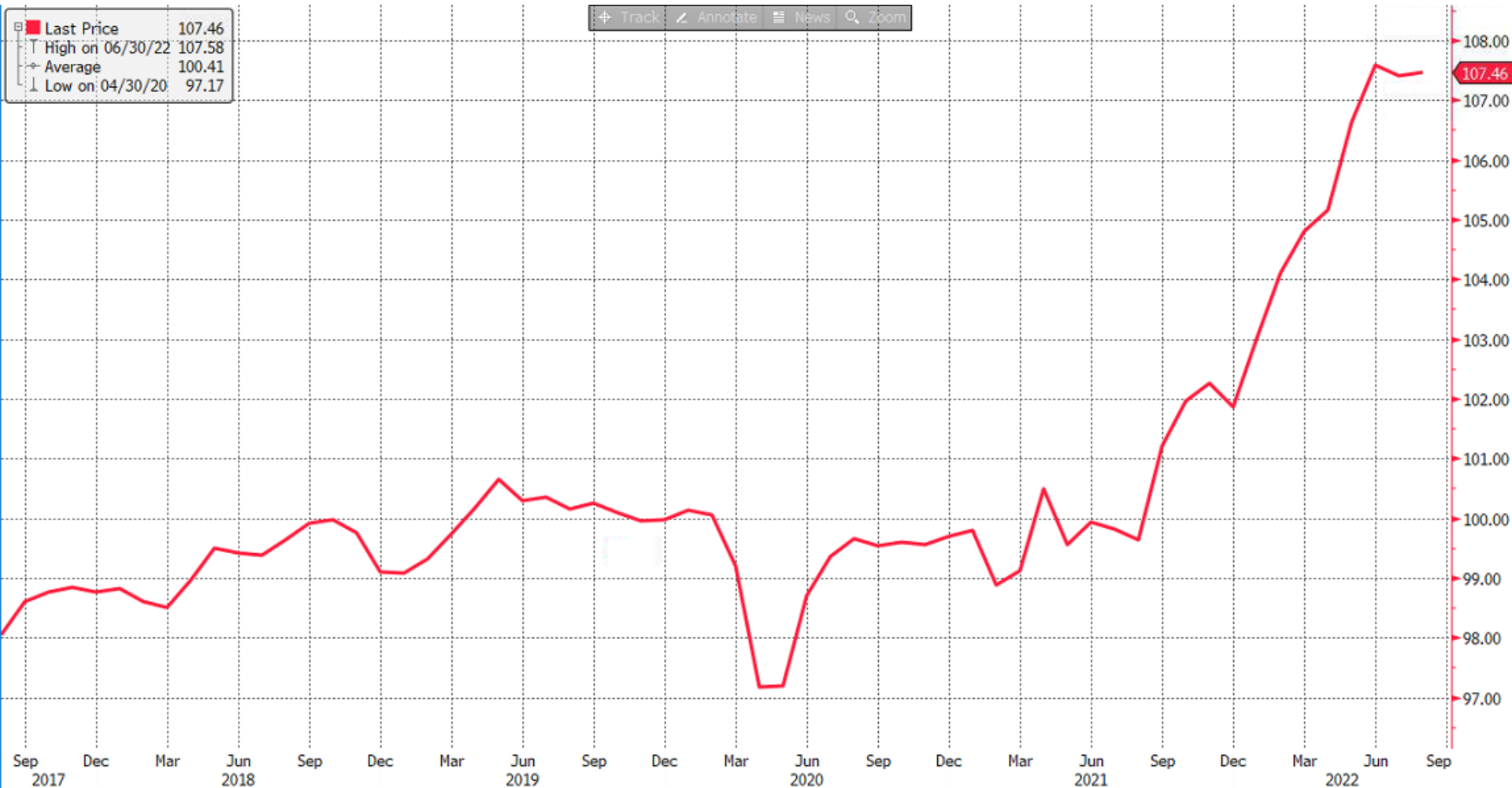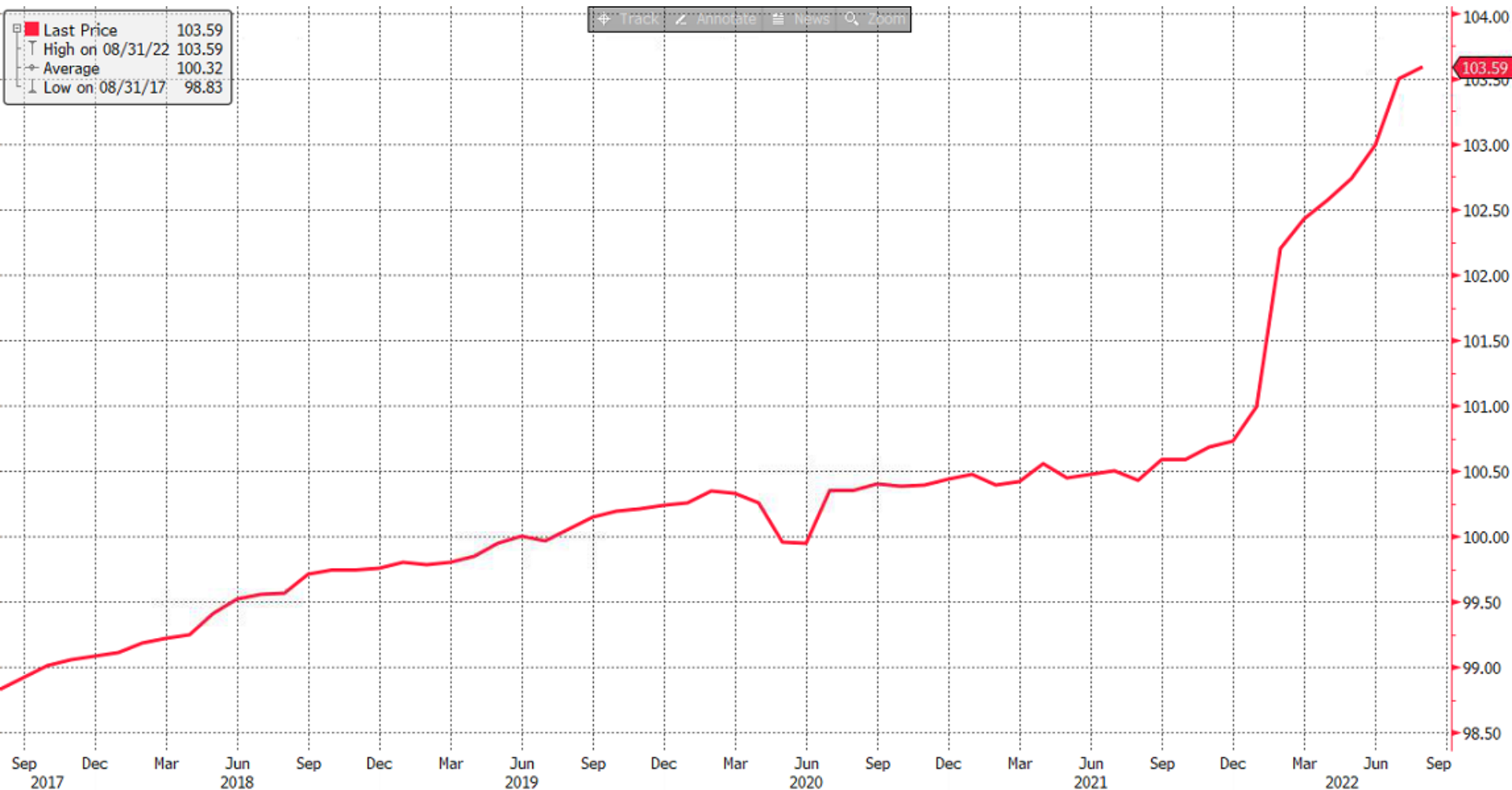
Thai gold import hit highest level since 2019 …
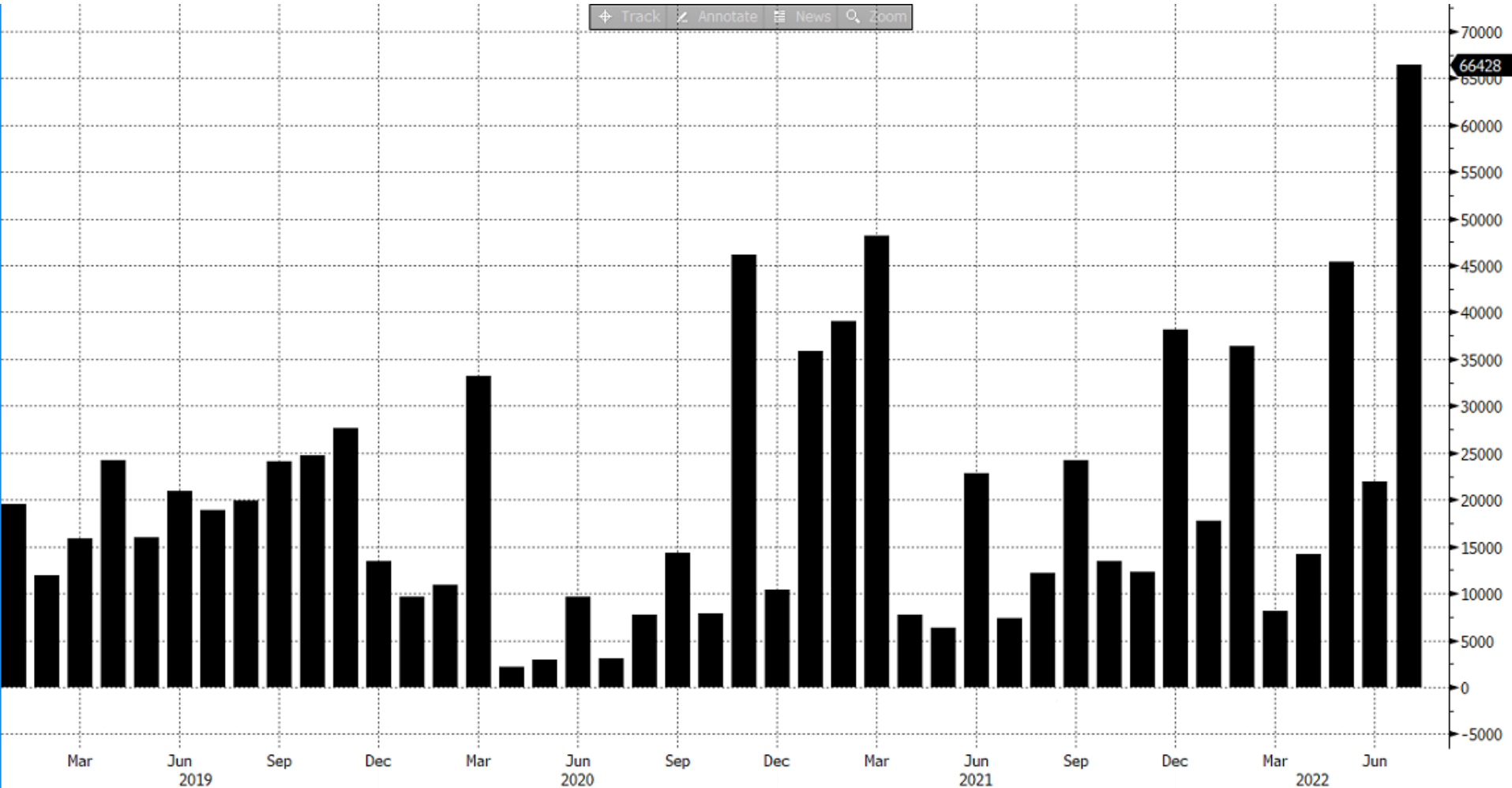
Note: Data as of July 2022
Source: Bloomberg

… and it is one of the reasons why trade balance was being hit hard
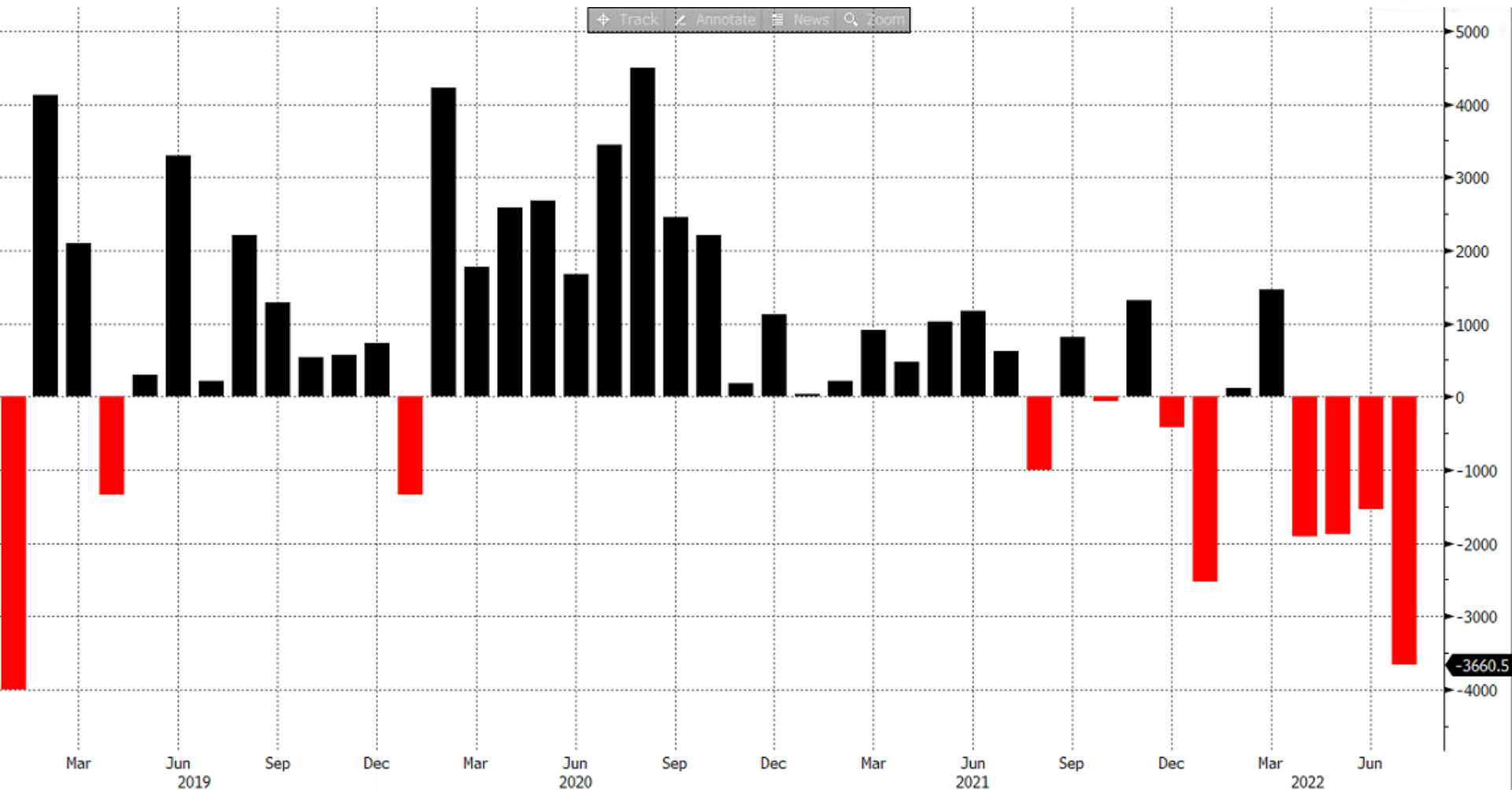
Note: Data as of August 2022

