27 July 2021

Market Strategy

Delta Hits Alpha In ASEAN

- **Indonesia.** We believe the rise in COVID-19 cases has been partially priced in by the market. There is a risk of the market declining if COVID-19 cases increase significantly. However, we estimate a shorter time for the JCI to recover. For near-term picks, we prefer defensive, high dividend yields, and USD-earner sectors, ie consumer staples, healthcare, telco, and coal. On a mid- to long-term perspective, we prefer value cyclical counters with strong growth, like banking, auto, retail, and building materials.
- **Malaysia.** While the road to recovery is still intact, more speed bumps are emerging, which necessitates careful navigation. The National Recovery Plan's (NRP) arbitrary combination of hurdles presents a risk of inordinate delays to the re-opening of the economy. There will be acute challenges for financial markets to overcome in the near term, but a recovery scenario remains highly correlated to the ramp-up in vaccinations and a global recovery. Evolving political risks remain an over-riding impediment for the market. Our end-2021 FBM KLCI target is lowered to 1,650 pts from 1,750 pts (unchanged target P/E of 16x, the 7-year mean).
- **Singapore.** After outperforming its South-East Asian peers, we expect the STI to move higher as we get greater clarity on the eventual reopening of the domestic economy. Singapore's strong control over the spread of COVID-19 (relative to peers), given its aggressive vaccination drive and positive steps to prepare a roadmap for living with COVID-19, should continue to offer the most comfort to foreign investors. We remain positive on Singapore equities and continue recommending a balanced investment strategy – with higher exposure to economic recovery/reopening plays, which will be balanced with high-yield and defensive stocks. We raise our end-2021F STI target to 3,410 pts from 3,280 pts, based on an unchanged 14.5x forward P/E.
- **Thailand.** Public vaccination rollout and administration have been slower than expected. There are >14.55m Thais receiving at least one dose of vaccines to date, c.21% of the population vaccinated. Amidst daily new cases surging to >10,000, Thailand will reopen the country to fully vaccinated international tourists from mid-October. We anticipate the market outlook to be highly volatile, as vaccine administration and new infections will be key factors over the next 1-2 months. Downside risks are greater than potential upside ones.
- **Strategy.** The short-term outlook for equities will remain volatile. Further out, there are enough ingredients on the table to remain constructive on the outlook for equities, as we remain in the embryonic stages of a new growth cycle. However, we believe that a "recovery scenario" is already partly priced in. The prospects of a tighter liquidity environment and underlying political risks will compel continued exposure to defensive names and higher cash holdings. Nibbling the dip for cyclical and value stocks on market weakness to position for a recovery scenario remains an enduring theme. Stock-picking strategies and trading to capitalise on momentum, and high beta names will be needed to generate alpha.

Company Name	Rating	Target	% Upside (Downside)	P/E (x) Dec-21F	P/B (x) Dec-21F	ROAE (%) Dec-21F	Yield (%) Dec-21F
Airports of Thailand	Buy	THB73.50	26.2	na	6.6	(7.3)	0.1
CapitaLand	Buy	SGD4.40	8.6	17.2	0.9	5.3	3.0
Global Power Synergy	Buy	THB82.00	3.1	27.7	2.1	7.7	1.9
Hong Leong Bank	Buy	MYR22.50	21.9	12.2	1.2	10.5	2.9
Inari Amertron	Buy	MYR4.33	30.9	32.5	8.5	26.8	2.8
Indo Tambangraya	Buy	IDR16,650	1.2	9.6	1.3	14.6	4.0
Matahari Putra Prima	Buy	IDR1,750	79.5	na	12.8	(63.9)	-
Mayora Indah	Buy	IDR3,000	31.0	22.9	4.1	19.0	1.4
OCBC Bank	Buy	SGD14.30	18.0	11.1	1.0	9.6	3.5
ST Engineering	Buy	SGD4.50	12.8	22.6	5.3	23.6	3.7
Telekom Malaysia	Buy	MYR7.90	31.0	18.9	2.6	15.1	2.7
TISCO Financial	Buy	THB111.00	25.8	10.9	1.7	16.2	7.8

Source: Company data, RHB

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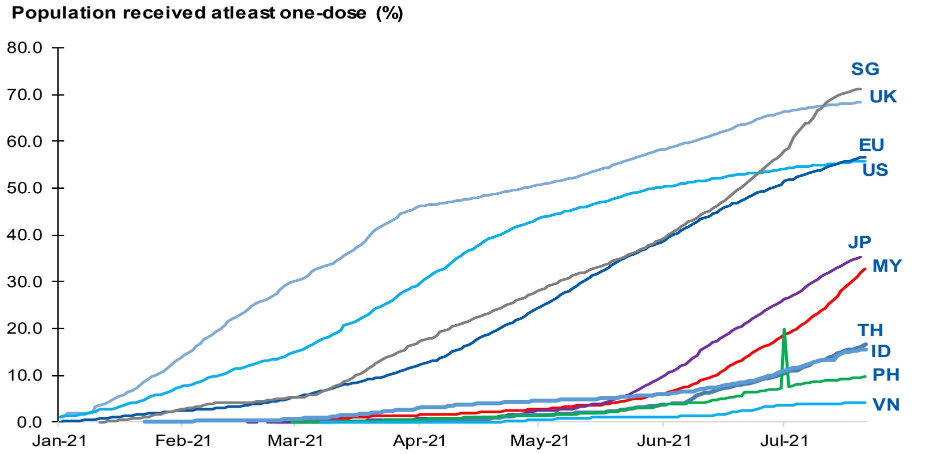
Delta Hits Alpha In ASEAN

The road to recovery: Rocky road or smooth autobahn?

The path towards recovery clearly lies in a quick and efficient immunisation programme, coupled with an effective public relations outreach to convince large pockets of the population to voluntarily register for vaccines, and strike a cautious balance between lockdown and re-opening. Developed countries in the West have managed to secure ample vaccine supplies that enabled them to supercharge their immunisation programmes. This led to sharp declines in daily transmission rates, bringing forward herd immunity objectives – allowing for the process of a return to normalcy to begin, along with the recovery of their economies and improvement in corporate earnings.

