

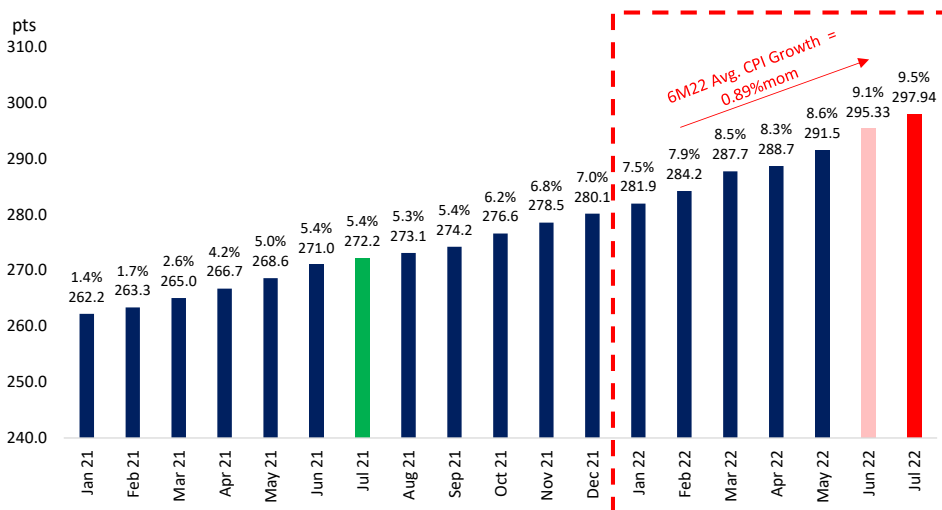
July 14, 2022

### ONGOING ISSUES HURT SET INDEX

U.S. inflation rate in June was 9.1% (versus 8.8% expected), raising interest rate hike concern again. U.S. interest rate is projected to be hiked by 0.75-1% at the Fed meeting on July 27. SET Index will face negative sentiment as U.S. stock markets fall while THB weakens further and triggers fund outflow. Considering Thailand's CPI that rose 0.92%mom on average, the inflation rate is expected to rise to 8.8% in July and 10% in August. Thus, the MPC is expected to raise the interest rate at the three remaining meetings in 2022.

SET Index is expected to drop around 1,530-1,560 pts. We buy GPSC while hold 10% in cash. Top picks are CPF, GPSC, and OSP.

### U.S. CPI



Source: Bloomberg / ASPS Research

### SUPPORT & RESISTANCE

**SUPPORT** 1,530

**RESISTANCE** 1,560

### TOP PICKS

CPF FV@B 32.00

GPSC FV@B 82.50

OSP FV@B 37.00

### PORTFOLIO

IN: →

OUT: →

GPSC +10%

CASH -10%

Stocks	Start Date	Weight	Return	Cost	Price	Fair Value
KBANK	08 Jul	10%	▼ -0.3%	147.00	146.50	174.00
CPF	16 Jun	10%	▼ -1.0%	26.25	26.00	32.00
OSP	15 Jun	10%	▲ 1.5%	34.00	34.50	37.00
TRPL	27 Jun	5%	▼ -1.9%	1.54	1.51	2.39
TRUE	04 Jul	10%	▲ 0.4%	4.64	4.66	5.70
BLA	07 Jul	10%	▲ 1.9%	38.50	39.25	52.00
CRC	20 Jun	15%	▲ 1.2%	34.58	35.00	44.75
SPAU	12 Jul	10%	▼ -0.5%	19.00	18.90	26.90
CASH	20 Apr	20%	0.0%	N.A.	N.A.	N.A.

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### U.S. JUN CPI UP 9.1%. THAI, U.S. OCT CPIS MAY RISE 10%

U.S. consumer price index (CPI) in June increased 9.1%yoy, the highest in 40 years, higher than 8.6%yoy in May and 8.8%yoy expected. Core CPI (excluding food and energy) rose 5.9%yoy, down from 6.0%yoy but higher than 5.8%yoy expected.