Source: Bloomberg

Yellow flag on Thai exports – mainly on indrustial goods

Note: Data as of July 2022
Source: Bloomberg
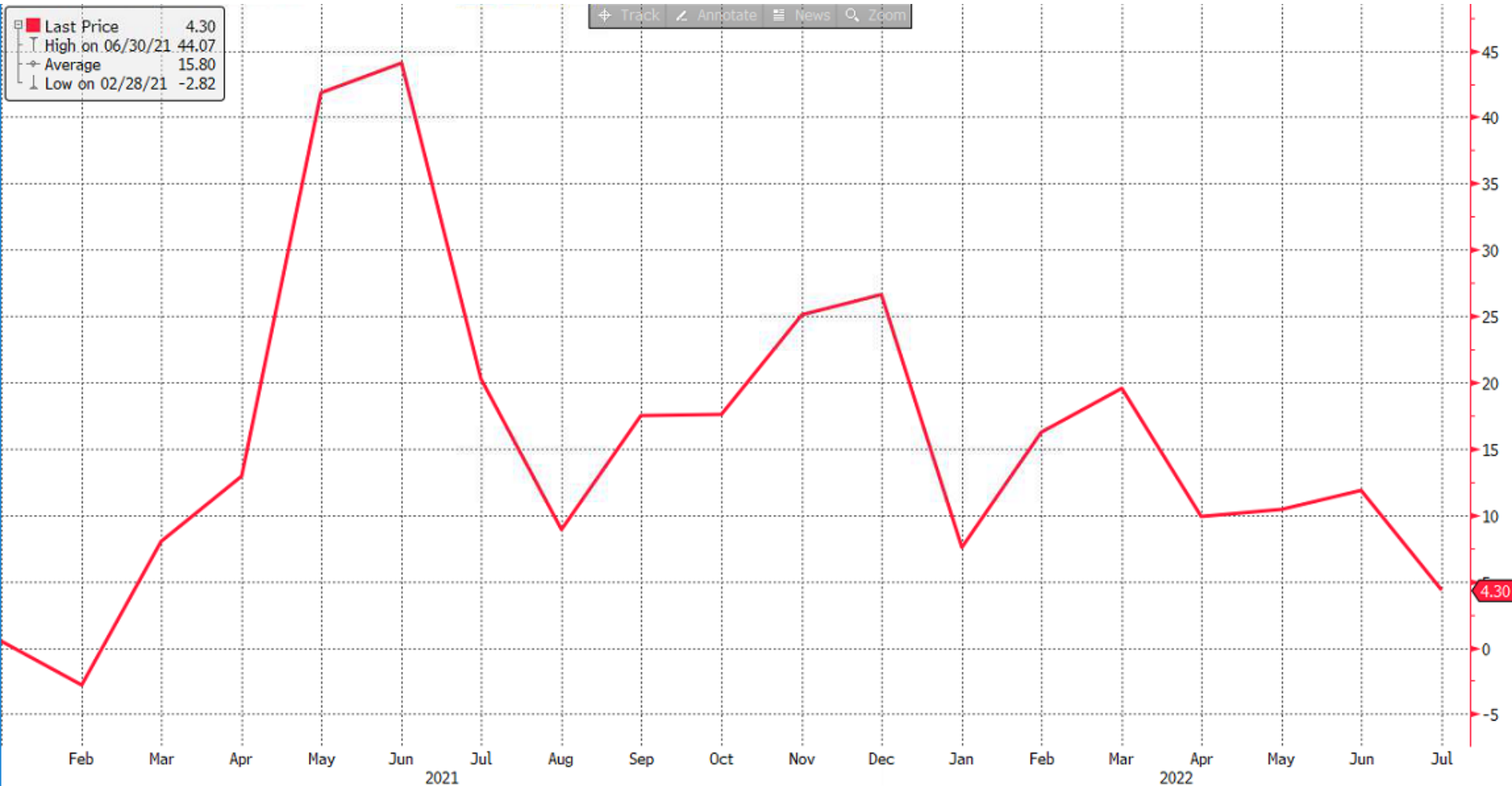
Largest current account deficit since 2013

Note: Data as of July 2022
Source: Bloomberg
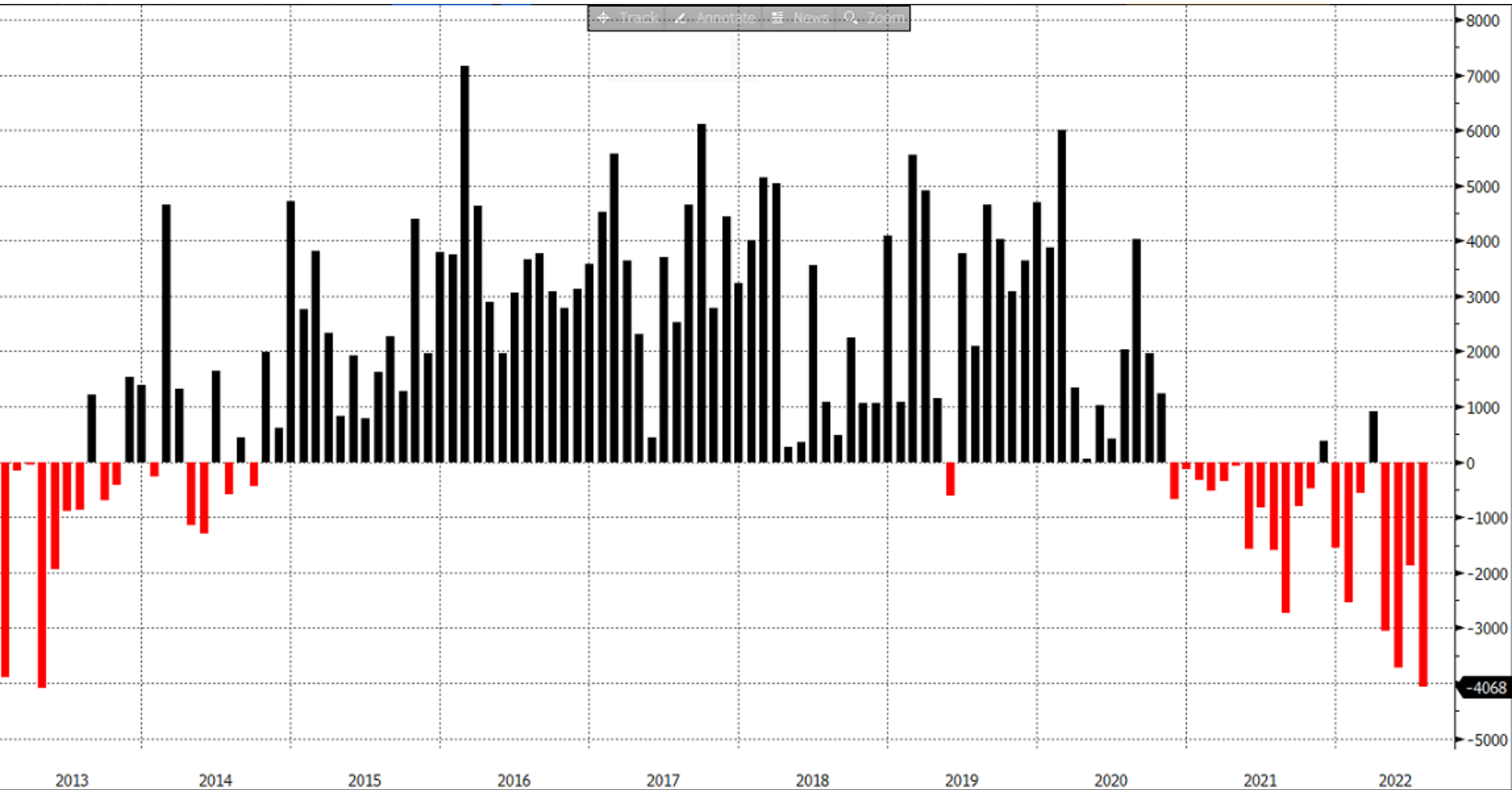
Thai FX reserves plunged to lowest level since 2019 – THB should be closely watched

Note: Data as of 13 September 2022
Source: Bloomberg

Thai Equity Snapshot & Index Strategy

EPS upgrade was the main driver for SET in 3Q22

Note: Data as of 16 September 2022
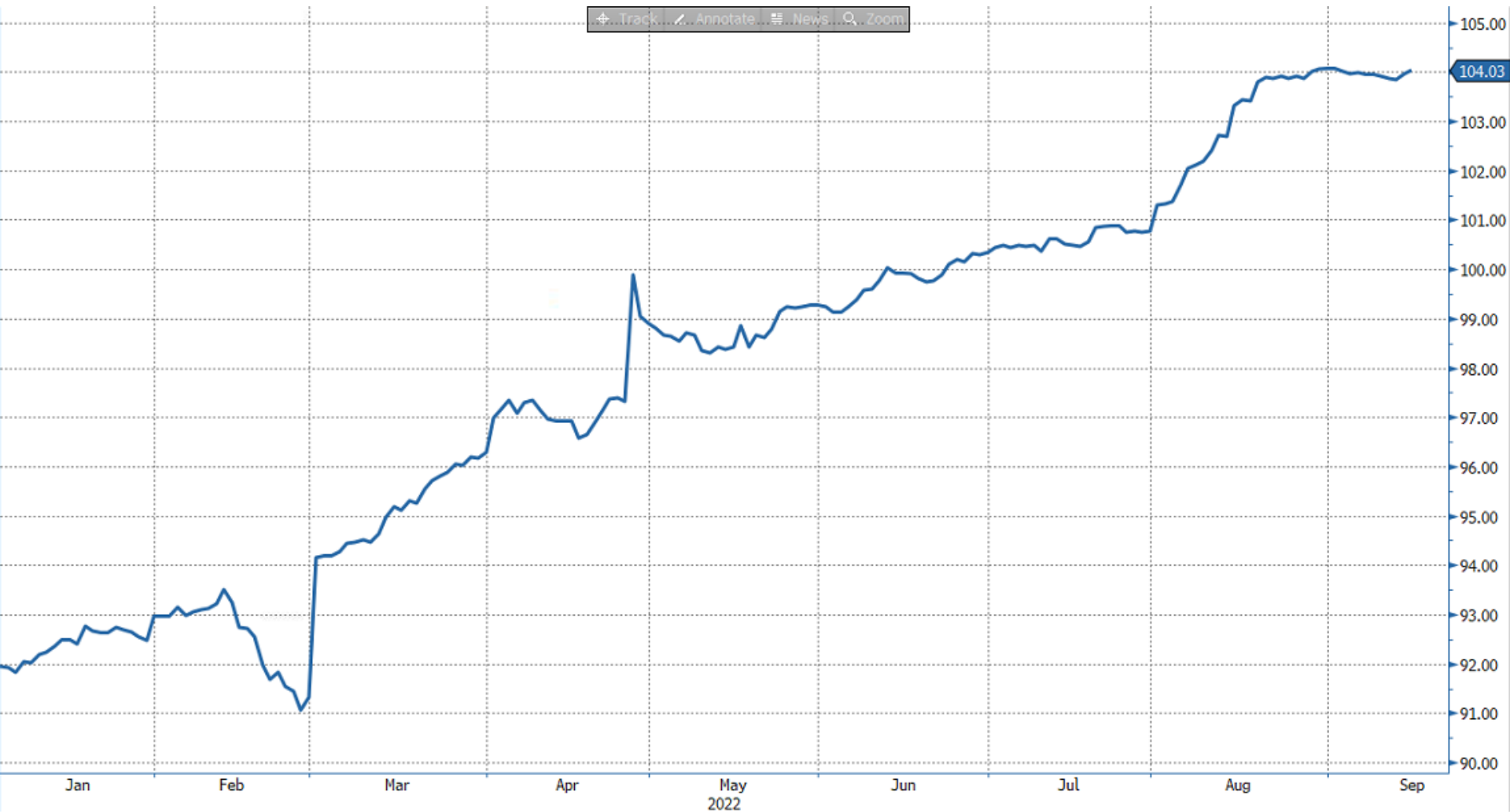
Source: Bloomberg

Thailand saw the most EPS upgrade in 3Q22 (MSCI)

Chart legend: ■ 3Q22 EPS revision (%)

Categories (left to right): Thailand, Indonesia, Singapore, Vietnam, Japan, Philippines, Taiwan, Malaysia, Korea, India, China, Hong Kong
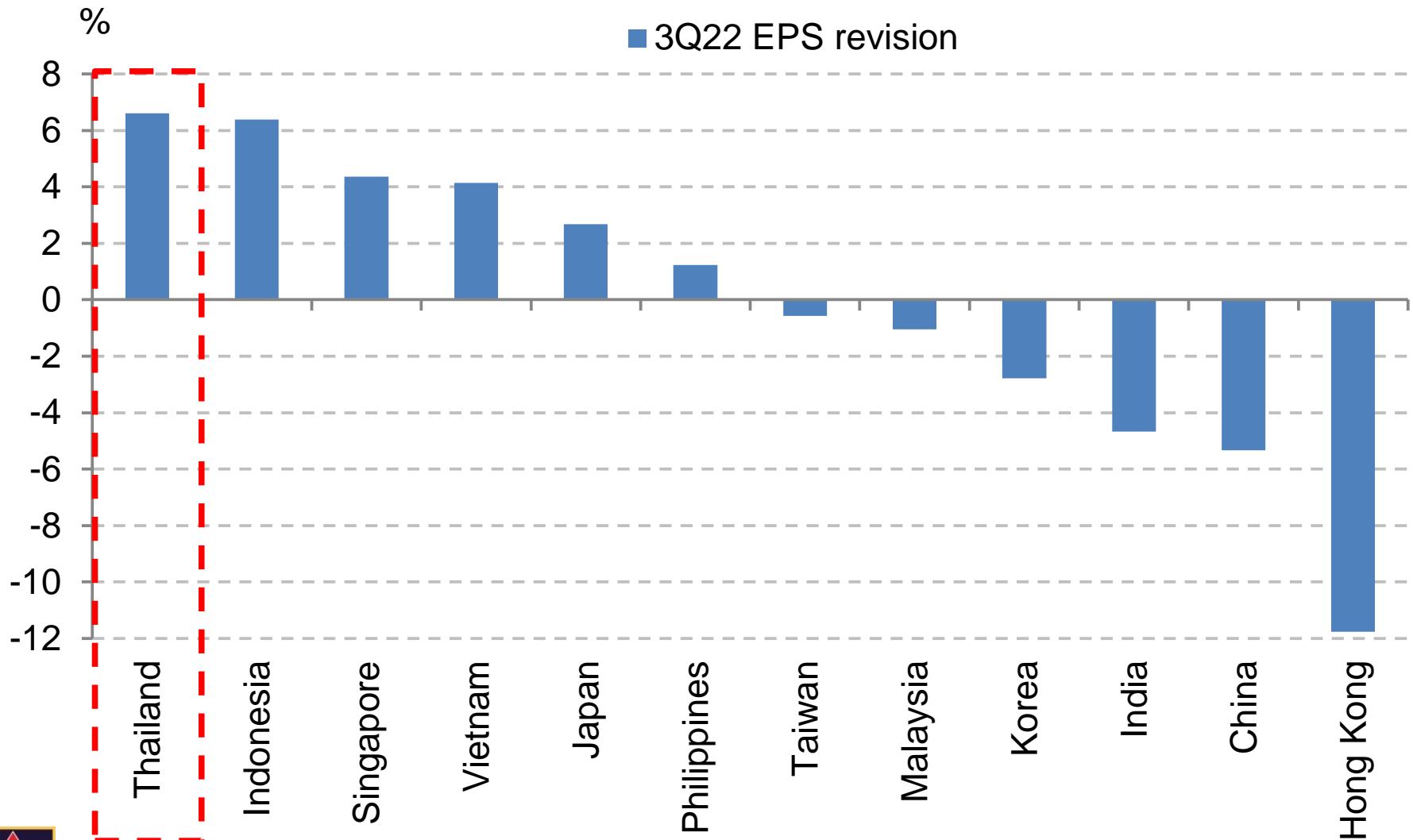
Note: Data as of 14 September 2022

Source: Bloomberg

SET index strategy for 4Q22

- **Direction: Sideways –** Current index is sitting right around our base case scenario from PE model. Upside is limited from subpar earning yield gap. However downside should be protected from loosening monetary policy.