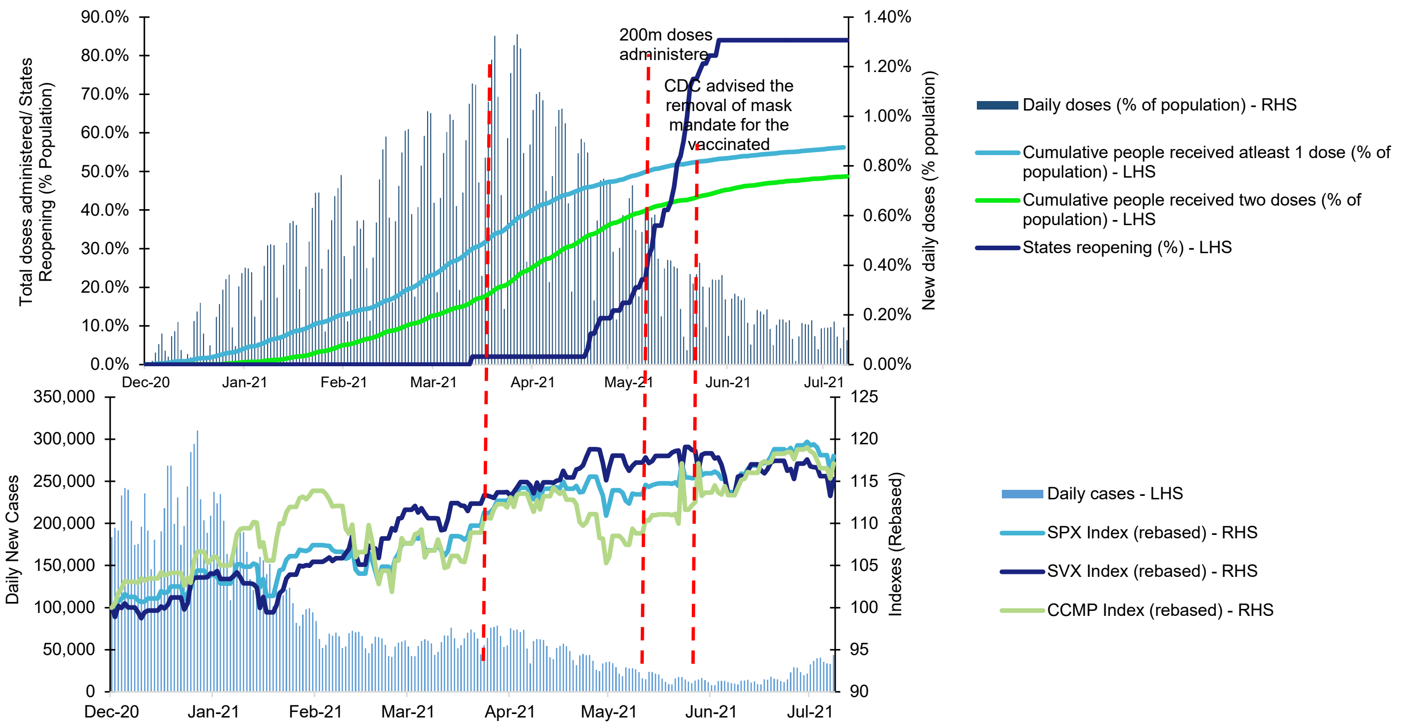
Figure 1: Vaccine access – Asia is lagging behind developed countries



Source: Our World in Data

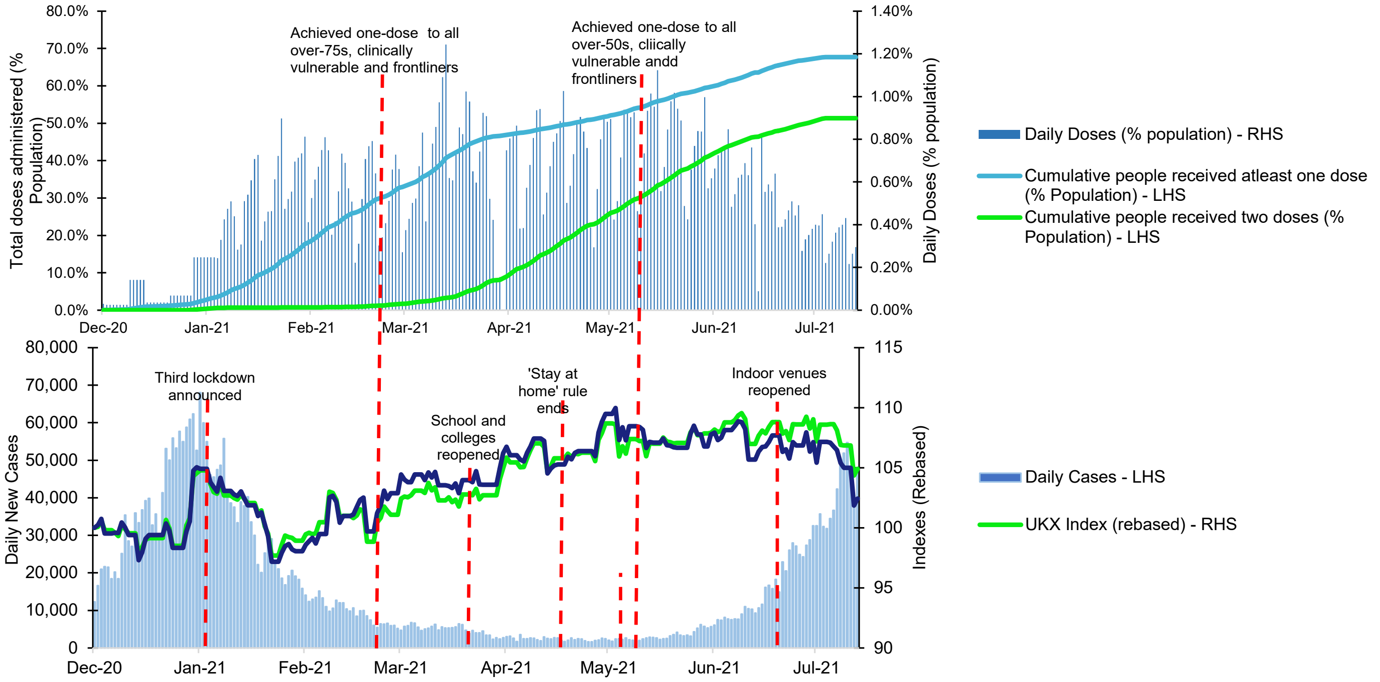
What can we learn from the US and UK COVID-19 recovery experience?

Figure 2: Progress of vaccinations in the US



Source: Centres For Disease Control and Prevention (CDC), RHB

Figure 3: Progress of vaccinations in the UK



Source: Public Health England, RHB

Key observations:

i. Daily transmissions in the US and UK peaked in January, then began falling rapidly, even when their domestic immunisation programmes were still at nascent stages;

ii. ASEAN is approximately 3-9m behind the US and UK in terms of vaccination pace;

iii. Daily transmission rates remain stubbornly high in many ASEAN countries. Despite the ramp-up of immunisation campaigns, many countries in this region have yet to reach critical mass;

iv. Investor sentiment may improve if the pace of vaccination continues to gather steam. The logical expectation is for higher vaccination levels to translate into a sustained decline in daily cases and reduced stress on the healthcare sector, which will allow for more sectors of the economy to re-open;

v. Daily transmission rates have started creeping up again in the US and UK, as the Delta variant becomes the dominant COVID-19 strain.