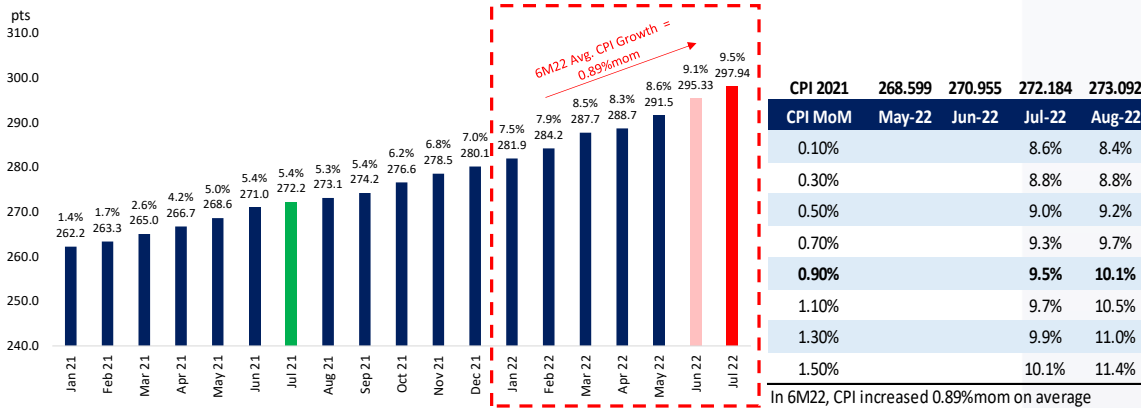
#### U.S. JUN CPI UP 9.1%YOY

United States		Browse	20:39:29	07/13/22	07/20/22					
Economic Releases		Prices	View Agenda Weekly							
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	07/13 19:30				CPI MoM	Jun	1.1%	1.3%	1.0%	--
22)	07/13 19:30				CPI Ex Food and Energy MoM	Jun	0.5%	0.7%	0.6%	--
23)	07/13 19:30				CPI YoY	Jun	8.8%	9.1%	8.6%	--
24)	07/13 19:30				CPI Ex Food and Energy YoY	Jun	5.7%	5.9%	6.0%	--

Source: Bloomberg / ASPS Research

Assuming that CPI rises further by 0.89%mom (6M22 average), CPI in July 2022 is expected at 297.94, an increase of 9.5%yoy from 272.2 in July 2021; CPI in August 2022 is projected to rise 10.1%yoy.

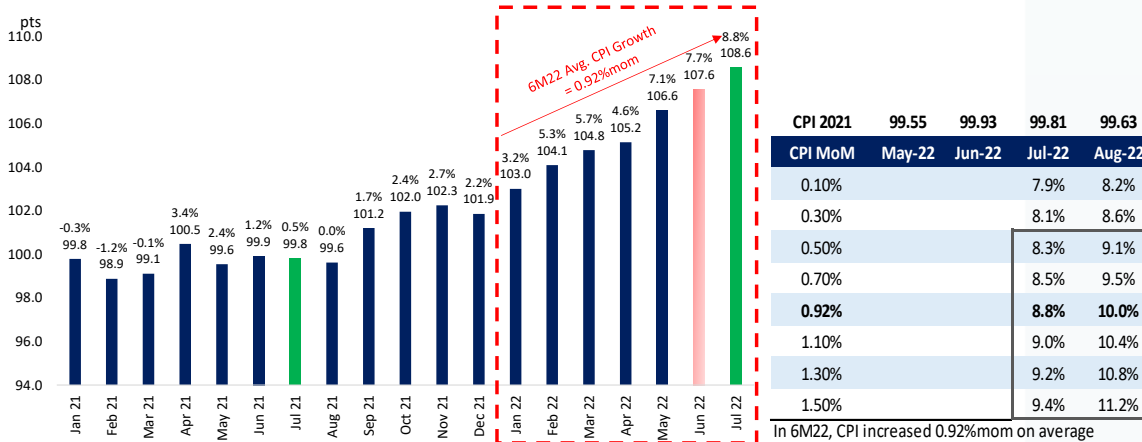
#### U.S. INFLATION RATE PROJECTION IN JUL



Source: Bloomberg / ASPS Research

Similarly, Thailand's CPI is projected to increase sharply from a very low base in the same period last year, rising 8.8%yoy in July 2022 (from 99.8) and jumping 10.0%yoy in August 2022 (from 99.6).

### THAILAND'S INFLATION RATE PROJECTION IN JUL



Source: Bloomberg / ASPS Research

CPIs of the US and Thailand may rise further, pressuring the economy and market earnings, so down revision is likely. Fed may hike the interest rate faster, which will strengthen USD while weaken THB further; foreign fund inflow will slow down due to higher risk of Fx loss.

Inflation rates of the US and Thailand are expected to make new highs, weakening the economy and market earnings and causing fluctuation in risky assets. SET Index today is expected around 1,530-1,560 pts.