- **Tactic: Range-bound trade.** 1st resistance is 1700 while blue-sky scenario will be 1750. On the downside, we are confident that the SET will not breach a low point of 1520 set in 3Q22. However you can start buying if SET begins touching 1580.

- **Risk: EPS downgrade -** We still cannot underestimate the impact of minimum wage hike on firm profits. If they cannot pass through this higher cost then margin could get hit. Or if they over-push, sales might be negatively affected as well.

Source: Trinity Research

A trough of SET forward PBV since 2005; -1SD implies SET at 1515 level for current episode
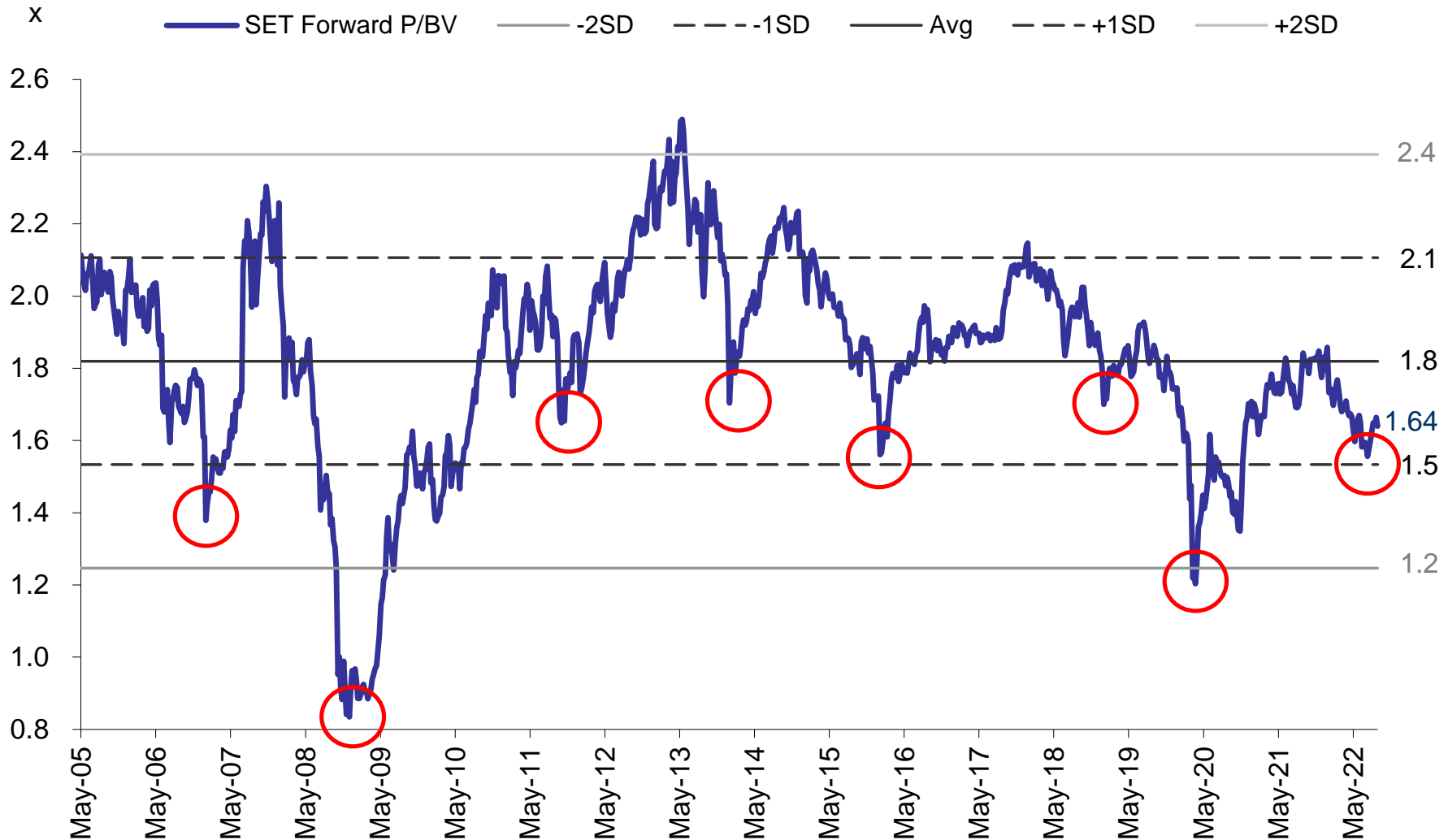
Note: Data as of 16 September 2022; Calculations of SET based on 2022E BVPS of 989.9

Sources: Bloomberg, Trinity Research

Ranking of the lowest forward PBV period since 2005

Period	Event	Forward PBV (x)	Subsequent returns (%)		
			3 mths	6 mths	12 mths
Oct 2008	Lehman crisis	0.81	13%	26%	80%
Mar 2020	COVID-19 & OPEC+ collapse	1.11	32%	23%	53%
Jan 2007	Capital control	1.35	12%	37%	33%
Jan 2016	China & Oil collapse	1.52	11%	19%	28%
Oct 2011	European debt crisis	1.54	21%	40%	53%
Jul 2022	**Fed tightening fear**	**1.56**			
Jan 2019	Election uncertainty	1.68	6%	11%	2%
Jan 2014	QE tapering effect	1.70	14%	22%	22%
Median		**1.53**	**implies SET of 1515**		

Note: Data as of 16 September 2022; Calculations of SET based on 2022E BVPS of 989.9

Sources: Bloomberg, Trinity Research

Update on our SET target based on PE Model

Case	Multiple (end-2022E)	2023E EPS (Previous)	2023E EPS (Current)	Fair SET (Old)	Fair SET (New)	Upside / Downside
Bull	15.9x Fwd PE (Stretch)	106.5 baht	110.0 baht	1690	1750	+7%
Base	14.8x Fwd PE (Magic number)	106.5 baht	110.0 baht	1580	1630	0%
Worst	13.7x Fwd PE (LT average)	106.5 baht	110.0 baht	1460	1510	-8%

Note: Projected EPS based on Bloomberg consensus; Upside and downside calculations are based on level of 1630

EYG vs. UST – the key factor limiting SET upside and foreign flow

Legend: SET E/P gap vs 10Y UST — Avg — -2SD — -1SD — +1SD — +2SD

Y-axis: % (2 to 7)

Reference values: 5.5, 4.8, 4.2, 3.4, 2.94, 2.7

X-axis: Jan-13, Jul-13, Jan-14, Jul-14, Jan-15, Jul-15, Jan-16, Jul-16, Jan-17, Jul-17, Jan-18, Jul-18, Jan-19, Jul-19, Jan-20, Jul-20, Jan-21, Jul-21, Jan-22, Jul-22
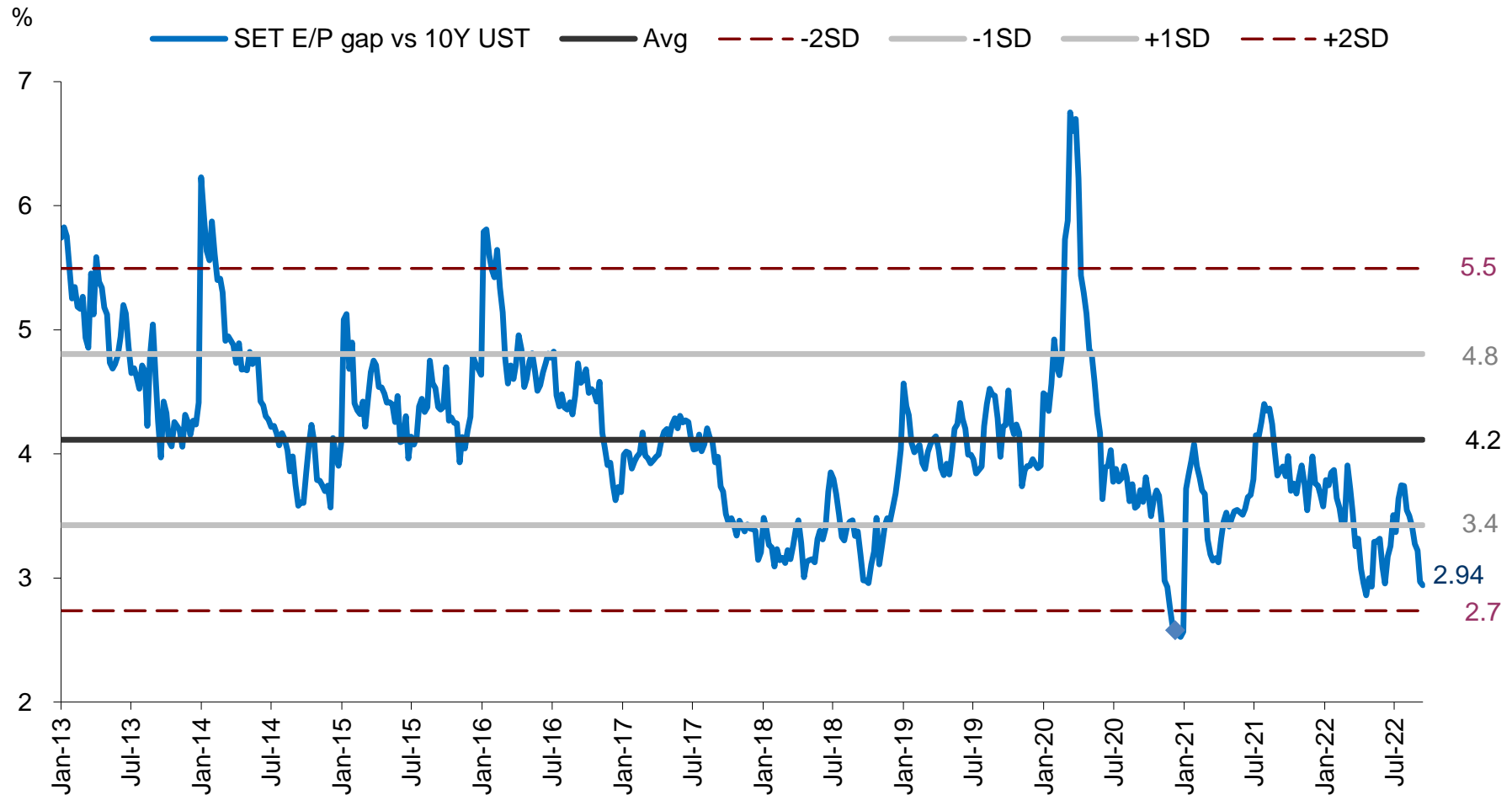
Note: Data as of 16 September 2022

Sources: Bloomberg, Trinity Research

EYG vs. THB came back down below average
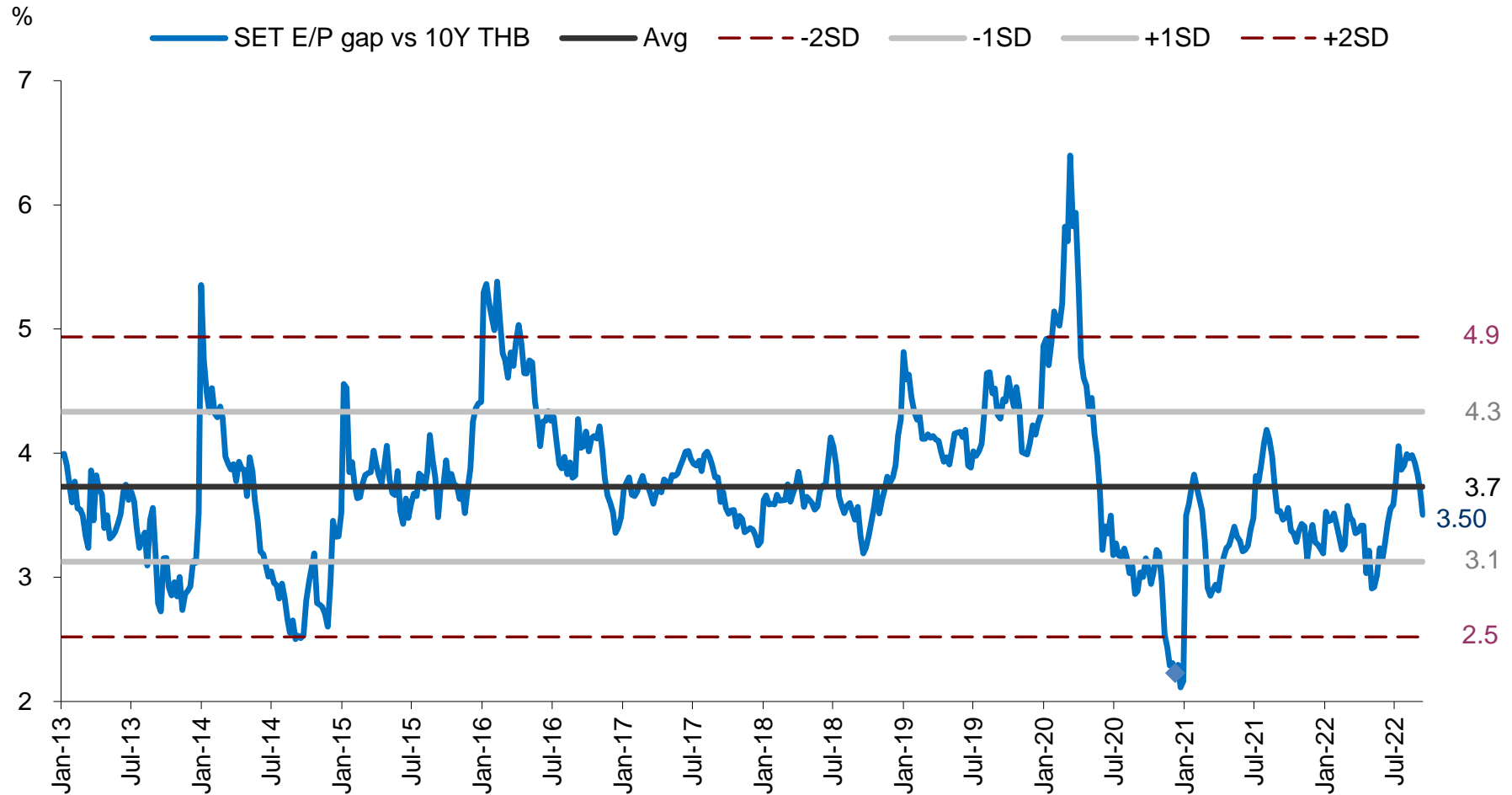
Note: Data as of 16 September 2022