The differences in trends may be due to:

i. Different cocktails of vaccines utilised in the US and UK, which rely mainly on mRNA vaccines supplied by Pfizer and Moderna;

ii. Different quarantine regulations and effectiveness of countries' track-and-trace systems;

iii. Vaccines were more effective against the earlier (pre-Delta) strains of COVID-19 in the two countries;

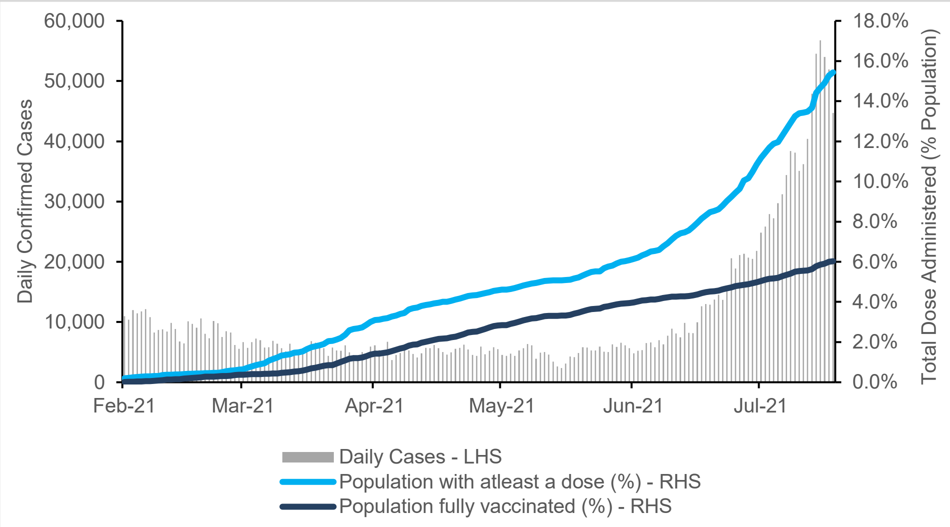
iv. The delayed start of immunisation programmes in ASEAN left greater swathes of the population exposed, coupled with the emergence of the more contagious Delta variant that current vaccines may have lower efficacy rates against.

Indonesia: Increasing vaccination pace

We see a silver lining; vaccination pace is increasing, with the Indonesian Government's target of 1m doses per day being hit several times lately. MTD daily vaccination rates on average reached around 800,000 doses, ie higher than April-May's 200,000-300,000. Also, the vaccination programme has managed to reach to a wider group of people, including children aged 12-17 and pregnant women.

In August, the Indonesian Government aims to boost the pace to 2m doses per day. Note: 41.6m people have already received a first dose (15.4% of Indonesia's total population) and 16.2m people are now fully vaccinated (6% of the total population). We believe more internal coordination, such as distribution and execution initiatives, should be strengthened.

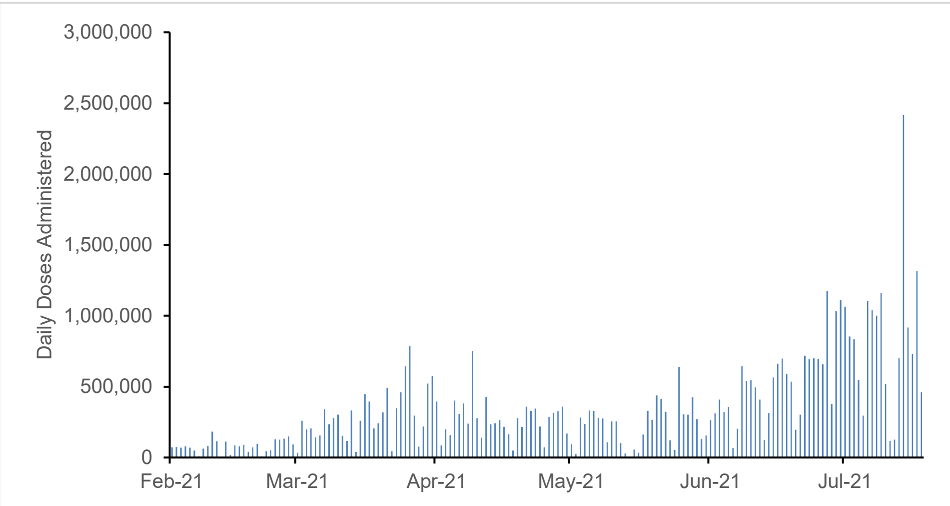
Figure 4: Progress of vaccinations in Indonesia



Source: COVID-19 Response Acceleration Task Force (Satgas COVID-19), RHB

- Vaccination pace has been picking up lately – supply risks ought to be minimal ahead

Figure 5: Indonesia – daily vaccine doses administered



Source: Satgas COVID-19, RHB

- MTD-July, the average vaccination rate is at 845,000 per day, still slightly lower than the Indonesian Government's target of 1m doses
- Further acceleration to 2m doses is in the pipeline – starting August

With the vaccination pace remaining at c.1m per day, we expect 65% of the population to receive the first dose by end 2021 and 70% by Jan 2022. The Indonesian Government aims to increase the pace to 2m doses from August. If this is successfully executed, we estimate 70% of the population to receive the first dose by November.

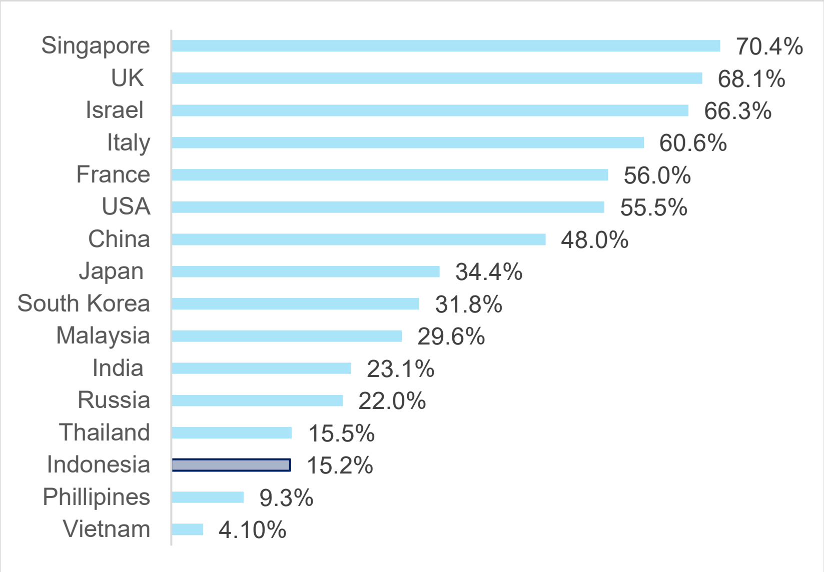
Nonetheless, we have concerns on the Indonesian Government's consistency in maintaining the pace. We think an improvement in the distribution system and additional human resources might be pertinent to expedite the process.