### U.S. RATE HIKES HURT FUND FLOW. SET INDEX BELOW 1,570 GOOD FOR LONG-TERM INVESTMENT

U.S. inflation rate in June was 9.1%yoy (higher than 8.8% expected), raising concern that Fed may hike the interest rate faster. CME Group's Fed Watch Tool sees 78% probability that U.S. interest rate will be hiked by 1% at the late-July meeting (up from 0.75% hike initially expected).

### FED WATCH TOOL

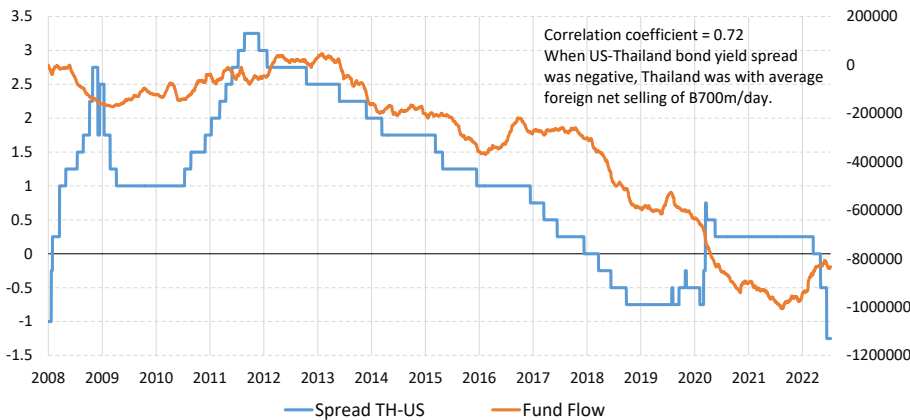
MEETING DATE	MEETING PROBABILITIES								
	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
7/27/2022	22.0%	<b>78.0%</b>	0.0%						
9/21/2022	0.0%	0.0%	2.6%	28.7%	68.6%	0.0%	0.0%	0.0%	
11/2/2022	0.0%	0.0%	0.0%	1.4%	16.4%	49.7%	32.5%	0.0%	0.0%
12/14/2022	0.0%	0.0%	0.0%	1.0%	12.1%	40.2%	37.4%	9.3%	0.0%

Source: CME Group Fed Watch Tool

USD Index strengthened to 108, while oil price plummeted more than 8%. THB weakened, so foreigners stop buying Thai stocks to avoid Fx loss.

Thailand's interest rate is now 1.25% lower than U.S. interest rate, which means Thai-US interest rate spread is -1.25%. If U.S. interest rate is hiked by 1%, Thai-US interest rate spread will widen to -2.25%. **Thai-US interest rate spread and foreign trading value in Thailand has 0.72 correlation; wider spread means higher foreign selling pressure.**

### THAI-US INTEREST RATE SPREAD VS FOREIGN TRADING VALUE

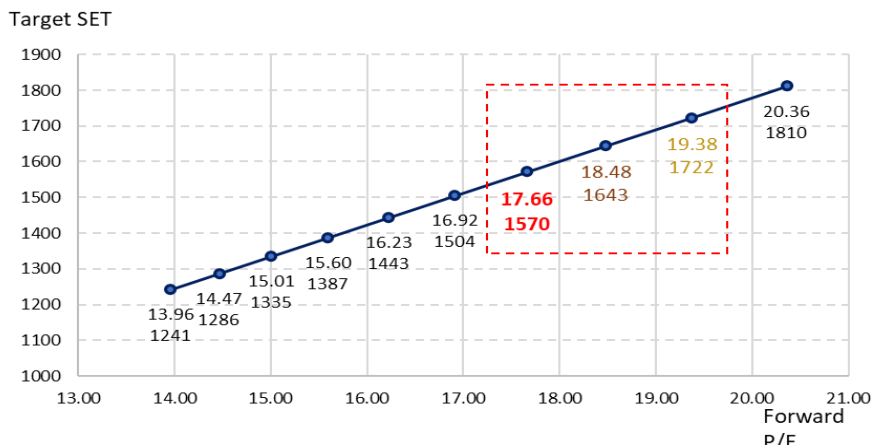


Source: Bloomberg / ASPS Research

The Bank of Thailand (BOT) states that fund outflow is still thin, while THB depreciation was mainly caused by USD appreciation, so Thailand's interest rate may be hiked slowly by 0.25% each (not 0.5%). We set end-2022 SET Index targets based on conservative assumptions and interest rate as follows:

- 1) Market earning yield gap of 4.4%, versus the ten-year average of 4.2%
- 2) 2022 EPS forecast of B88.9, lower than Bloomberg Consensus of B95
- 3) In case of interest rate hikes, we see SET Index target at 1,722 pts for one hike, 1,643 pts for two hikes, and 1,570 pts for three hikes.