Sources: Bloomberg, Trinity Research

Investment Theme
& Top Picks

3Q22 stock pick performance recap

	30-Jun-22	Current	XD	% return
ADVANC	194.5	191	3.45	0.0
BDMS	25	29.5	0.3	19.2
BBL	133	136.5	1.5	3.8
CPALL	60	58.5		-2.5
CPF	26	25.25	0.4	-1.3
JMT	73.25	73.75	0.49	1.4
RATCH	38.25	42.75	0.8	13.9
OR	25.5	26.5	0.35	5.3
WHAUP	3.84	4		4.2
GPSC	64.5	68.75	0.2	6.9
Avg				**5.1**
SETTRI	10930.98	11458.62		**4.8**
SET50TRI	9921.71	10312.04		**3.9**

Note: Data as of 19 September 2022
Source: Trinity Research

Our view on sector allocation

- As SET currently sitting around our base case scenario, stock/sector selections needs to be strictly applied.

- **Bearish** on global cyclicals as USD 2s10s is plunging but **bullish** on domestic cyclicals as THB 2s10s is rising.

- Though we love domestic-play sectors, high inflation may stick with us throughout the quarter. To be safe, therefore, we should focus on underowned sectors that are laggard in price & valuation. **MEDIA, ICT, FIN, BANK, INSUR** stand out most. These sectors should also benefit from minimum wage hike.

- Avoid sectors that are labor-intensive and may not be able to effectively pass through the cost of minimum wage hike such as **CONS, ETRON**

Source: Trinity Research

Underowned sectors by foreigner

S.D. to avg. since 08

■ Foreign overwoned/underowned sectors

'Underowned'

Sectors (left to right): CONMAT, ICT, BANK, PKG, MEDIA, TOURISM, COMM, FIN, CONS, AGRI, HOME, FOOD, PROP, TRANS, ENERG, AUTO, STEEL, PETRO, INSUR, IMM, ETRON, HELTH

Note: Data as of 14 September 2022

Source: Trinity Research

46

Laggard domestic play

Note: Data as of 14 September 2022

Source: Bloomberg

47
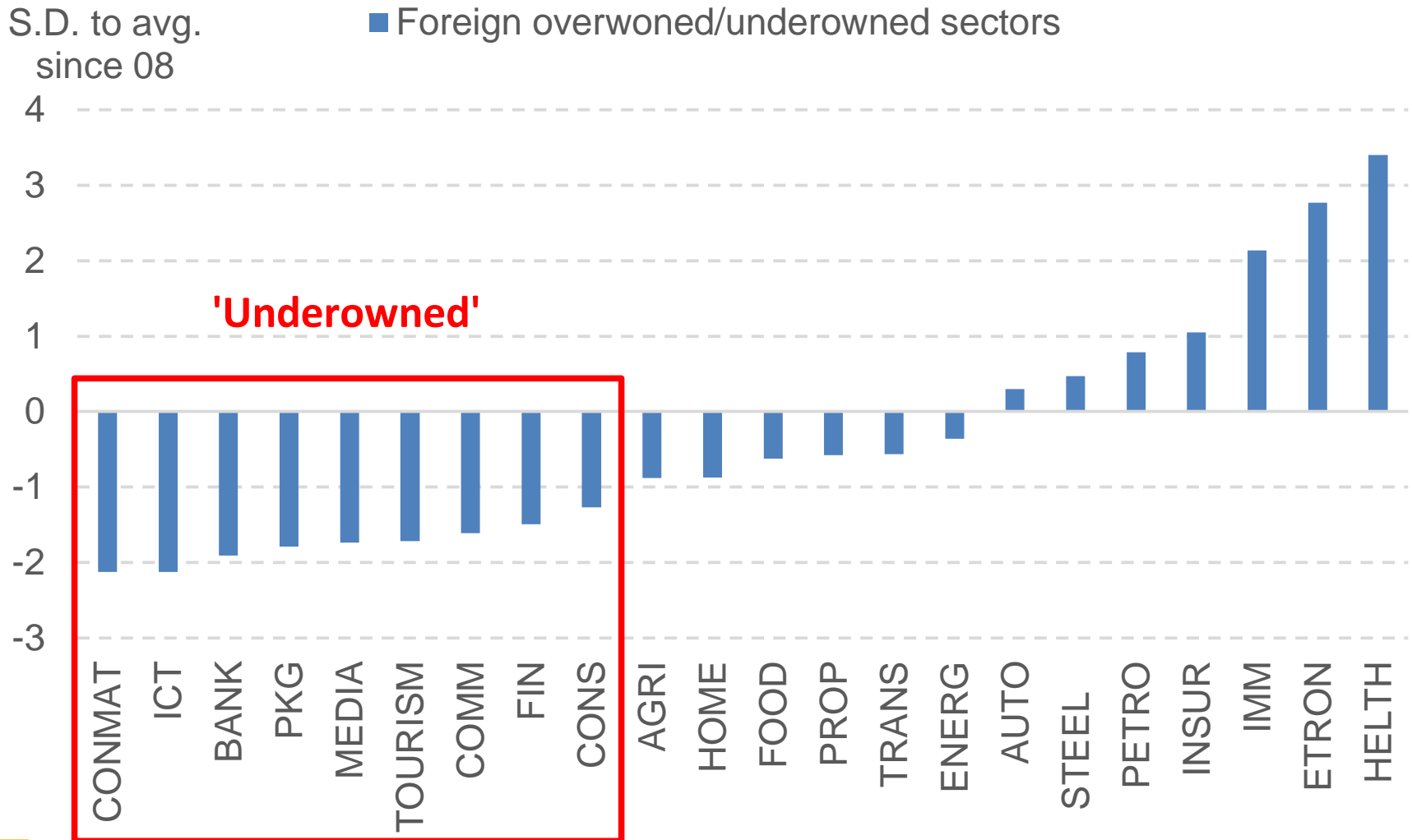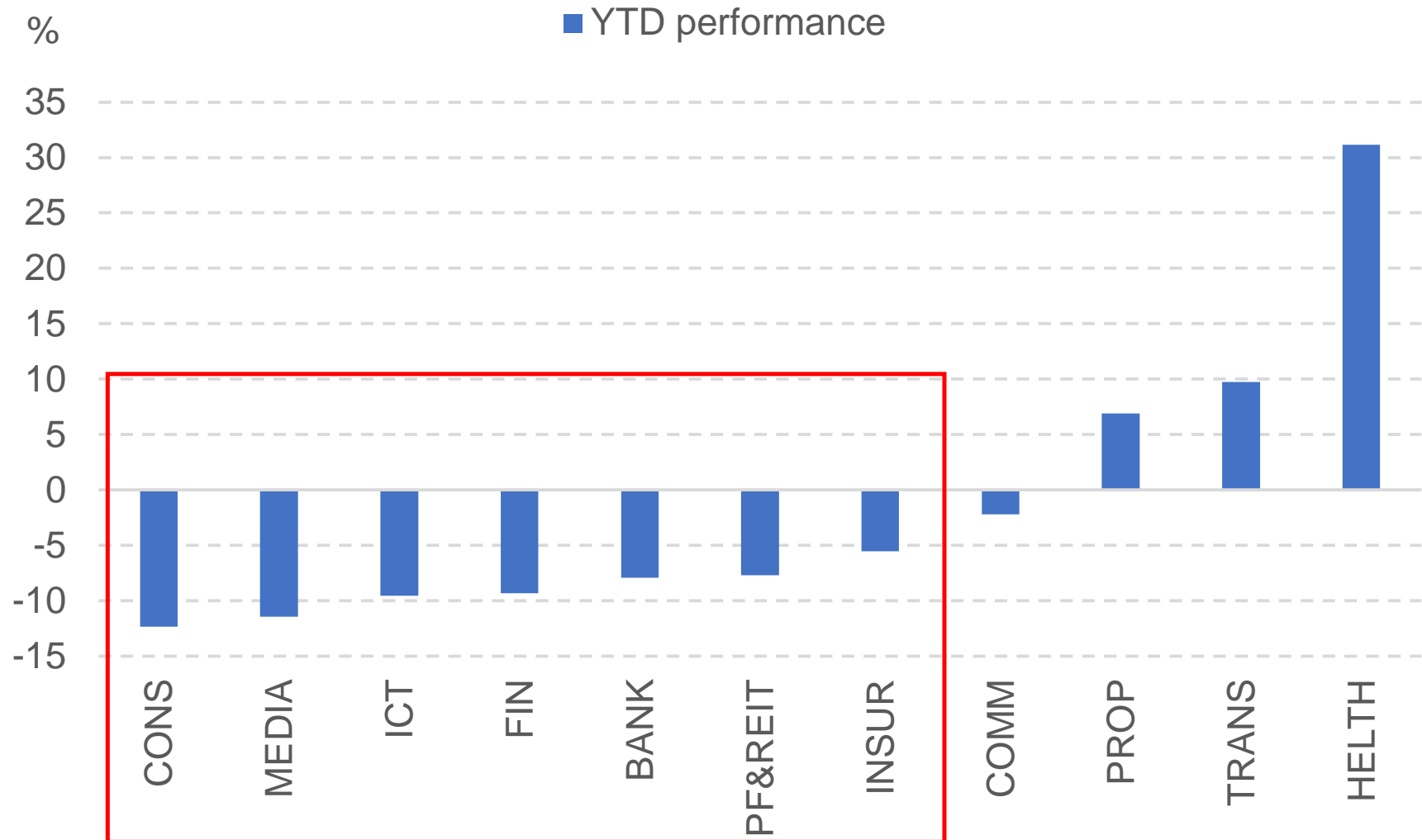
UST curve still in flattening mode – not a good sign for __global__ cyclicals

On the other hand, THB curve was steepening very fast – A good sign for <u>domestic</u> cyclicals
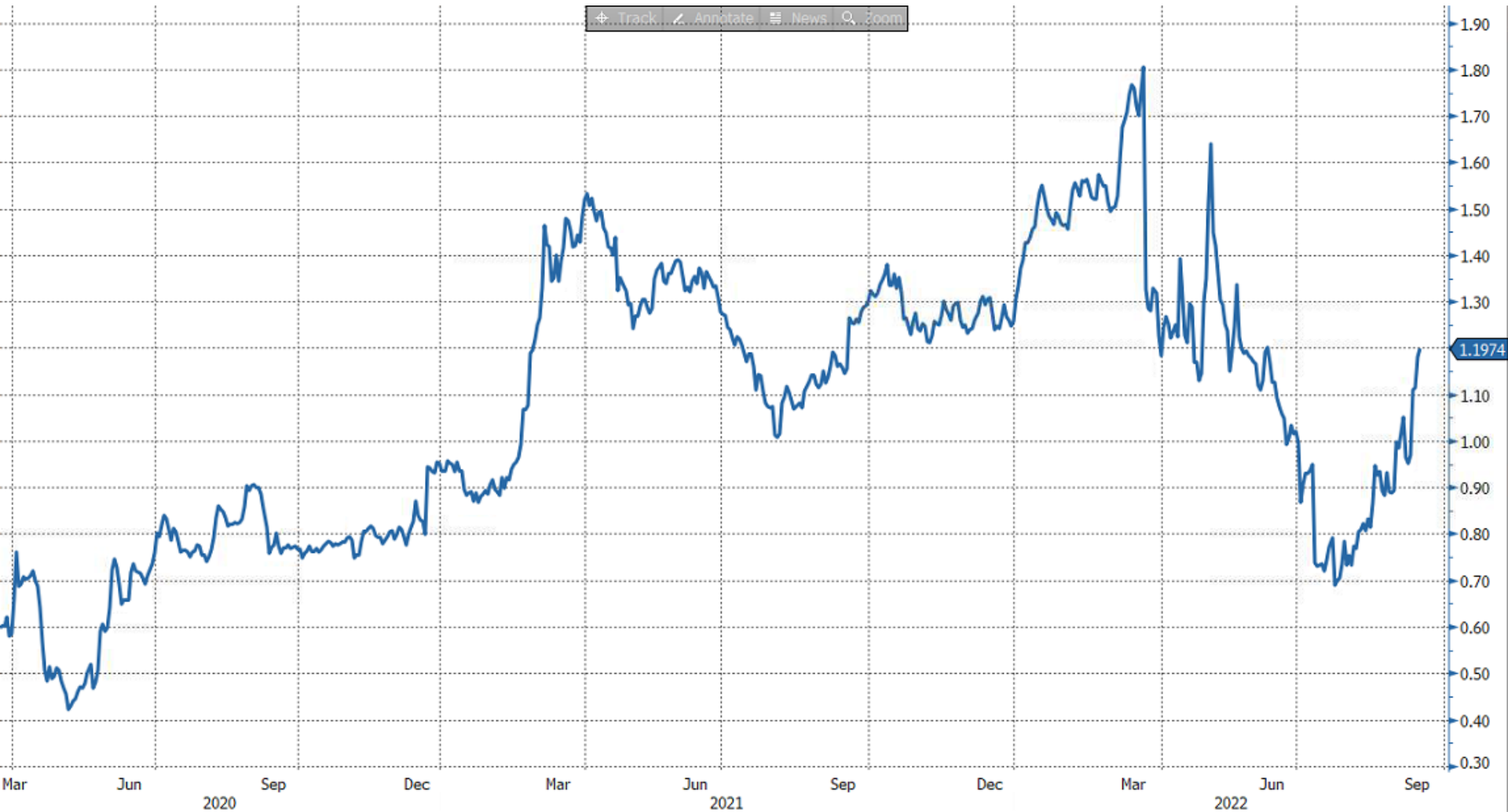
Investment theme & picks