Figure 6: Vaccination achievement simulation

	Daily vaccination pace (shots/day)	Population received 1st dose	Population fully vaccinated	Timing of 70% population receive first dose
1st scenario	July-Dec: 1m	65%	18%	Jan 2022
2nd scenario	July: 1m, Aug-Dec: 2m	98%	41%	Nov 2021

Source: Various, RHB

Figure 7: Global population receiving the first dose (%)



Source: ourworldindata.org, RHB

- Indonesia still lags behind in vaccination progress due to challenges in logistic and healthcare workforce

Malaysia: One step forward, two steps back

Malaysia has ordered 79.5m doses of vaccines under the National Immunisation Programme or NIP, which is enough to cover 127% of the country's population. However, it is estimated that only 14% of the contracted supply has been delivered, resulting in the sluggish pace of inoculations in the earlier months of 2021. NIP Coordinating Minister Khairy Jamaluddin expects mass supply of vaccines to be available from hereon, as he projects 12.8m and 14.4m doses to arrive in July and August.

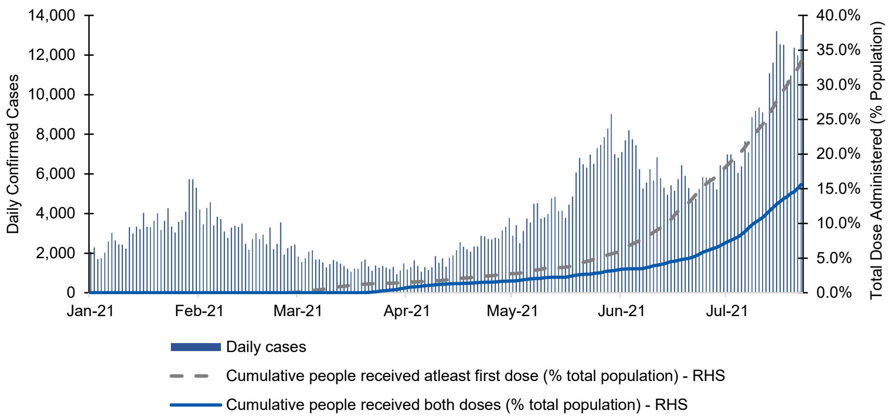
While there is a risk of delay, we believe it is comparatively smaller than in the beginning of the year, as inoculation campaigns in major vaccine-producing countries like the EU and China are well on track. In addition, we view the recent collective pledge by the G7 countries to donate their excess vaccines since the start of the "vaccine apartheid" as a tipping point to an improving supply scenario for other countries across the world.

While the general management of the pandemic has left much to be desired, with unscientific and arbitrary hurdles imposed, and the country confused with the evolving and inconsistent messaging from the authorities, a bright spot has been the NIP's rollout. In the past week, daily vaccinations have consistently remained well above the 400,000 mark, or more than 1% of the total population.

At the time of writing, approximately 14% of the total population has been fully vaccinated. Assuming no further vaccine supply constraints, we expect to reach the 40% of total population threshold by late August and 80% by end 2021.

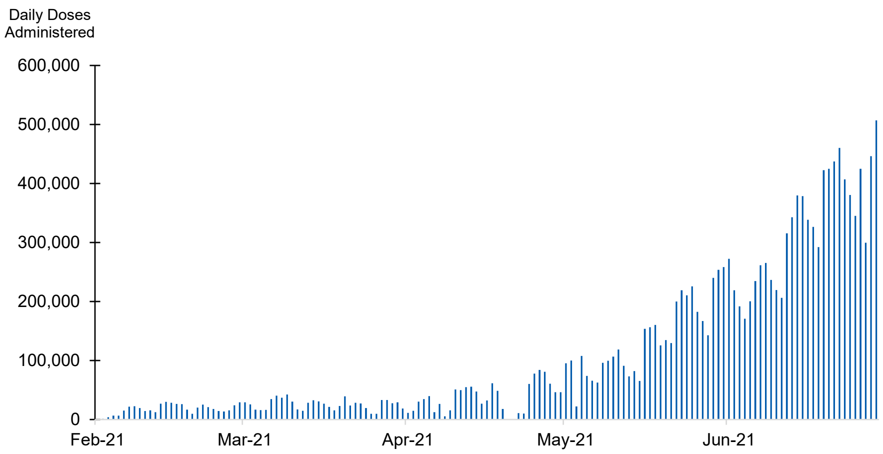
The combination of hurdles that has to be simultaneously overcome in order to progress to the next phase presents a risk of delays to the re-opening of the economy. This could result in even greater damage to the real economy, if lockdowns continue to be in force.

Figure 8: Progress of vaccinations in Malaysia



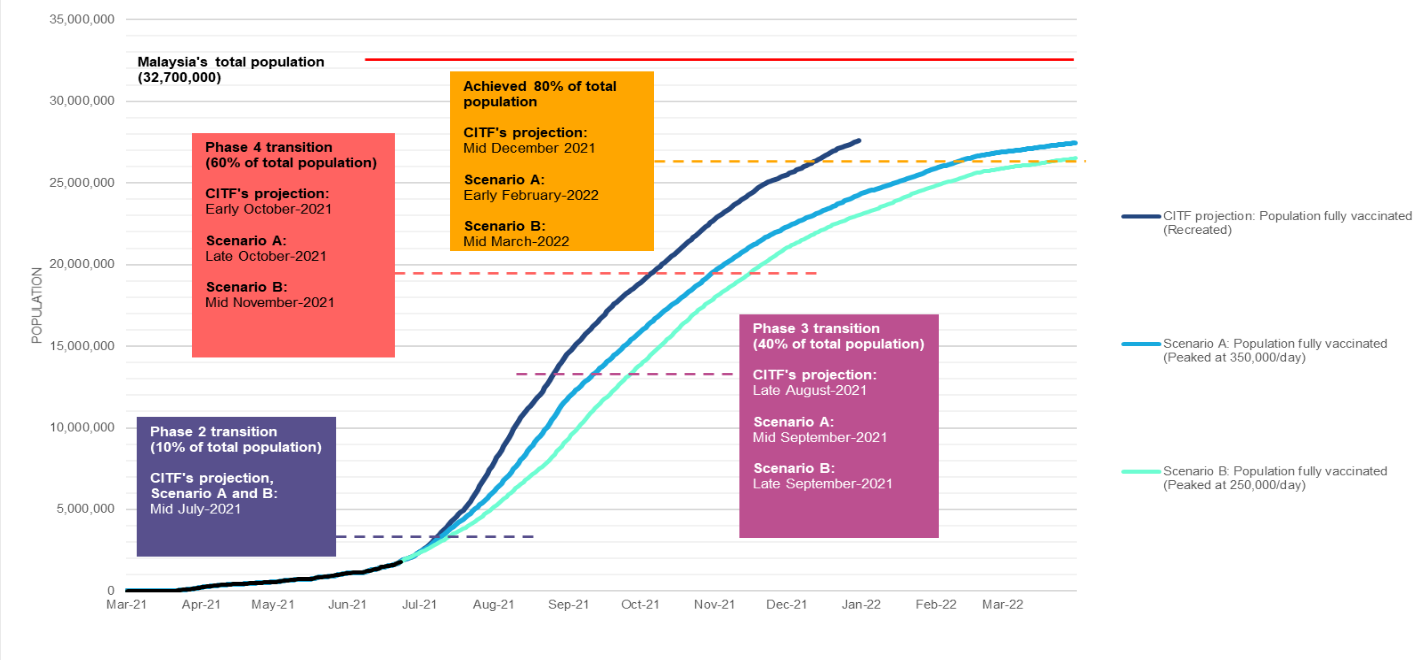
Source: Ministry of Health (MOH), National COVID-19 Immunisation Programme (JKJAV), RHB