### SET INDEX TARGET & FORWARD P/E RATIO



Source: ASPS Research

SET Index is volatile now. When SET Index is under 1,570 pts, it is advisable to accumulate for long-term investment. We recommend holding less in cash when SET Index is under 1,500-1,545 pts.

We recommend holding some in cash. Top picks are anti-commodity plays GPSC and OSP and CPF that benefits from weak THB.

### B5/LITER DIESEL EXCISE TAX 2 MORE MONTHS. PTT BOARD TO DONATE B1BN TO OIL FUND 3 MONTHS

On July 11, the Fuel Fund Executive Committee announced that diesel price will be capped at B34.94/liter since the B5/liter excise tax cut will be extended for two months, from July 20 to September 20, in order to reduce living cost burden; this cut is in line with a recent drop in oil price.

On July 11, the Board of Directors of PTT approved a contribution of B3bn (B1bn/month for three months) to the special oil funds to reduce living cost burden. B3bn contribution makes up only 2.5-3.0% on PTT's 2022 earnings forecast. Stocks affected by the government may face negative sentiment as intervention may happen any time. The government is negotiation with refinery firms on contribution to oil fund. Refineries are projected to donate money to the oil fund, similar to parent company PTT (probably concluded in July). Oil price and GRM are dropping from 2Q22. These issues have short-term negative sentiment on refinery plays.

### PRICE STRUCTURE OF PETROLEUM PRODUCT IN THAILAND

PRICE STRUCTURE OF PETROLEUM PRODUCT IN BANGKOK

12-Jul-22

UNIT:BAHT/LITRE	EX-REFIN. (AVG)	TAX B./LITRE	M. TAX B./LITRE	OIL FUND	CONSV. FUND	WHOLESALE PRICE(WS)	VAT	WS&VAT	MARKETING MARGIN	VAT	RETAIL
ULG	28.4939	6.5000	0.6500	7.1800	0.0050	42.8289	2.9980	45.8269	1.5262	0.1068	47.46
GASOHOL95 E10	27.6216	5.8500	0.5850	0.0900	0.0050	34.1516	2.3906	36.5422	3.2783	0.2295	40.05
GASOHOL91	27.1751	5.8500	0.5850	0.0900	0.0050	33.7051	2.3594	36.0645	3.4724	0.2431	39.78
GASOHOL95 E20	27.2207	5.2000	0.5200	-0.8200	0.0050	32.1257	2.2488	34.3745	4.2668	0.2987	38.94
GASOHOL95 E85	27.4760	0.9750	0.0975	-0.5300	0.0050	28.0235	1.9616	29.9852	4.1634	0.2914	34.44
H-DIESEL B7	33.5773	1.3400	0.1340	-3.8200	0.0050	31.2363	2.1865	33.4228	1.4179	0.0993	34.94
H-DIESEL	33.5773	1.3400	0.1340	-3.8200	0.0050	31.2363	2.1865	33.4228	1.4179	0.0993	34.94
H-DIESEL B20	33.5773	1.3400	0.1340	-3.8200	0.0050	31.2363	2.1865	33.4228	1.4179	0.0993	34.94
FO 600 (1) 2%\$	20.8303	0.6400	0.0640	0.0600	0.0050	21.5993	1.5120	23.1113			
FO 1500 (2) 2%\$	18.5057	0.6400	0.0640	0.0600	0.0050	19.2747	1.3492	20.6239			