1) Minimum wage hike beneficiaries – Consumer finance (**AEONTS**, **TIDLOR**)

2) Underowned and laggard domestic play – ICT (**ADVANC, DTAC**) / Media (**ONEE, PLANB**)

3) Outstanding big bank from GGM (**KBANK**)

4) SET50 addition theme (**COM7, RATCH**)

5) MSCI addition theme (**TLI**)

Top 10 stocks for 4Q22 (alphabetical): **ADVANC, AEONTS, COM7, DTAC, KBANK, ONEE, PLANB, RATCH, TIDLOR, TLI**

Source: Trinity Research

Minimum wage hike guide:

SETFIN stands out the most

Thailand minimum wage hike since 2017

Effective date	Rate for Bangkok Metropolitan (Baht)	% increase
1 January 2017	310	3.3
1 April 2018	325	4.8
1 January 2020	331	1.8
1 October 2022	353	**6.6**

Note: Data as of 15 September 2022

Source: Trinity Research

EPS revision after minimum wage hike on 1 January 2020

Normalized As Of 01/02/2020
BEst EPS
SET Index 79.64
SETFIN Index 93.68
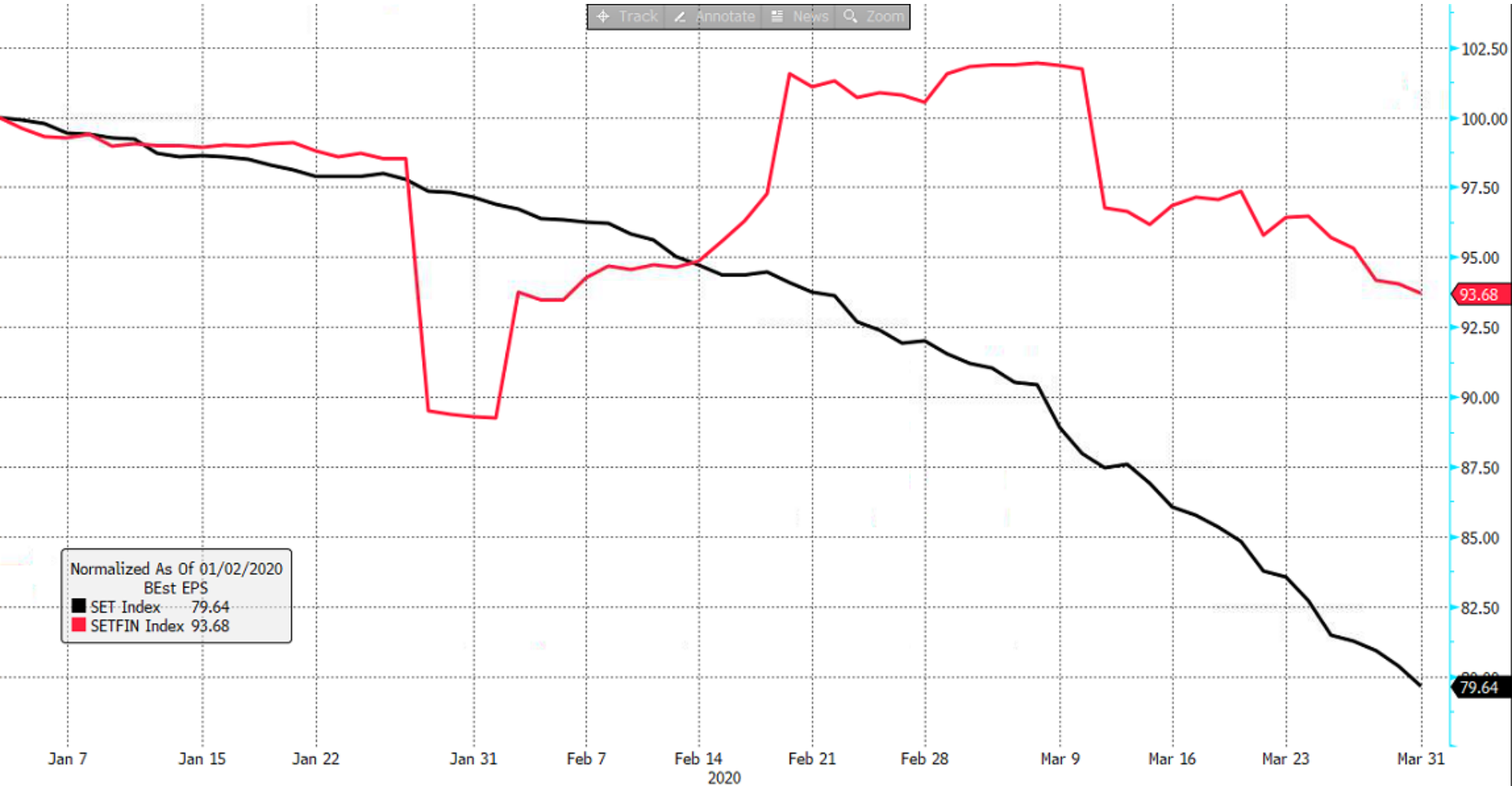
EPS revision after minimum wage hike on 1 April 2018

Note: Data as of 15 September 2022

Source: Bloomberg

EPS revision after minimum wage hike on 1 January 2017

Normalized As Of 01/02/2017
BEst EPS
- SET Index   99.29
- SETFIN Index 107.92

107.92

99.29

Jan 6 · Jan 13 · Jan 20 · Jan 31 · Feb 7 · Feb 14 · Feb 21 · Feb 28 · Mar 8 · Mar 15 · Mar 23 · Mar 31
2017

Note: Data as of 15 September 2022

Source: Bloomberg
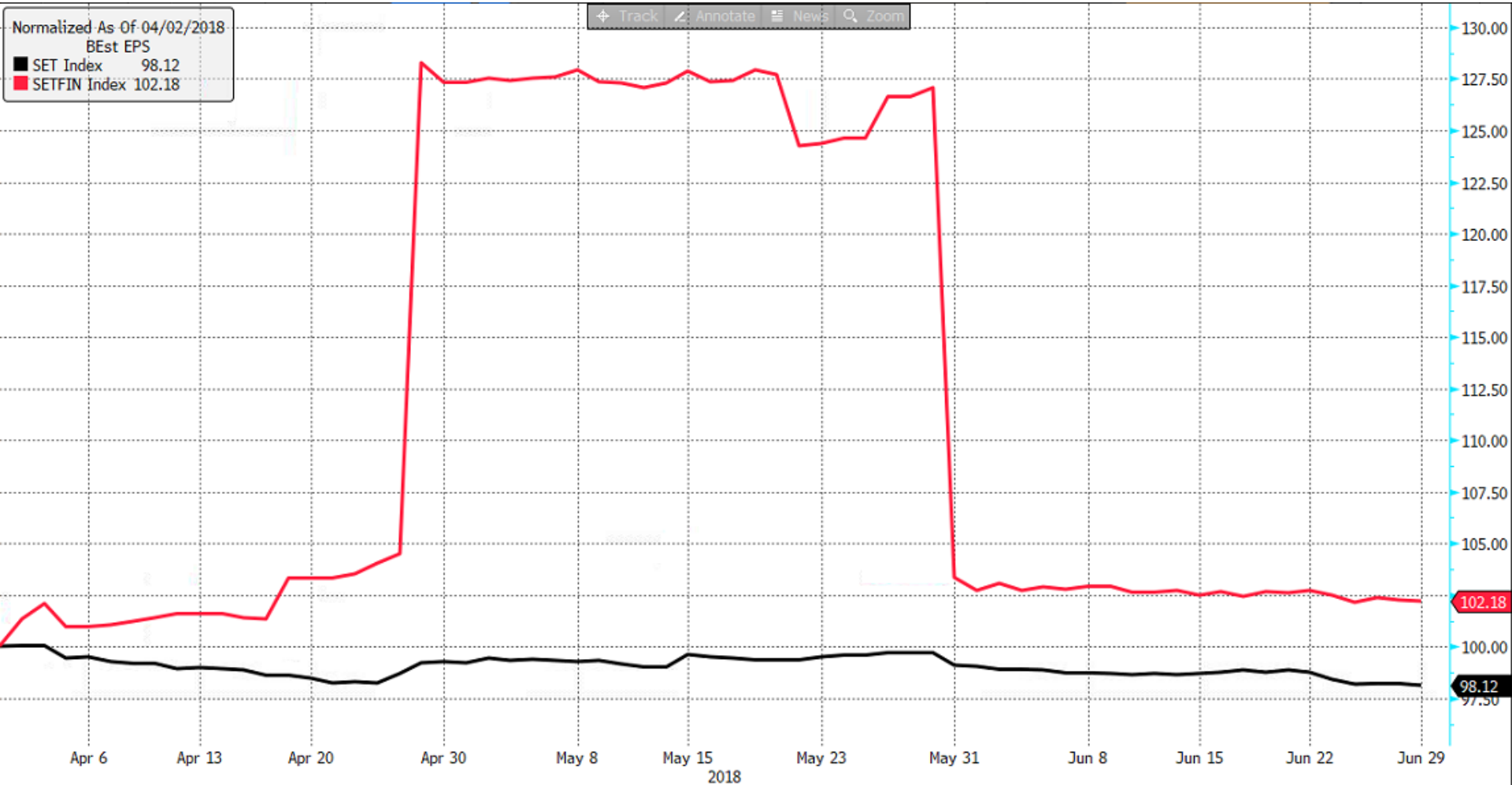
SETFIN relative PBV to SET is already close to -2S.D.

Note: Data as of 15 September 2022

Source: Bloomberg

It looks like SETFIN EPS has already found a bottom

Note: Data as of 15 September 2022

Source: Bloomberg
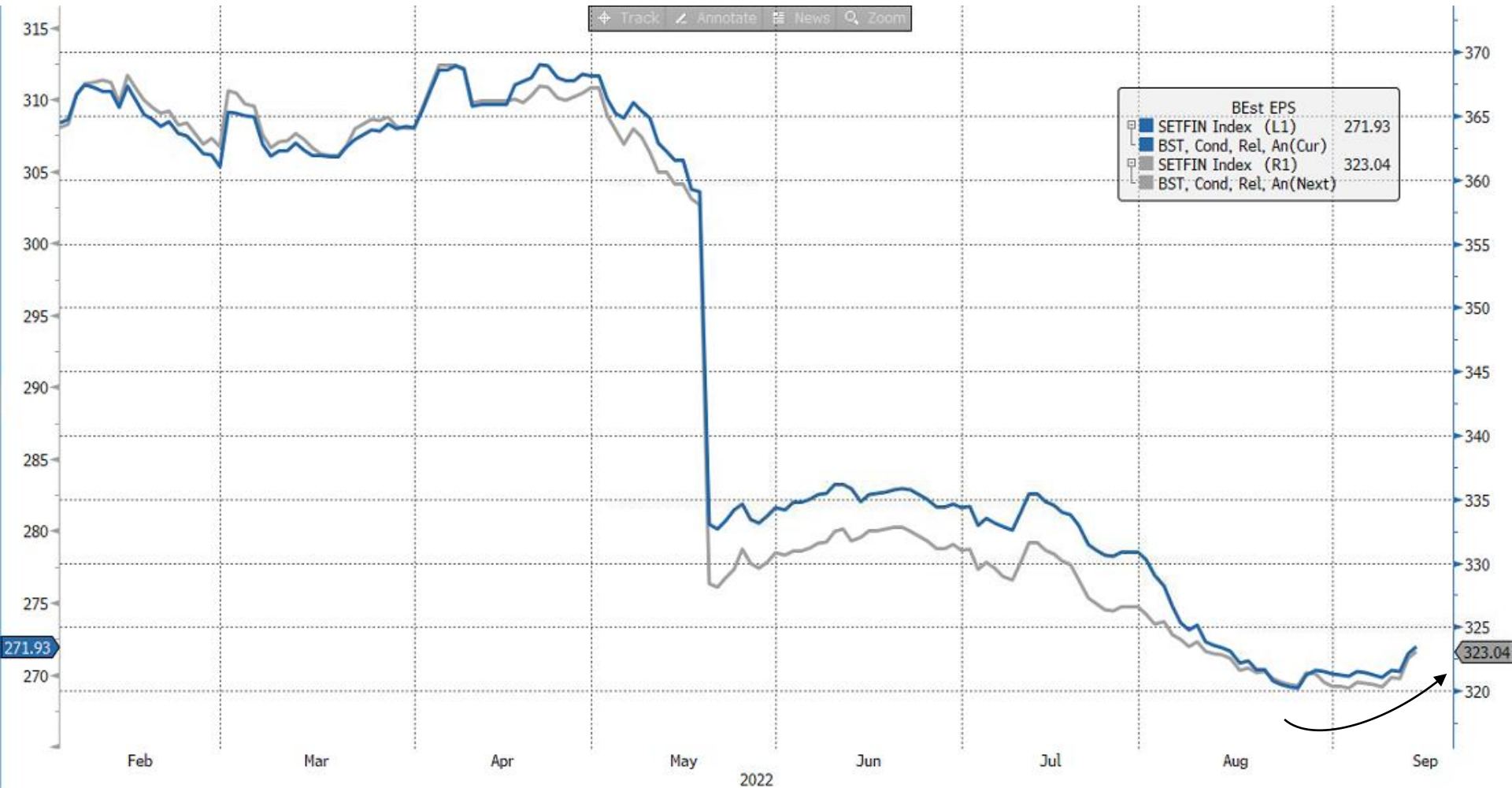
SET50/SET100 Predictions

Why does 'turnover ratio' really matter?

- The main reason why SET is so concern with the liquidity criteria this time is because the old criteria would leave out some large caps from the SET50 even if we use a 2.5% turnover ratio cutoff which is the lowest level ever been reached. **INTUCH is the clear example.**

- A 2% tunrvover cutoff would definitely bring back **DELTA** into SET50/SET100 calculations, unless the stock is subjected to Market Surveillance Measure List which will automatically exclude its data in that particular month from calculations.

- In fact if we use the old rule, it is also highly possible that DELTA will be included in the SET50/SET100, as we will likely end up with 2.5% turnover cutoff. Prepare for a fun ride!