Figure 9: Malaysia – daily vaccine doses administered



Source: MOH, JKJAV, RHB

Figure 10: Projected vaccination timelines



Source: RHB, JKJAV, The Oxford and Cambridge Society Malaysia

Singapore: Racing to get two-thirds of population vaccinated by National Day

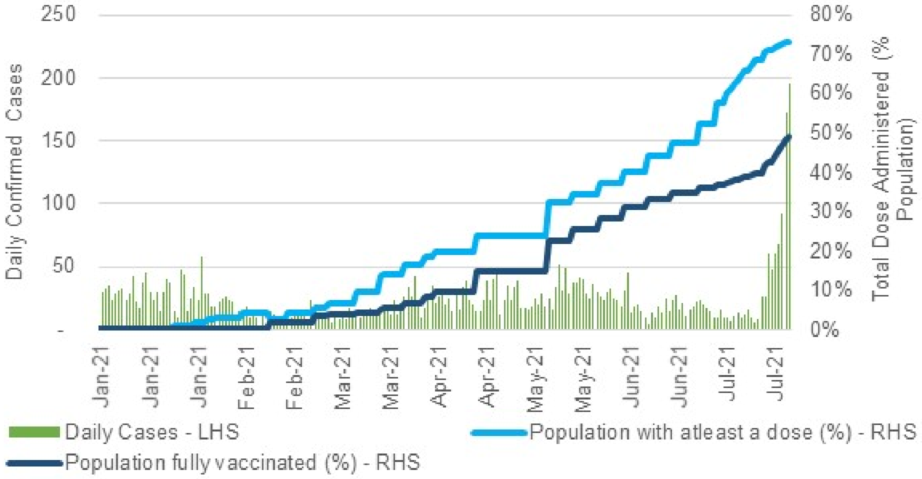
Singapore has made vaccination a key pillar of its reopening plans. Although vaccinations are not mandatory, the Singapore Government is offering the COVID-19 vaccine free to all Singaporeans and long-term residents in the republic. Its national vaccination programme includes vaccines from leading suppliers such as Pfizer BioNTech and Moderna.

The Singapore Government had acquired the Sinovac vaccine through an advance purchase announced in Dec 2020. However, it has only allowed private clinics to administer this vaccine after it received Emergency Use Approval or EAU from the World Health Organisation or WHO. The Health Ministry has said that making the Sinovac vaccine available at private clinics allows access for those who do not wish to take the approved vaccines or are unable to take the approved vaccines for medical reasons.

Singapore, however, does not count Sinovac vaccine recipients in its vaccination tally because of inadequate data on its efficacy– especially against the highly contagious Delta variant. Still, this vaccine has still found a small but determined group of takers in Singapore. As at 3 Jul, 17,296 people here have received one dose of the Sinovac vaccine.

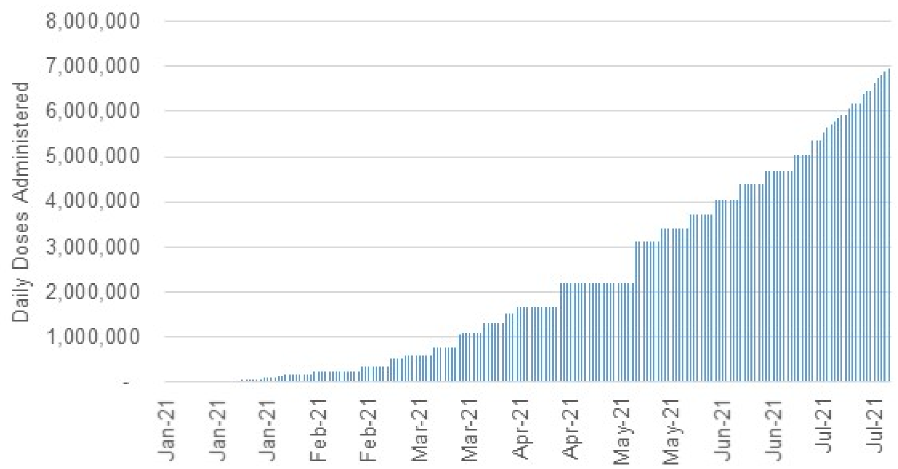
Sinovac submitted more data about its COVID-19 vaccine to the Health Sciences Authority (HSA) in July. The HSA is conducting a careful and thorough review of the additional data, and aims to complete evaluation in 4-6 weeks. It will provide an update once a regulatory decision is made, when the review process is completed.

Figure 11: Progress of vaccinations in Singapore



Source: Ministry of Health, Bloomberg, RHB

Figure 12: Singapore – daily vaccine doses administered



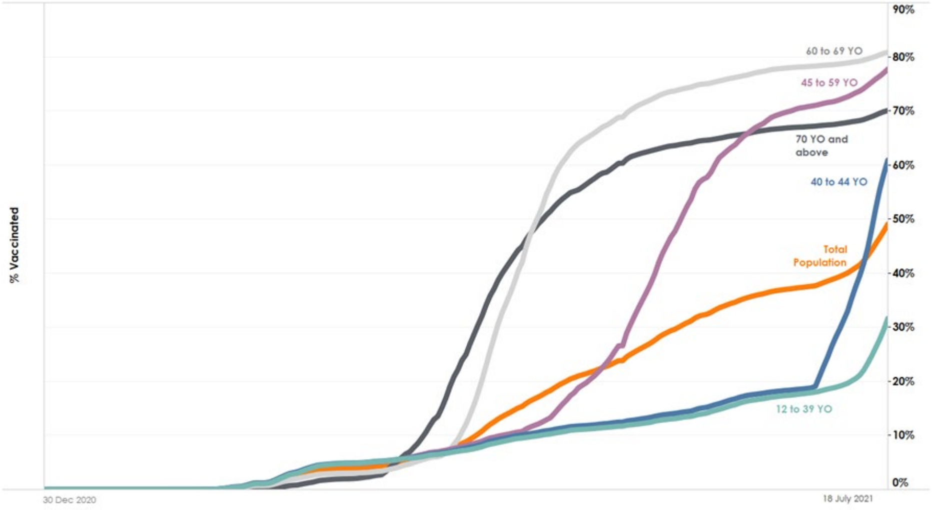
Source: Ministry of Health, Bloomberg, RHB

With plans to gradually reopen the economy, Singapore has accelerated its vaccination programme and is aiming to fully vaccinate c.67% of its population by 9 Aug, ie National Day. Starting 26 Jun, Singapore accelerated its vaccination programme to be able to administer up to 80,000 daily doses, a big jump from 47,000 in June. In the past month, around 65,000 daily doses were administered on average.