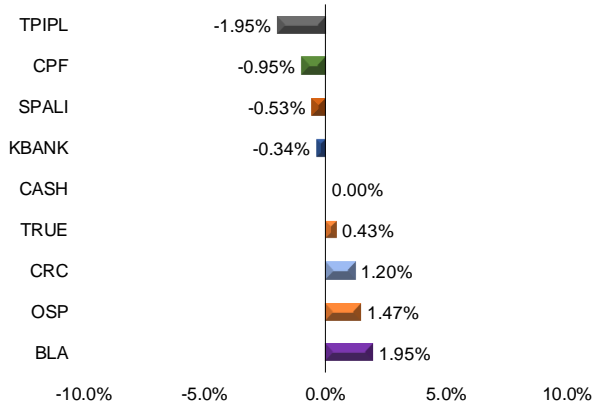
Source: ASPS Research

### MARKET TALK TOP PICKS

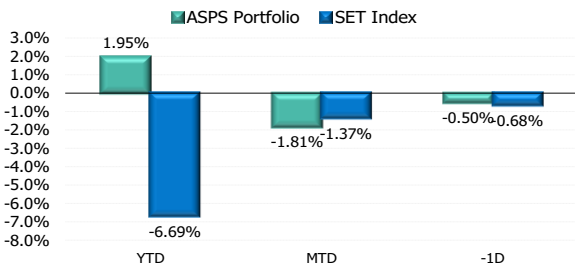
Stocks	Start Date	Weight	Accumulated Return	Price Avg. Cost	Price Last	Fair Value	PER 2022F	Dividend Yield	Cut Loss/ Stop Profit	Strategist Comment
KBANK	08 Jul	10%	-0.34%	147.00	146.50	174.00	8.30	2.73	137.00	KBANK's 2Q22 profit is expected to grow 3%qoq (net interest income is driven by loan growth) and 30%yoy (lower provision).
CPF	16 Jun	10%	-0.95%	26.25	26.00	32.00	13.82	2.50	24.75	Chicken and pork prices in Thailand are rising in 2Q22, boosting CPF's 2Q22 net profit.
OSP	15 Jun	10%	1.47%	34.00	34.50	37.00	28.27	3.18	29.75	OSP's 2Q22 profit is expected to grow qoq and yoy. Production is expected to improve after packaging ramp-up (lighter glass bottle).
TPIPL	27 Jun	5%	-1.95%	1.54	1.51	2.39	9.31	5.30	1.48	TPIPL's 2Q22 profit is expected to shine. Petrochemical business will shine longer as EVA-Ethylene spread jumps and THB weakens.
TRUE	04 Jul	10%	0.43%	4.64	4.66	5.70	NM	0.00	4.40	TRUE-DTAC merger is expected to enhance competitiveness, reduce overlapping cost, and strengthen financial position.
BLA	07 Jul	10%	1.95%	38.50	39.25	52.00	17.83	1.53	37.50	BLA's 2022 net profit is expected to grow 18%yoy as insurance business rebounds. 2Q22 net profit is projected to stay strong further from 1Q22.
CRC	20 Jun	15%	1.20%	34.58	35.00	44.75	31.97	0.00	33.00	CRC's 2Q22 profit is expected to grow yoy and possibly grow qoq, driven by same store sales (SSS) growth from all goods in Apr-May.
SPALI	12 Jul	10%	-0.53%	19.00	18.90	26.90	6.32	6.08	18.00	SPALI's 2Q22 profit is expected to rebound, driven by revenue from 1Q22 backlog and transfers of new low-rise projects in 2Q22.
CASH	20 Apr	20%	0.00%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	Cash

Last Tuesday we cut CASH by 10% and switched to SPALI by 10%  
Today we cut CASH by 10% and switch to GPSC