Source: Trinity Research

Expect the SET to announce a decision on 'Liquidity criteria' during end-October till beginning-November

Source: SET

Major stocks on bubble list (2.5% cutoff is expected)

		Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
AOT	% Turnover	3.4	3.7	3.9	4.9	3.4	4.3	3.5	2.4	3.8	1.1
	% Turnover (Qualified at 3.0%)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
	% Turnover (Qualified at 2.5%)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
GULF	% Turnover	4.0	7.0	4.6	5.6	2.4	3.3	3.2	2.0	3.2	3.0
	% Turnover (Qualified at 3.0%)	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	No
	% Turnover (Qualified at 2.5%)	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes
OR	% Turnover	2.9	4.2	5.1	4.1	2.7	5.5	4.5	1.8	3.4	1.5
	% Turnover (Qualified at 3.0%)	No	Yes	Yes	Yes	No	Yes	Yes	No	Yes	No
	% Turnover (Qualified at 2.5%)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
SCGP	% Turnover	5.7	6.3	3.7	9.9	2.4	3.3	4.9	3.5	4.7	1.6
	% Turnover (Qualified at 3.0%)	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No
	% Turnover (Qualified at 2.5%)	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No
INTUCH	% Turnover	4.2	3.2	3.9	3.2	2.9	3.7	2.9	3.1	2.2	1.3
	% Turnover (Qualified at 3.0%)	Yes	Yes	Yes	Yes	No	Yes	No	Yes	No	No
	% Turnover (Qualified at 2.5%)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
AWC	% Turnover	3.1	4.9	4.3	3.2	1.9	2.6	2.2	2.7	3.4	1.4
	% Turnover (Qualified at 3.0%)	Yes	Yes	Yes	Yes	No	No	No	No	Yes	No
	% Turnover (Qualified at 2.5%)	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes	No

Note: Data as of 14 September 2022
Source: Trinity Research

Potential inclusions

		Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
RATCH	Trading value (THB, m)	2,933	2,211	3,320	3,913	2,408	5,319	6,590	4,040	7,737	4059.73
	% Turnover	4.6	3.4	5.0	6.1	3.7	9.1	10.7	4.9	8.6	4.3
	Trading value (Qualified at 50%)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	% Turnover (Qualified at 2.5%)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Market Surveillance (Passed)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Conclusion	100% confidence that the stock will be included in SET50 next period									
COM7	Trading value (THB, m)	9,024	10,162	11,822	17,928	5,603	10,338	13,104	11,534	14,263	6096.91
	% Turnover	9.4	10.6	12.6	26.8	11.0	12.8	16.8	16.8	17.7	7.49
	Trading value (Qualified at 50%)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	% Turnover (Qualified at 2.5%)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Market Surveillance (Passed)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Conclusion	100% confidence that the stock will be included in SET50 next period									
DELTA	Trading value (THB, m)	23,133	13,742	15,809	15,607	8,626	8,535	9,970	15,340	54,144	28588.14
	% Turnover	4.4	2.8	3.2	3.5	1.9	2.0	2.5	3.2	8.0	3.85
	Trading value (Qualified at 50%)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	% Turnover (Qualified at 2.5%)	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes
	Market Surveillance (Passed)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Conclusion	Likely to be included in SET50 & SET100 if turnover ratio criteria reduced to 2% minimum									
BJC	Trading value (THB, m)	7,467	3,920	4,071	5,689	2,428	4,423	2,913	1,593	1,514	1288.82
	% Turnover	6.0	3.2	3.1	4.0	1.7	3.1	2.1	1.3	1.1	0.93
	Trading value (Qualified at 50%)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	% Turnover (Qualified at 2.5%)	Yes	Yes	Yes	Yes	No	Yes	No	No	No	No
	Market Surveillance (Passed)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Conclusion	Will be included in SET50 & SET100 if turnover ratio criteria reduced to 2% BUT its turnover needs to be above 2% for September - November									

SET50 Index prediction using old criteria

(Current member)	Avg. daily market cap (Bt)	Free float (%)	No. of months trading above 50% of avg. market trading value	No. of months trading above 2.5% turnover ratio		(Potential member)	Avg. daily market cap (Bt)	Free float (%)	No. of months trading above 50% of avg. market trading value	No. of months trading above 2.5% turnover ratio
PTT	1,055,045,673,984	48.9	10	9		PTT	1,055,045,673,984	48.9	10	9
AOT	1,030,356,112,500	30.0	10	8		AOT	1,030,356,112,500	30.0	10	8
PTTEP	660,010,072,750	34.7	10	9		PTTEP	660,010,072,750	34.7	10	9
GULF	613,790,409,270	26.2	10	7		DELTA	647,391,057,666	22.4	10	7
ADVANC	570,304,716,878	36.2	10	9		GULF	613,790,409,270	26.2	10	7
CPALL	538,986,080,880	57.8	10	9		ADVANC	570,304,716,878	36.2	10	9
BDMS	462,854,555,192	68.3	10	9		CPALL	538,986,080,880	57.8	10	9
SCC	427,800,000,000	66.2	10	9		BDMS	462,854,555,192	68.3	10	9
SCB	371,644,466,692	76.4	10	9		SCC	427,800,000,000	66.2	10	9
KBANK	360,137,794,136	79.9	10	9		SCB	371,644,466,692	76.4	10	9
OR	321,000,000,000	23.7	10	8		KBANK	360,137,794,136	79.9	10	9
EA	314,019,375,000	39.8	10	9		OR	321,000,000,000	23.7	10	8
CPN	309,952,500,000	65.7	10	9		EA	314,019,375,000	39.8	10	9
BBL	261,272,871,116	98.6	10	9		CPN	309,952,500,000	65.7	10	9
CRC	242,370,812,500	53.1	10	9		BBL	261,272,871,116	98.6	10	9
SCGP	235,037,380,950	26.2	10	8		CRC	242,370,812,500	53.1	10	9
KTB	233,400,222,875	44.9	10	9		SCGP	235,037,380,950	26.2	10	8
INTUCH	232,484,857,163	36.3	10	8		KTB	233,400,222,875	44.9	10	9
IVL	231,249,356,711	35.1	10	9		INTUCH	232,484,857,163	36.3	10	8
CPF	220,663,086,116	45.7	10	9		IVL	231,249,356,711	35.1	10	9
PTTGC	204,025,422,544	54.8	10	9		CPF	220,663,086,116	45.7	10	9
GPSC	188,569,401,418	24.8	10	9		PTTGC	204,025,422,544	54.8	10	9
HMPRO	181,486,532,745	40.9	10	9		GPSC	188,569,401,418	24.8	10	9
AWC	178,004,287,019	25.0	10	7		HMPRO	181,486,532,745	40.9	10	9
BH	171,695,320,272	50.7	10	9		AWC	178,004,287,019	25.0	10	7

TRINITY

SET50 Index prediction using old criteria (Con't)

(Current member)	Avg. daily market cap (Bt)	Free float (%)	No. of months trading above 50% of avg. market trading value	No. of months trading above 2.5% turnover ratio		(Potential member)	Avg. daily market cap (Bt)	Free float (%)	No. of months trading above 50% of avg. market trading value	No. of months trading above 2.5% turnover ratio
MINT	166,162,136,931	61.3	10	9		BH	171,695,320,272	50.7	10	9
TRUE	152,325,811,549	31.8	10	9		MINT	166,162,136,931	61.3	10	9
KTC	152,282,856,009	40.7	10	9		TRUE	152,325,811,549	31.8	10	9
BEM	134,125,875,000	53.7	10	9		KTC	152,282,856,009	40.7	10	9
TTB	121,995,359,100	31.4	10	9		BEM	134,125,875,000	53.7	10	9
TOP	120,234,142,765	52.0	10	10		TTB	121,995,359,100	31.4	10	9
JMT	112,898,842,145	45.9	10	10		TOP	120,234,142,765	52.0	10	10
BTS	112,089,285,411	59.3	10	9		JMT	112,898,842,145	45.9	10	10
LH	104,261,247,461	64.8	10	9		BTS	112,089,285,411	59.3	10	9
DTAC	102,111,849,375	29.3	10	9		LH	104,261,247,461	64.8	10	9
CBG	99,750,000,000	28.7	10	9		DTAC	102,111,849,375	29.3	10	9
BANPU	95,909,590,624	90.2	10	10		CBG	99,750,000,000	28.7	10	9
EGCO	95,816,630,000	50.0	10	8		BANPU	95,909,590,624	90.2	10	10
BGRIM	94,825,987,500	31.3	10	9		EGCO	95,816,630,000	50.0	10	8
GLOBAL	92,793,562,365	32.0	10	9		RATCH	94,884,374,346	55.0	10	9
OSP	92,365,312,500	50.5	10	9		BGRIM	94,825,987,500	31.3	10	9
MTC	90,895,000,000	32.1	10	9		GLOBAL	92,793,562,365	32.0	10	9
TU	82,433,112,693	65.2	10	9		OSP	92,365,312,500	50.5	10	9
JMART	74,518,094,250	39.5	10	9		MTC	90,895,000,000	32.1	10	9
TISCO	74,309,921,978	77.4	10	9		TU	82,433,112,693	65.2	10	9
TIDLOR	70,549,743,780	44.5	10	9		COM7	81,449,941,118	50.0	10	10
IRPC	67,944,443,993	51.9	10	9		JMART	74,518,094,250	39.5	10	9
SAWAD	66,340,424,987	44.9	10	9		TISCO	74,309,921,978	77.4	10	9
KCE	60,494,825,664	59.0	10	10		TIDLOR	70,549,743,780	44.5	10	9
BLA	58,270,689,750	44.4	10	10		IRPC	67,944,443,993	51.9	10	9

MSCI Predictions

MSCI Thailand Standard Index prediction

	Market Cap (M)	Free Float %	Foreign free float (%)	Current status in Standard Index	Remark
PTT	1,055,046	49		in	
AOT	1,030,356	30		in	
PTTEP	660,010	35		in	
DELTA	647,391	22		in	
GULF	613,790	26		in	
ADVANC	570,305	36		in	
CPALL	538,986	58		in	
BDMS	462,855	68		in	
SCC	427,800	66		in	
SCB	371,644	76		in	
KBANK	360,138	80		in	
MAKRO	359,731	14			Not enough free float
OR	321,000	24		in	
EA	314,019	40		in	
CPN	309,953	66		in	
BBL	261,273	99			Limited NVDR room
CRC	242,371	53		in	
BAY	239,522	23	0.0		Not enough foreign free float
SCGP	235,037	26		in	
KTB	233,400	45		in	
INTUCH	232,485	36		in	
IVL	231,249	35		in	
CPF	220,663	46		in	
PTTGC	204,025	55		in	
GPSC	188,569	25		in	
HMPRO	181,487	41		in	
TLI	178,620	22	20.6		Possible inclusion for November 2022

Note: Data as of 16 September 2022
Source: Trinity Research

MSCI Thailand Standard Index prediction (Con't)

|	Market Cap (M)	Free Float %	Foreign free float (%)	Current status in Standard Index	Remark
AWC	178,004	25		in	
BH	171,695	51		in	
MINT	166,162	61		in	
TRUE	152,326	32		in	
KTC	152,283	41		in	
DIF	144,325	76			Infrastructure fund
BJC	134,762	26		in	
BEM	134,126	54		in	
TTB	121,995	31	21.8		Possible inclusion for November 2022
TOP	120,234	52		in	
JMT	112,899	46		in	
BTS	112,089	59		in	
LH	104,261	65		in	
DTAC	102,112	29	0.1		Not enough foreign free float
CBG	99,750	29		in	
BANPU	95,910	90	29.9		Possible inclusion for November 2022
EGCO	95,817	50		in	
RATCH	94,884	55		in	
BGRIM	94,826	31		in	
GLOBAL	92,794	32			
OSP	92,365	50		in	
MTC	90,895	32		in	
TU	82,433	65		in	
COM7	81,450	50			
JMART	74,518	40			
TISCO	74,310	77			
TIDLOR	70,550	45			

Note: Data as of 16 September 2022
Source: Trinity Research

Thailand water situation:
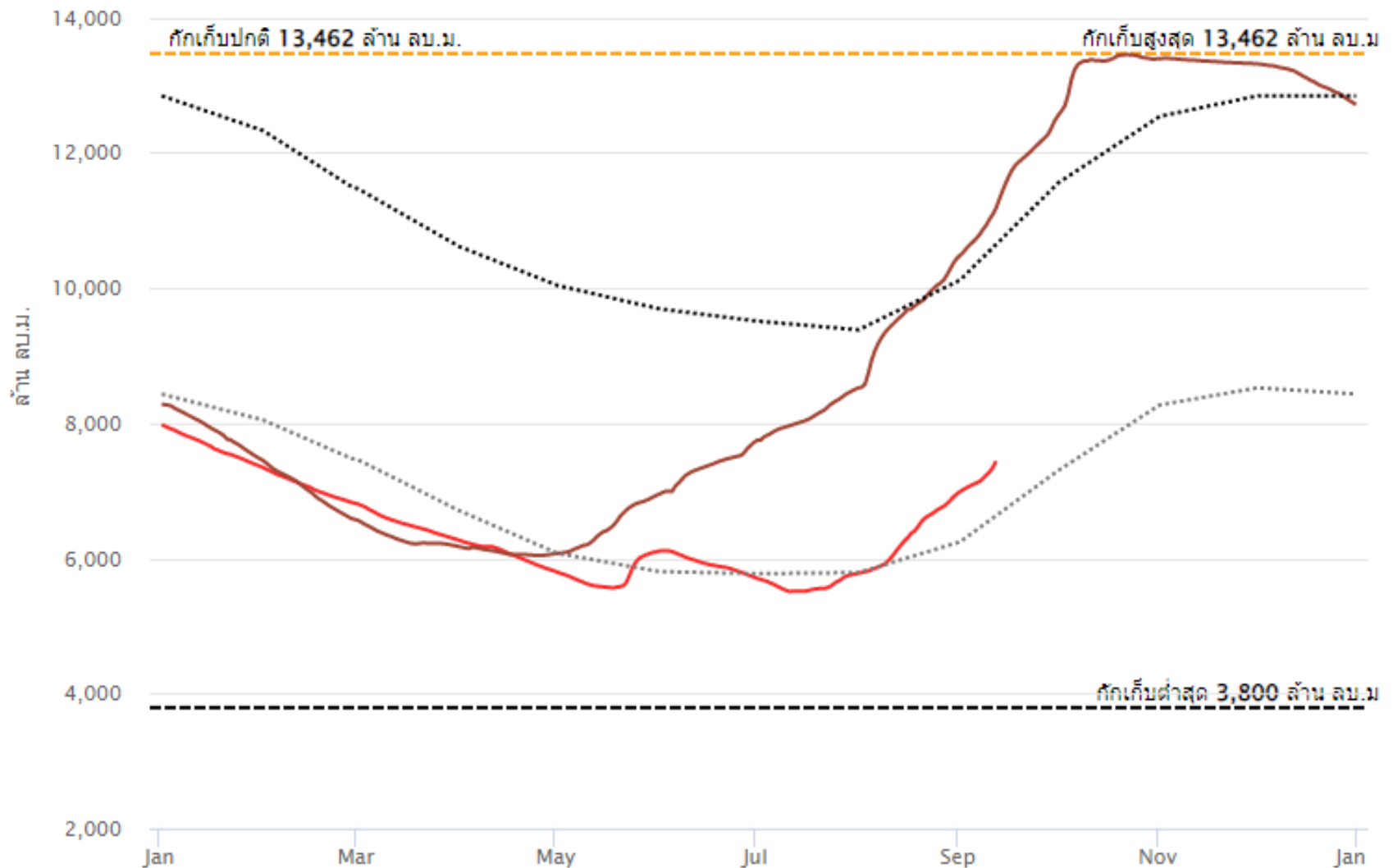
Not nearing crisis level

Situation not yet a concern

- Current episode of rains and floods in Thailand will not make much of a trouble like in 2011. Current water in major dams was still far off when compared to that year. As a result we do not expect significant negative impact on the economy.