Recently, more second doses have been administered daily over first doses. Starting 29 Jun, the interval between the first and second doses has also been shortened to four weeks from 6-8 weeks previously. This will allow more people to complete their vaccinations and receive maximum protection sooner.

As of end June, there are 40 centres, 22 public health preparedness clinics, and 20 polyclinics offering vaccinations. This aggressive vaccination programme is progressing well, as close to half of the population has received both doses of COVID-19 vaccines as of 20 Jul.

Figure 13: Percentage of individuals who are fully vaccinated by age group



Note: Data as at 21 Jul 2021
Source: Ministry of Health

Despite the aggressive vaccination drive, it is noted that there are still 200,000 seniors yet to take the COVID-19 vaccine. The Singapore Government now allows senior citizens to walk in to any vaccination centre to get inoculated. It is also deploying mobile vaccination teams to estates where there are more un-inoculated seniors.

Figure 14: Projected vaccination timelines

Vaccination target	Two-thirds of the population	Full vaccination
Date	9 Aug 2021	31 Dec 2021 (RHB estimate)

Source: Ministry of Health, RHB

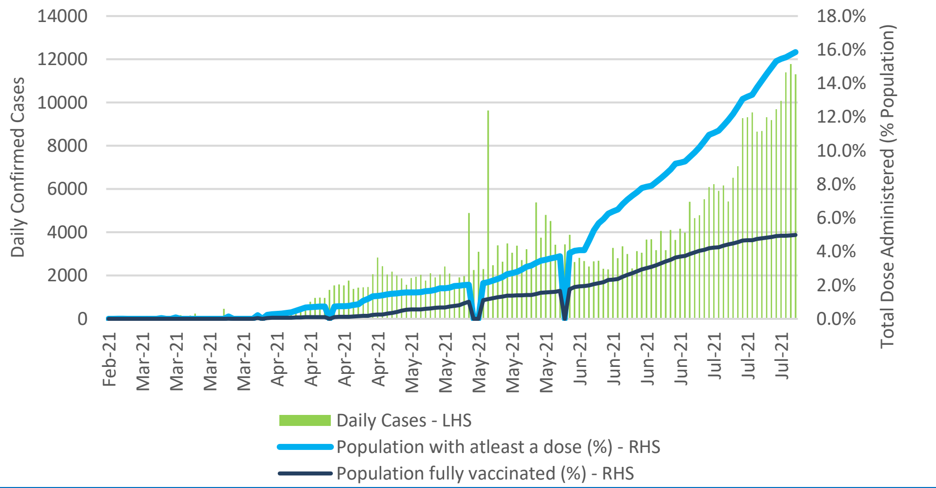
Singapore remains on track to reach its target of having two-thirds of its population vaccinated by National Day (9 Aug). We believe it could look at fully vaccinating the resident population by year end.

Thailand: COVID-19 cases have yet to peak

Surge of new cases. The population of Bangkok and its vicinities account for 14.85m or 21% of the total population – they largely contributed 43% of Thailand's GDP in 2020. These areas are the most impacted from the spread of the virus, marking c.42% of total daily new cases and 27% of total cumulative cases.

To date, 46% of the population has been vaccinated but only 10% are fully vaccinated. This has prompted the authorities to shift its vaccine rollout focus to these areas.

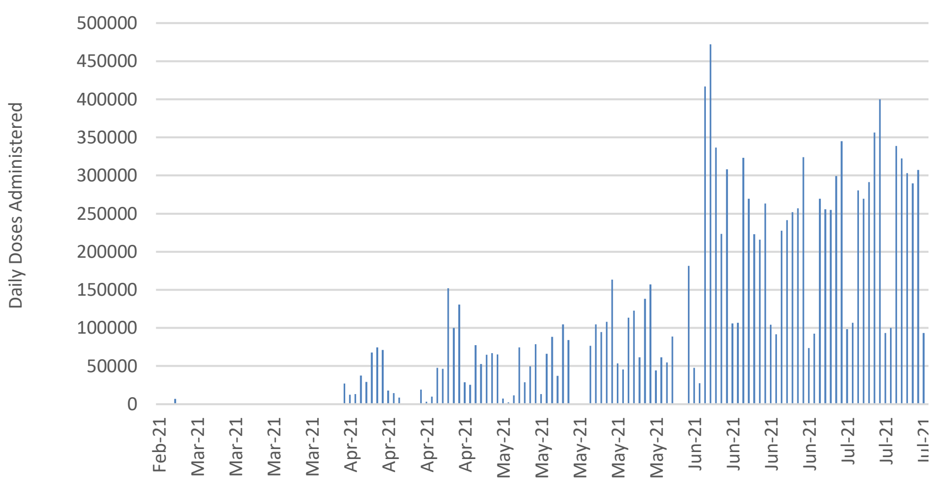
Figure 15: Progress of vaccinations in Thailand



Source: Ministry of Health, Bloomberg, RHB

Short-term shortage of vaccine supplies. Public vaccination rollout and administration have been slower than expected due to the delayed shipment of the country's main vaccines – the AstraZeneca supply has been postponed from its original 61m doses in Dec 2021 to May 2022. The shipment delay has disrupted the nation's vaccine rollout and administration, causing local daily vaccine doses administered to be inconsistent. So far only 135,625 doses have been administered daily vs the targeted more than 300,000 doses per day.

Figure 16: Thailand – daily vaccine doses administered are inconsistent



Source: Ministry of Health, Bloomberg, RHB

Looking for new vaccine sources. Thailand currently has three sources of vaccines – two offered to the public for free (Sinovac and Astra Zeneca) and one alternative (Sinopharm) purchased at cost. By 4Q21, two additional mRNA vaccines will replace the AstraZeneca delayed shipment: 21.5m doses of Pfizer and 5-10m doses of Moderna. Also 5-10m doses of the Johnson & Johnson vaccines have been ordered.

The authorities have affirmed that they will secure 100.5m doses of vaccines by year's end and more than 100m doses from various sources – including COVAX – in 2022. Thailand has also in the midst of developing its very own mRNA vaccine, which will be ready for use by year's end. Chulalongkorn University expects to complete the first phase of human trials of its mRNA COVID-19 vaccine by this month. It will be ready for use by 4Q21 or early next year, while the second version of the vaccine will be available 3-6 months later.