#### Accumulated returns since our recommendation

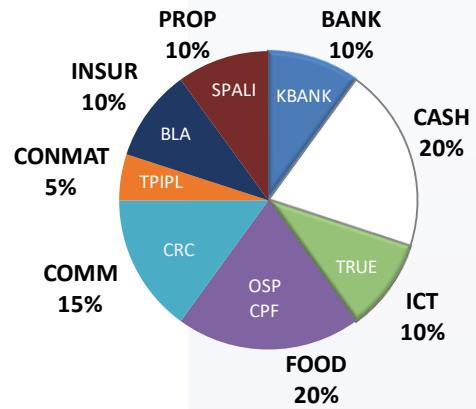


#### Accumulated returns



Source: ASPS Research

#### Stock Classification



#### Beta Portfolio



# STOCK CALENDAR

BY RESEARCH DIVISION

14 กรกฎาคม 2565

July 2022					
Monday	Tuesday	Wednesday	Thursday	Friday	
<p>11</p> <p>New list - Warrant  <b>EP-W4</b> 233.119m units, B1 par  <b>PORT-W3</b> 151.800m units, B0.50 par</p> <p>Par decrease  <b>BTSGIF</b> B9.492 par (from B9.554)</p> <p>XD  <b>STANLY</b> @B8.50</p> <p>XW                      ECL 1 existing: 1ECL-W4@B0</p> <p>New shares trading                      AQ 4,922 shrs (w)                      JKN 4,789,272shrs (pp)                      K 3,766,300 shrs (w)                      TRU 1,066,128 shrs (w)                      XPG 5,668,284 shrs (w)</p> <p>Conversion                      MILL-W4 1.434:1w @B1.534 (final)</p>	<p>12</p> <p>New list - Warrant  <b>CI-W2</b> 266.636m units, B1 par</p> <p>Delist  <b>MILL-W4</b></p> <p>Last trading day  <b>7UP-W4</b></p> <p>New shares trading                      BC 169,316 shrs (w)                      BIOTEC 55,161,525 shrs (w)                      DIMET 423,000,000 shrs (pp)                      TTB 7,112,826 shrs (w)                      UREKA 5,847,953 shrs (pp)</p> <p>Conversion                      SFLEX-W1 1:1w @B4.50</p>	<p>13</p> <p><b>PUBLIC HOLIDAY</b>                      (Asarnha Bucha Day)</p>	<p>14</p> <p>New list - Warrant  <b>NVD-W2</b> 86.287m units, B1 par  <b>NVD-W3</b> 86.287m units, B1 par</p> <p>XE                      7UP-W4 1:1w @B2.25 (final, "SP")</p> <p>New shares trading                      NINE 240,000,000 shrs (xr)                      SENA 3,484,518 shrs (w)                      SMT 187,600 shrs (w)                      STGT 1,918,500 shrs (w)                      XO 843,000 shrs (w)</p>	<p>15</p> <p>Par decrease  <b>TYCN</b> B7.50 par (from B10)</p> <p>Conversion                      PRG-W1 1.0278:1w @B4.8647                      PRG-W2 1:1w @B5.00</p>	
<p>18</p> <p>Par decreases  <b>CTARAF</b> B8.7601 par (from B8.8901)  <b>KPNPF</b> B9.8504 par (from B9.9124)</p> <p>Conversion                      PJW-W1 1:1w @B3.00                      TWZ-W6 1:1w @B0.10                      TWZ-W7 1:1w @B0.10</p>	<p>19</p> <p>Conversion                      GEL-W5 1:1w @B0.50</p>	<p>20</p> <p>Conversion                      BCPG-W1 1:1w @B8.00                      ECF-W4 1:1w @B2.00</p>	<p>21</p> <p>Last trading day  <b>ALL-W1</b></p>	<p>22</p>	
<p>25</p> <p>XE                      ALL-W1 2.20:1w @B1.2725 (final, "SP")</p>	<p>26</p> <p>XD                      VGI @B0.02</p>	<p>27</p> <p>Conversion                      CSC-P 1:1                      PIMO-W2 1:1w @B1.75                      SENAJ-W1 1:1w @B1.50</p>	<p>28</p> <p><b>PUBLIC HOLIDAY</b>                      (H.M. the King's Birthday)</p>	<p>29</p> <p><b>SPECIAL HOLIDAY</b></p>	

August 2022					
Monday	Tuesday	Wednesday	Thursday	Friday	
<p>1</p> <p>XD                      EPG @B0.19</p>	<p>2</p> <p>Last trading day  <b>PACE-W3</b></p> <p>XD                      BTS @B0.16                      BLAND @B0.03                      KYE @B8.55                      TMW @B0.90</p>	<p>3</p> <p>XE                      PACE-W3 1:1w @B0.25 (final, "SP")</p> <p>XW                      MACO 4 existing: 1MACO-W4 @free</p>	<p>4</p> <p>XD                      PTL @B0.34</p>	<p>5</p>	
<p>8</p> <p>Conversion                      7UP-W4 1:1w @B2.25 (final)</p>	<p>9</p> <p>Delist  <b>7UP-W4</b></p>	<p>10</p>	<p>11</p>	<p>12</p> <p><b>PUBLIC HOLIDAY</b>                      (H.M. Queen Sirikit The Queen Mother's Birthday)</p>	
<p>15</p>	<p>16</p> <p>Conversion                      ALL-W1 2.20:1w @B1.2725 (final)</p>	<p>17</p> <p>Delist  <b>ALL-W1</b></p> <p>XW                      BR 2 existing: 1BR-W1 @free</p>	<p>18</p>	<p>19</p>	
<p>22</p> <p>XW                      JP 2 existing: 1JP-W1 @free</p>	<p>23</p> <p>XW                      MBAX 3 existing: 1MBAX-W2 @free</p>	<p>24</p>	<p>25</p>	<p>26</p>	
<p>29</p> <p>Conversion                      PACE-W3 1:1w @B0.25 (final)</p>	<p>30</p> <p>Delist  <b>PACE-W3</b></p>	<p>31</p>			

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