- 4 sectors that performed worst during 2011 flood crisis are agricultural and manufacturing sectors namely **AGRI / IE / PETRO / ETRON.** We recommend not short-selling these stocks based purely on flood reason.

- **Also, we recommend not speculative buy on 'Flood beneficiaries' theme such as the following sectors: Construction material / Building material / Home repairment**
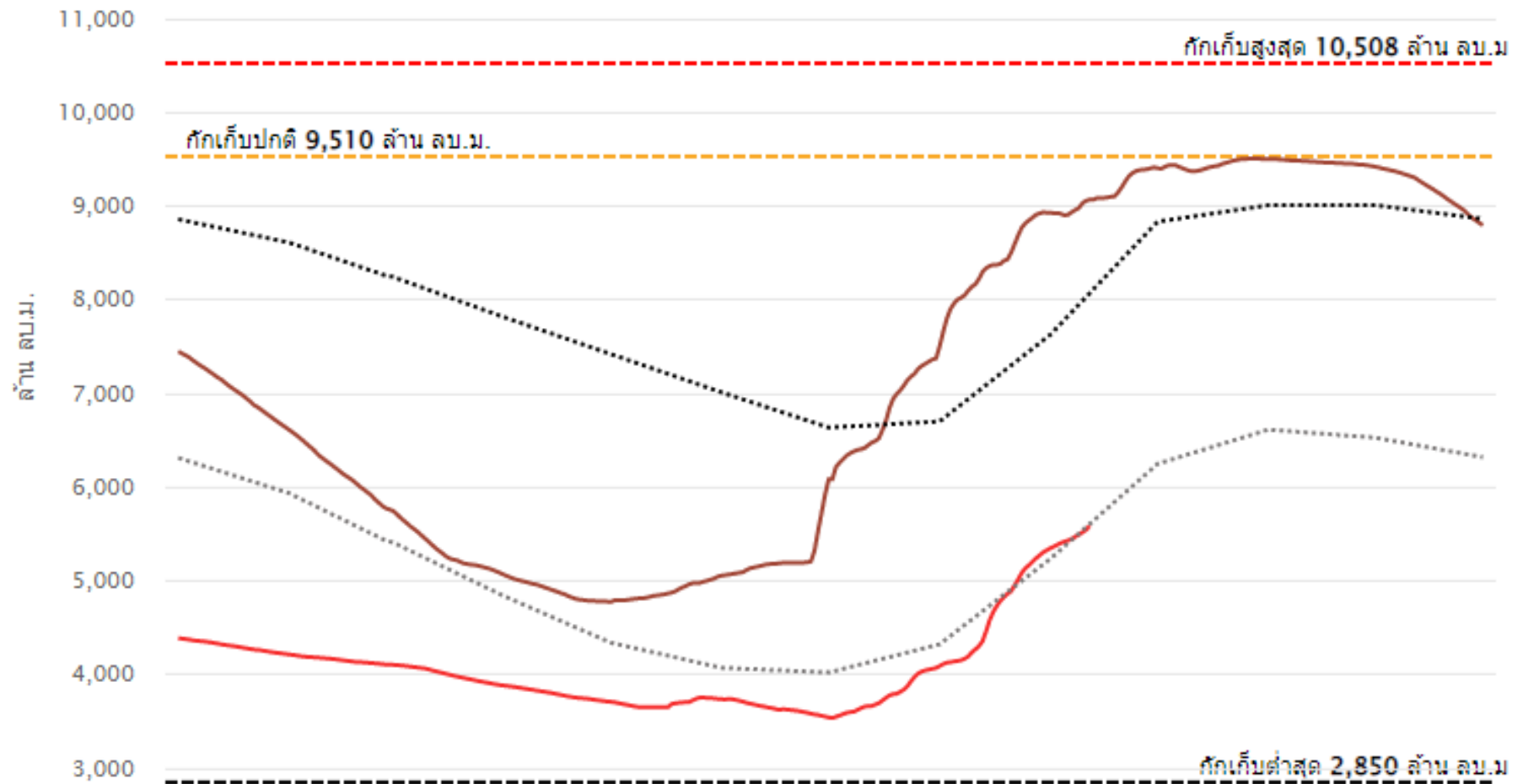
Source: Trinity Research

Srinakarin dam (2022: Red / 2011: Brown)

Data as of 7 September 2022
Source: Thaiwater.net
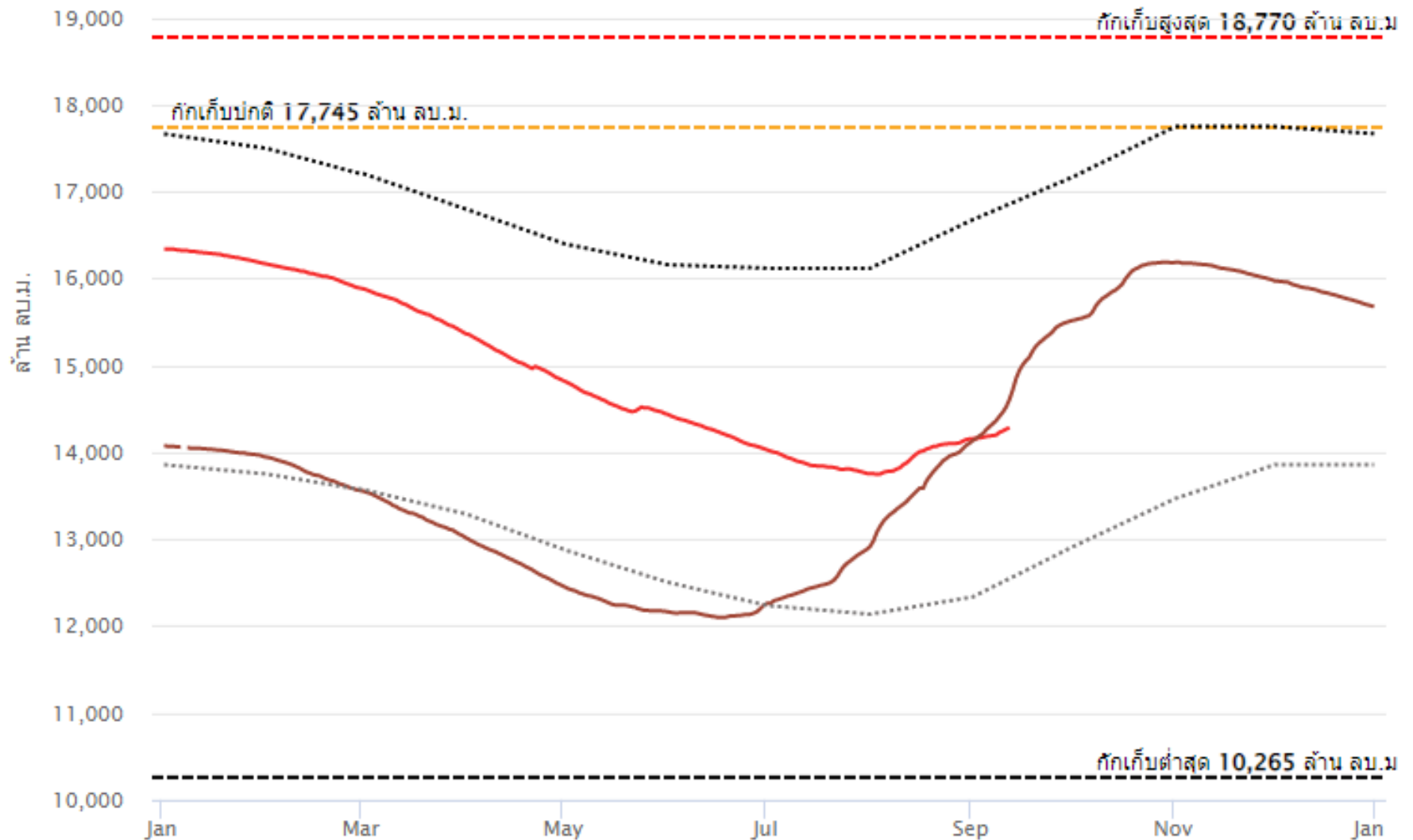
Bhumibol dam (2022: Red / 2011: Brown)

Data as of 7 September 2022

Source: Thaiwater.net

Sirikit dam (2022: Red / 2011: Brown)
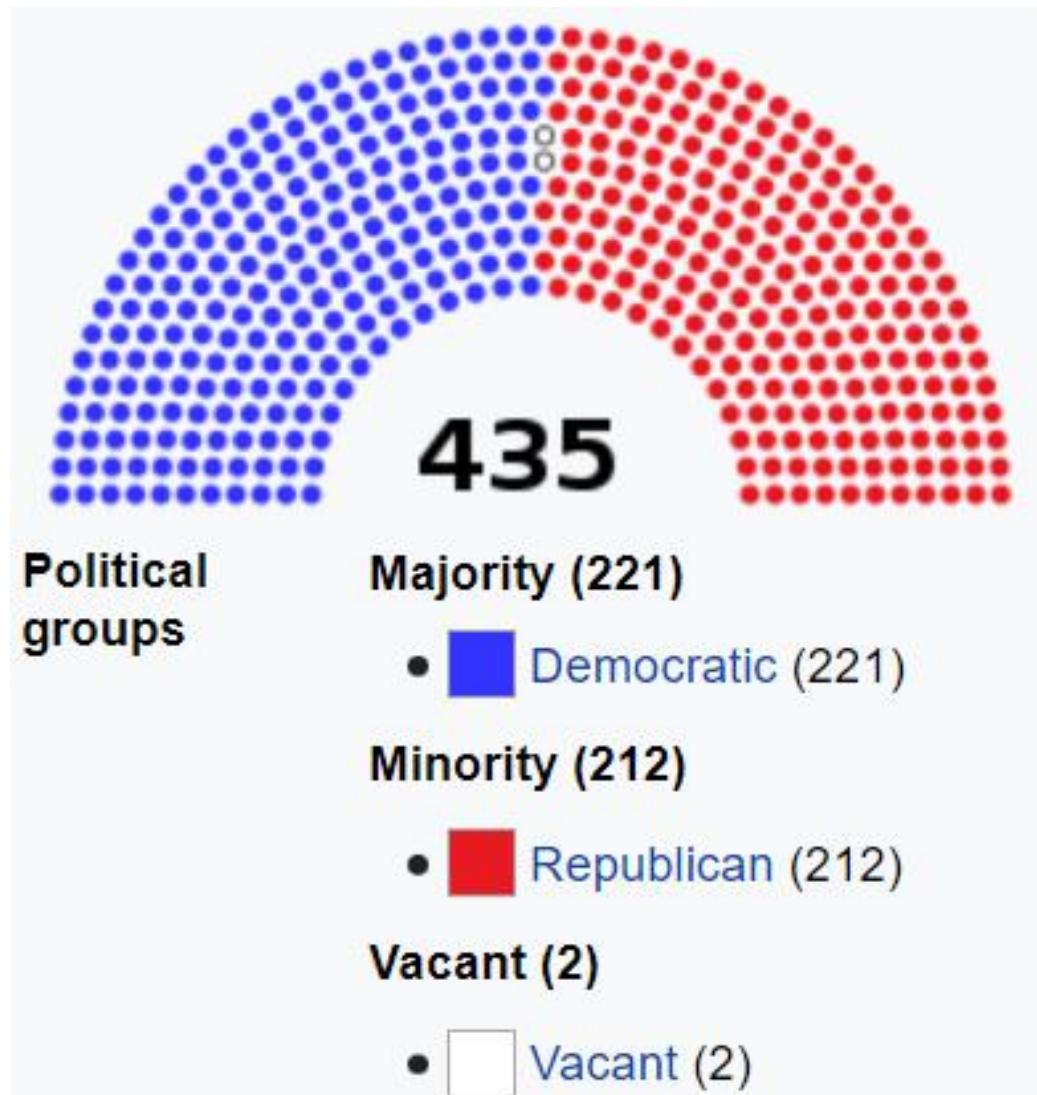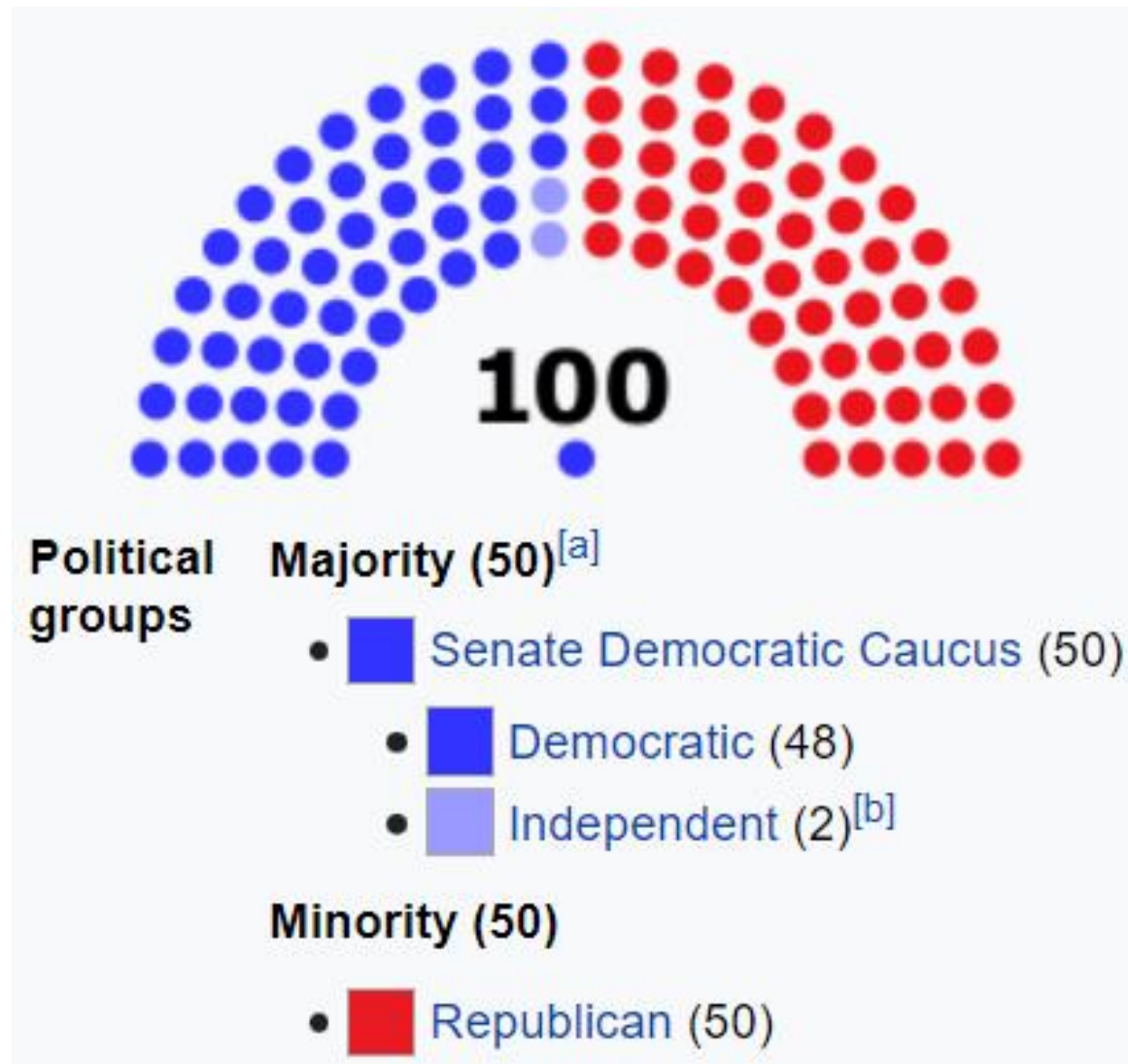
Data as of 7 September 2022
Source: Thaiwater.net