Figure 17: Vaccines administration structure (Thailand's population = 69.7m)

Vaccination	1st Doses	%	2nd Doses	%	Cumulative	%
Sinovac	4,264,394	39%	3,343,918	96%	7,608,312	52%
AstraZeneca	6,332,899	57%	130,841	4%	6,463,740	44%
Sinopharm	470,225	4%	4,967	0.1%	475,192	3%
Total	**11,067,518**	**100%**	**3,479,726**	**100%**	**14,547,244**	**100%**

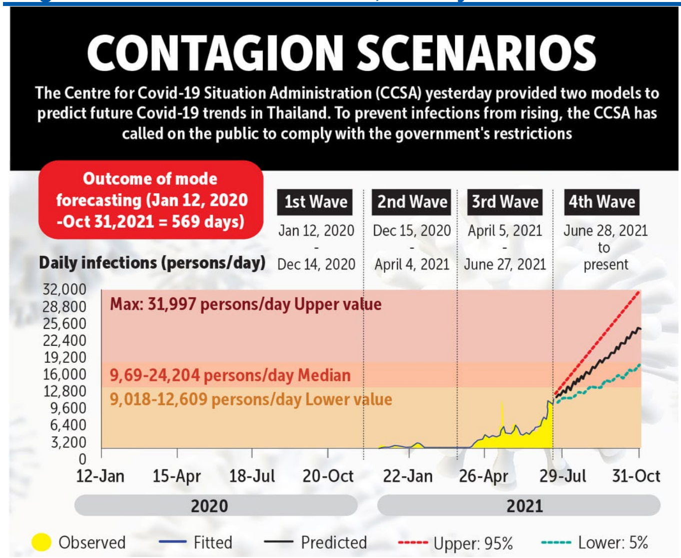
Source: Ministry of Public Health (as of 19 Jul 2021)

Contagion scenarios. It is increasingly clear that the Delta variant has resulted in the new wave of cases. The number of new daily cases continues to soar, surging beyond 10,000 cases. Based on two studies from private enterprise researchers, Thailand entered the fourth wave of the pandemic since 28 Jun.

One model predicts the numbers of daily infections to see a minimum 9,018 cases and maximum of 31,997 cases per day by October. Meanwhile, another model suggested that COVID-19 infections could reach its peak in August-September. This has led to the current lockdown in red-zone provinces, which began on 12 Jul.

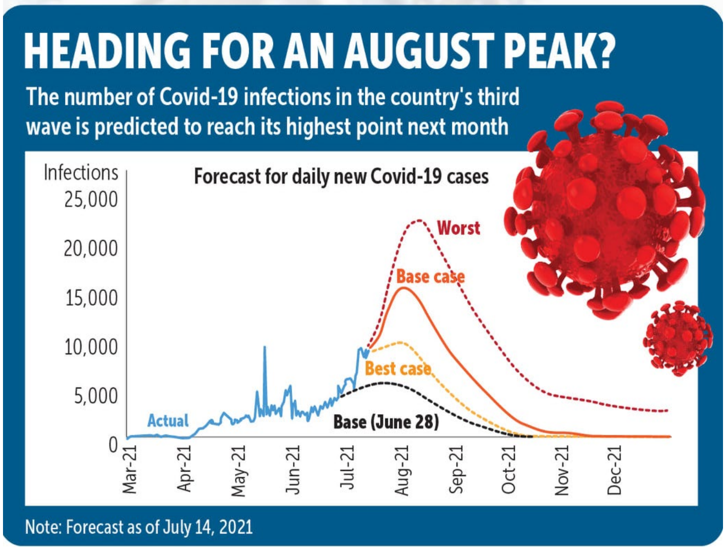
Our concern is that the current 14-day lockdown in the red-zone areas – including Bangkok and its vicinities – could be extended for another 14 days due to the still high daily cases.

Figure 18: Scenario 1 – max 32,000/day



Source: An analysis by Associate Professor Nuanchan Singkran, Faculty of Environment & Resource Studies, Mahidol University, Bangkok Post

Figure 19: Scenario 2 – peak level in August-September



Source: World Health Organisation (WHO), forecast by Krungsri Research, Bangkok Post

What does a stronger USD mean for ASEAN?

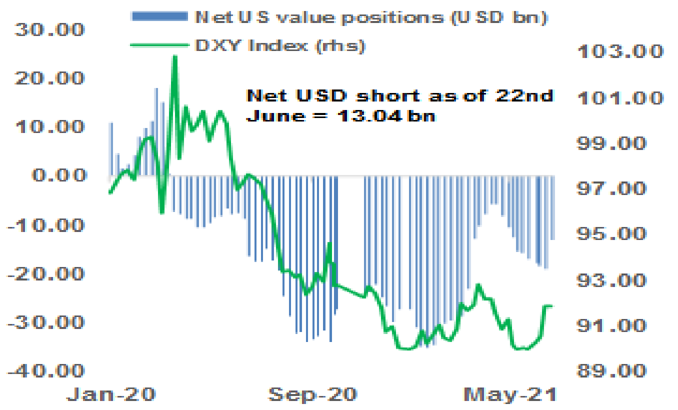
A hawkish shift from the US Federal Reserve (US Fed) has catalysed the market to turn bullish on the USD, and ignite the risk of an unwinding of previous bearish positions on the currency. The DXY Index is at its highest level since mid-April, as the US Fed shifted its first projected interest rate increase to 2023 from 2024.

Figure 20: RHB forecasts for USD/Asian currencies

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	2023
EUR/USD	1.1450	1.1500	1.1300	1.1350	1.1400	1.1450	1.1500
USD/JPY	114.50	114.00	115.00	114.50	114.00	113.50	113.00
AUD/USD	0.7450	0.7500	0.7300	0.7350	0.7400	0.7450	0.7500
USD/CNH	6.5550	6.5550	6.6300	6.6000	6.4550	6.4050	6.4050
USD/IDR	14,800	14,750	15,100	15,100	14,800	14,750	14,700
USD/MYR	4.2000	4.2000	4.3000	4.2500	4.2000	4.1500	4.1000
USD/PHP	49.50	49.00	51.00	49.00	48.50	48.00	47.50
USD/SGD	1.3650	1.3600	1.3800	1.3800	1.3650	1.3600	1.3550
USD/THB	32.20	32.00	33.00	32.50	32.00	31.50	31.00

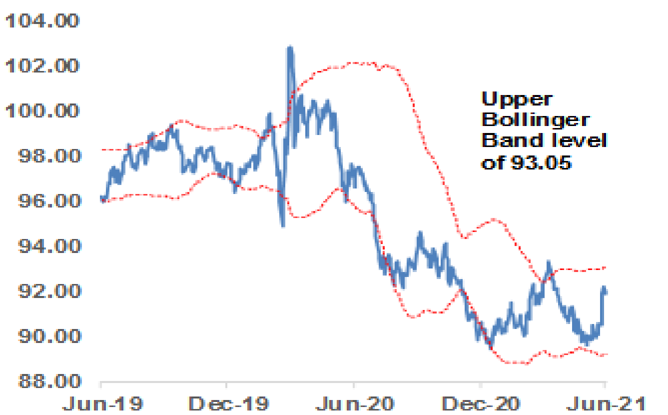
Source: RHB Economics & Market Strategy

Figure 21: USD short positioning remains high



Source: Reuters, RHB Economics & Market Strategy

Figure 22: DXY Index is resuming its uptrend



Source: Reuters, RHB Economics & Market Strategy

We expect the DXY Index to average 91-92 in 2H21, followed by 92-93 in 2022. On the rates front, we expect the US Treasury 10-Year (UST 10YR) yields to average 1.7-1.8% in 3Q21 followed by 2-2.2% in 1Q21. The slightly hawkish statement by the US Fed at its 15-16 Jun Federal Open Market Committee or FOMC meeting appears to have impacted the momentum of the DXY Index to an upward path.