U.S. Mid-term election:
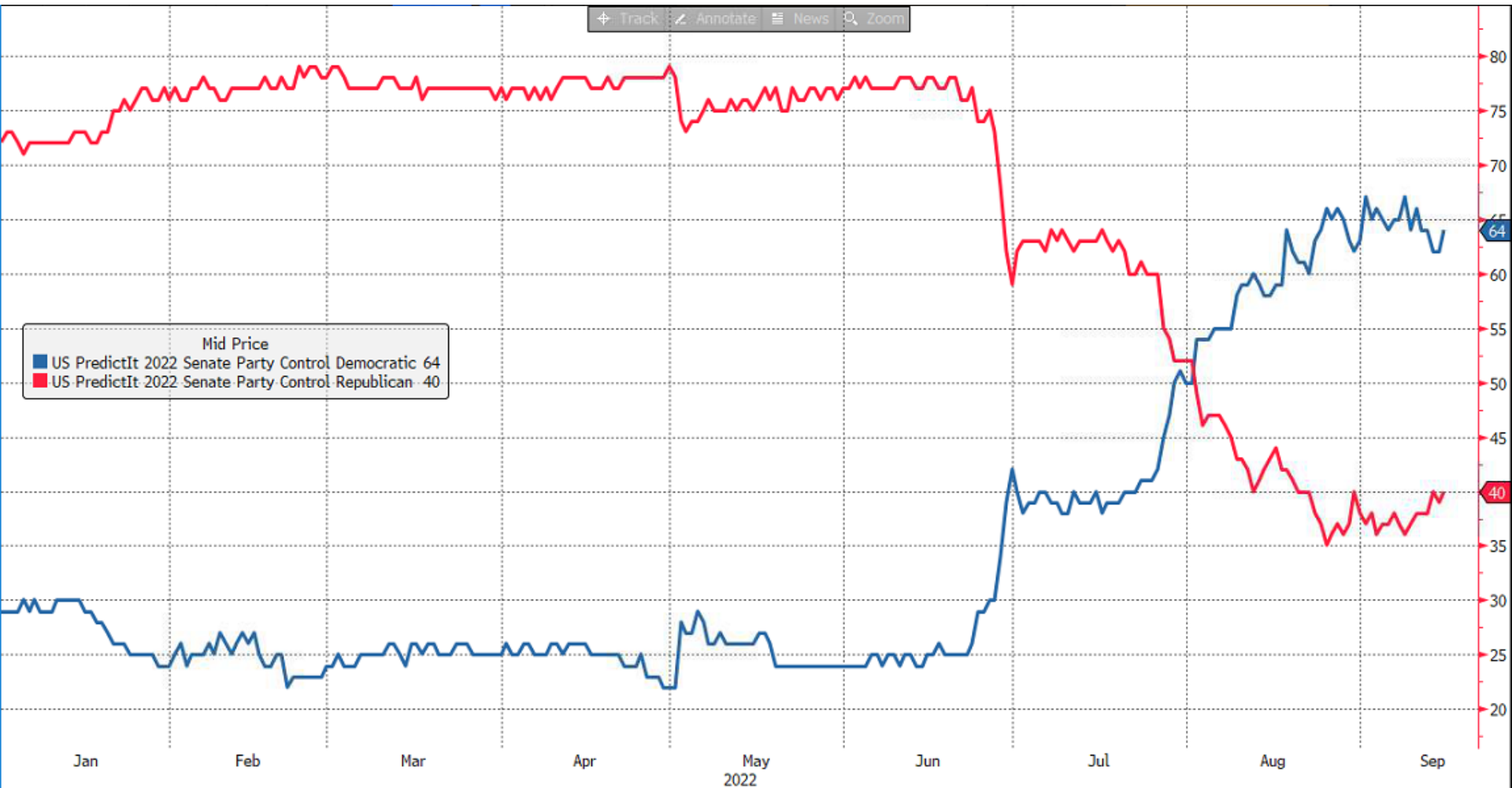
A turning point for U.S. equity?

Current composition in U.S. House of Representatives (All 435 seats will be contested in 2022)

Source: Wikipedia

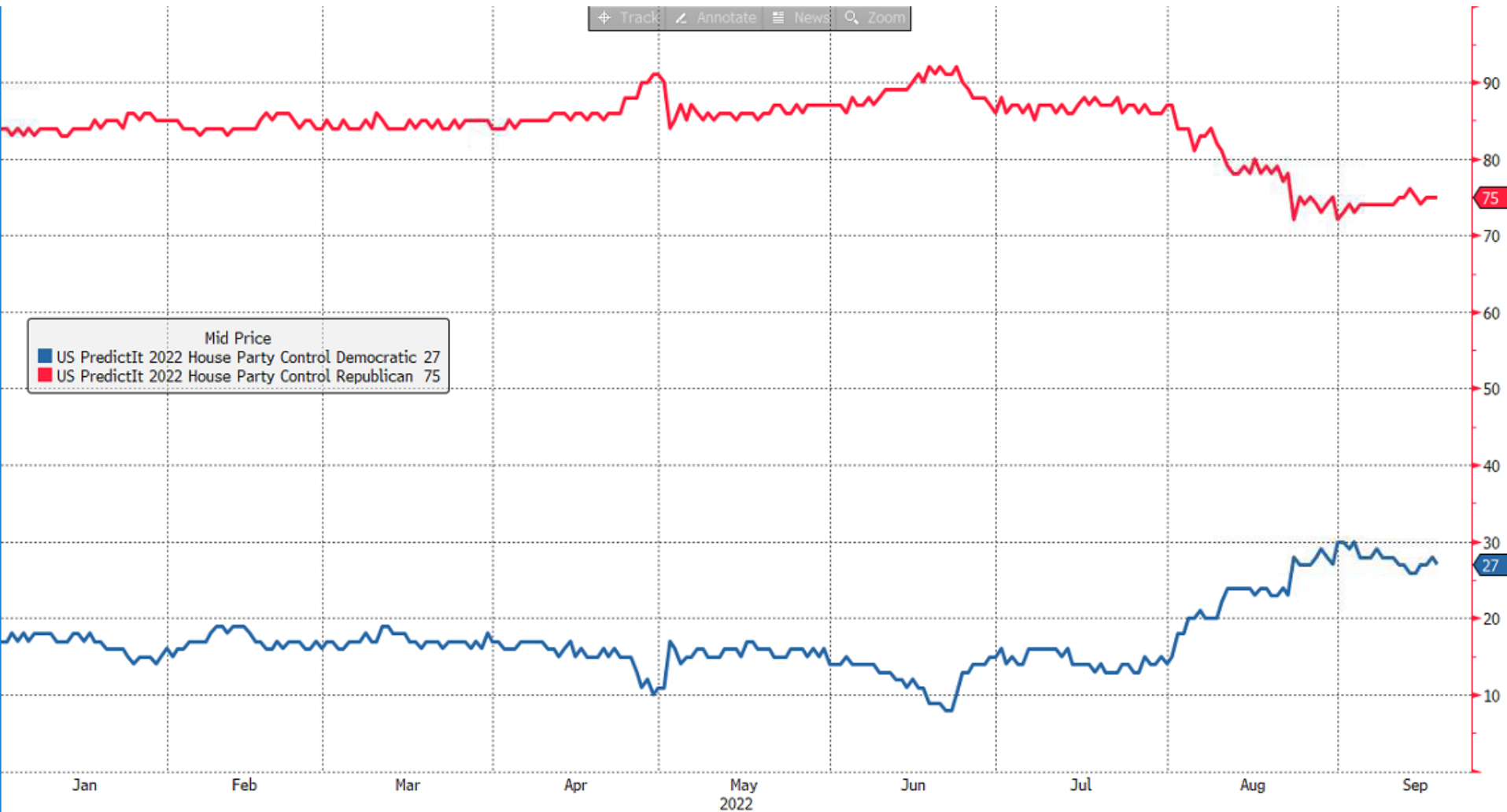# Current composition in U.S. Senate (34 seats will be contested in 2022)

Source: Wikipedia

Though Democrat looks likely to control the Senate after 2022 midterms …

Mid Price
- US PredictIt 2022 Senate Party Control Democratic 64
- US PredictIt 2022 Senate Party Control Republican 40

Note: Data as of 16 September 2022
Source: Bloomberg

GoP could take the House – which may push Biden away from a driver's seat

Mid Price
- US PredictIt 2022 House Party Control Democratic 27
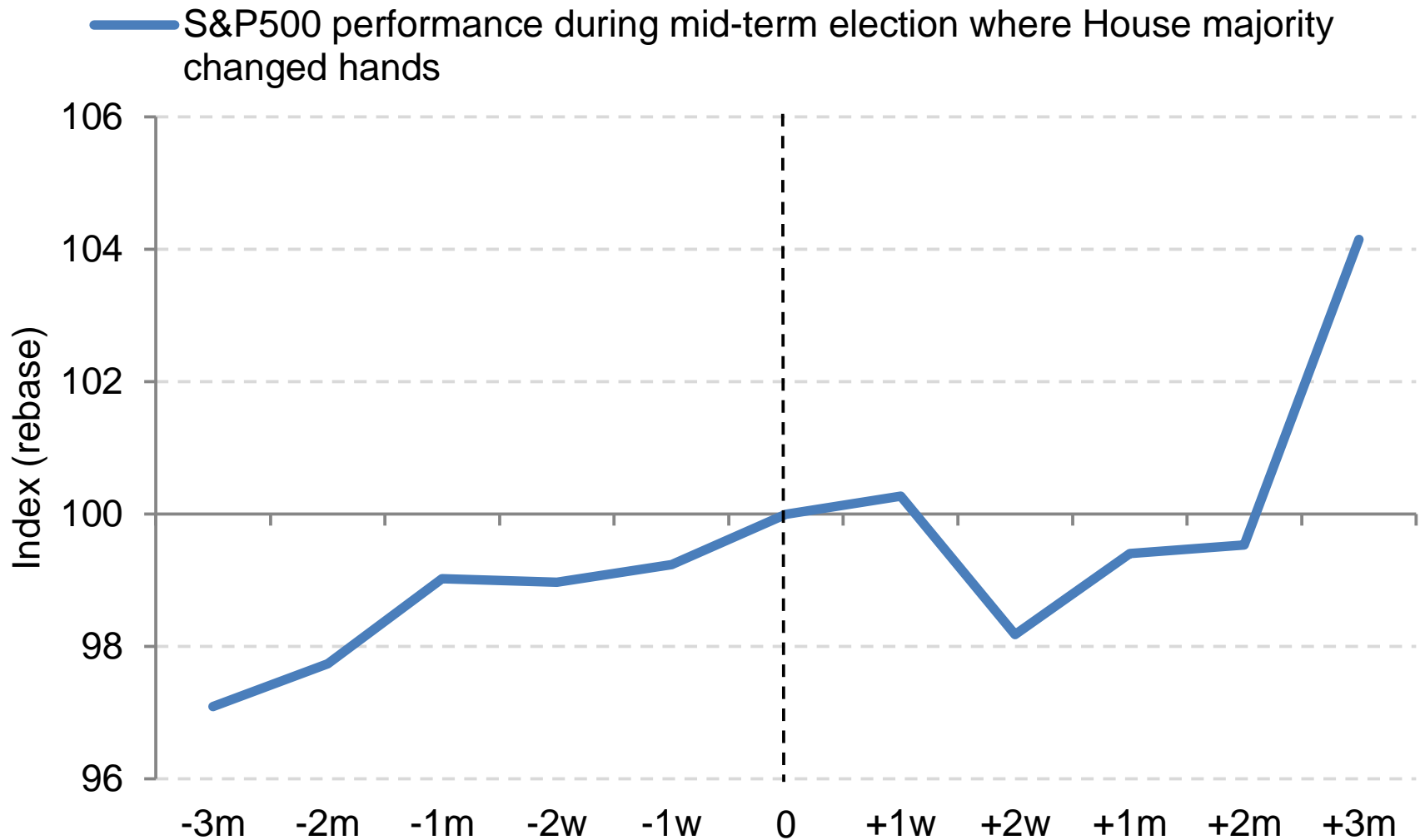- US PredictIt 2022 House Party Control Republican 75

Note: Data as of 16 September 2022

Source: Bloomberg

Mid-term elections where House majority changed hands (Since 1900)

Year	Presidential term	House majority shift from	Note
1910	Taft 1st term	R to D	
1946	Truman 1st term	D to R	
1954	Eisenhower 1st term	R to D	
1994	Clinton 1st term	D to R	Senate majority changed hands from D to R
2006	Bush 2nd term	R to D	No majority in Senate though Democrat gaining seats
2010	Obama 1st term	D to R	Democrat retained Senate majority though losing seats
2018	Trump 1st term	R to D	R retained senate majority and gaining seats

U.S. equities tends to react well when House majority changes hands

S&P500 performance during mid-term election where House majority changed hands

Note: Data as of 2020 Mid-term election
Source: Trinity Research

SET tends to perform poorly after House majority changed hands

SET performance during mid-term election where House majority changed hands

Note: Data as of 2020 Mid-term election

Source: Trinity Research