The prospect of a sooner-than-expected rise in US policy interest rates boosts the USD's attractiveness to yield seekers over currencies such as the EUR and JPY. The unwinding of these USD shorts is likely to accelerate and push the DXY Index higher in the second half of the year.

On the policy front, we believe the US Fed will provide a timeframe for its bond-tapering programme at the Jackson Hole meeting in August for commencement in late 2021 to early 2022. This should induce markets to price in rate hikes earlier than expected. We believe the US central banking system will start its hiking cycle in end 2022 with a 25bps hike. For 2023, we expect a 50bps hike.

Indonesia. A stronger USD will negatively impact the economy, since a majority of raw materials used for manufacturing are imported and priced in the US currency. In our estimation, if the USD strengthens by 1%, the JCI's EPS will decline by 0.6%. A stronger USD should increase production costs of companies in the consumer staples, poultry, pharmaceutical, auto, and telecommunication sectors, while revenues are denominated in IDR. However, export-oriented sectors, such as coal, CPO, and metal mining should benefit from a stronger USD, thanks to the large USD-revenue exposure.

Malaysia. Being a net oil & gas exporter, a stronger USD could be net positive for Malaysia and also help spur exports (transacted in USD). However, from the perspective of public listed companies on Bursa Malaysia that tend to be domestically focused, and where the export sector tends to be under represented, a stronger USD could be net negative for corporate earnings. This is given the higher cost of imports and capex items.

Singapore. On the macroeconomic front, the weakening of the SGD against the USD could translate into higher exports in the short term. We are already expecting Singapore's exports growth to gather pace as we get closer to 4Q21. However, the positive impact of higher exports is not clearly reflected in the STI's EPS growth, as export-related companies are under-represented in the index.

With our expectation of a gradual and selective reopening of the borders, a weaker SGD could also boost foreign tourist spending in the country. On the flip side, the cost of imports is also expected to go up. Singapore is already witnessing a rise in inflation, which is largely driven by external cost-push pressures. On an aggregate, while we notice the correlation between the SGD's movements vs the USD and EPS growth for the STI, we believe it is more to do with the relative strength of Singapore's economic growth rather than FX movements. This is especially because the Monetary Authority of Singapore or MAS manages the SGD against a basket of currencies of the country's major trading partners and competitors as a monetary policy tool.

Thailand. After years of hardship during 2018-2019 from the US-China trade dispute and sluggish global demand, the THB relatively strengthened from THB30.00/USD in 2019-2020 to THB32.90/USD currently. Thai exports – highly manufacturing oriented – are expected to drive economy in 2021-2022, constituting more than 40% of the country's GDP. May exports were +41.59% YoY beating consensus estimates of 33.5%, while April's growth stood at 13.09%. Bank of Thailand forecasts the sector to grow by 8.8% in 2021 and 13.9% in 2022.

The backbone of Thailand's exports is the electronics, automotive, agriculture & foods processes, petrochemical products, and home electrical appliances sectors. The weakening of the THB will have a positive impact to the economy as a whole.

Evolving US Fed monetary policy narrative could torpedo financial markets

On the back of a more rapid implementation of the US' fiscal stimulus package, more robust US and EU growth expectations – along with the prospect of higher long-term UST bond yields and large infrastructure-focused fiscal programmes in the pipeline – have stoked fears of a sustained build-up of inflationary pressure. This is evidenced by buoyant commodity prices, supply chain bottlenecks, and pent-up consumer demand.

The US Fed's hawkish pivot at last month's FOMC meeting has seen the dot plot move decisively higher, kick-starting the discussion on the tapering of asset purchases. RHB economists believe the regulator remains too complacent on core personal consumption expenditures or PCE inflation, and the base case is now for tapering to start by end 2021 to early 2022, with a more definitive announcement likely at the Jackson Hole meeting in August. Markets are already pricing in two to three US rate hikes by end 2023, with the first increase towards end 2022.

As financial markets begin to adjust to the prospect of tighter liquidity conditions, we expect to see greater downside volatility, offsetting latent investors' optimism that the economy will re-open. However, if these policy intentions are transparently communicated to markets, the adjustment can happen in an orderly manner.

RHB economists highlight the risk of the US Fed underestimating the global inflationary picture, where price pressures stay higher for longer – this will compel it to play catch-up and tighten policies more aggressively. This, in turn, could spell greater volatility for the financial markets.

A disorderly transition toward a tighter liquidity environment will prove to be unfortunate timing for emerging markets that remain well behind the developed economies in the normalisation process.

Still some political risk hotspots in ASEAN

Malaysia. The state of emergency first declared on 12 Jan under Article 150(1) of the Federal Constitution is scheduled to end on 1 Aug. This was implemented ostensibly to enable the Government to better combat the COVID-19 pandemic. For the duration of this emergency, Parliament and state legislative assemblies were suspended, with the judiciary functioning normally.

During this time, political risks have not been a factor for the markets to consider – given the lack of a possibility of snap elections being called nor an unexpected change in political leadership. However, in the run-up to the 1 Aug expiry of the emergency, the Yang di-Pertuan Agong recently granted audiences to leaders of the key political parties.

Subsequently, the Palace issued a statement following a special meeting of the Conference of Rulers. The statement read, "After refining all the views of the leaders of political parties, the 2021 Independent Emergency Special Committee and briefing experts from government agencies, His Majesty expressed the view that Parliament should be convened as soon as possible. This is to enable the Emergency Ordinances and National Recovery Plan to be debated by the members of the House of Representatives".

We understand the Agong is required by the Constitution to follow the advice of the prime minister. Accordingly, it seems the end of the emergency is likely a decision for the prime minister to take. Given the still-raging pandemic, a declaration to end the emergency on 1 Aug would raise political risks when the Parliament is allowed to reconvene – whether the Speaker of the House will allow a potential motion of no confidence against the Malaysian Government to be debated.

A national snap election will be a significant risk for the country and its economy at this stage of the fight against COVID-19, in our view. Another key risk arising from the ending of the emergency is the constitutional requirement for a state election in Sarawak.

Media reports of potential changes in the political leadership and possible alliances among former political foes have been making the rounds in recent weeks, adding to the intrigue. Potential changes in leadership can lead to uncertainty on policy emphasis and how well market expectations are managed.

Indonesia. Political conditions in Indonesia are currently very stable because President Joko Widodo's or Jokowi's acceptance by almost all parties. The biggest opponent at the time of the last general elections, Prabowo Subianto, has now joined the Cabinet as defence minister. The issue of religion has also been resolved with the choice of Vice President Ma'ruf Amin, who is from the country's largest Islamic organisation, Nahdlatul Ulama or NU.

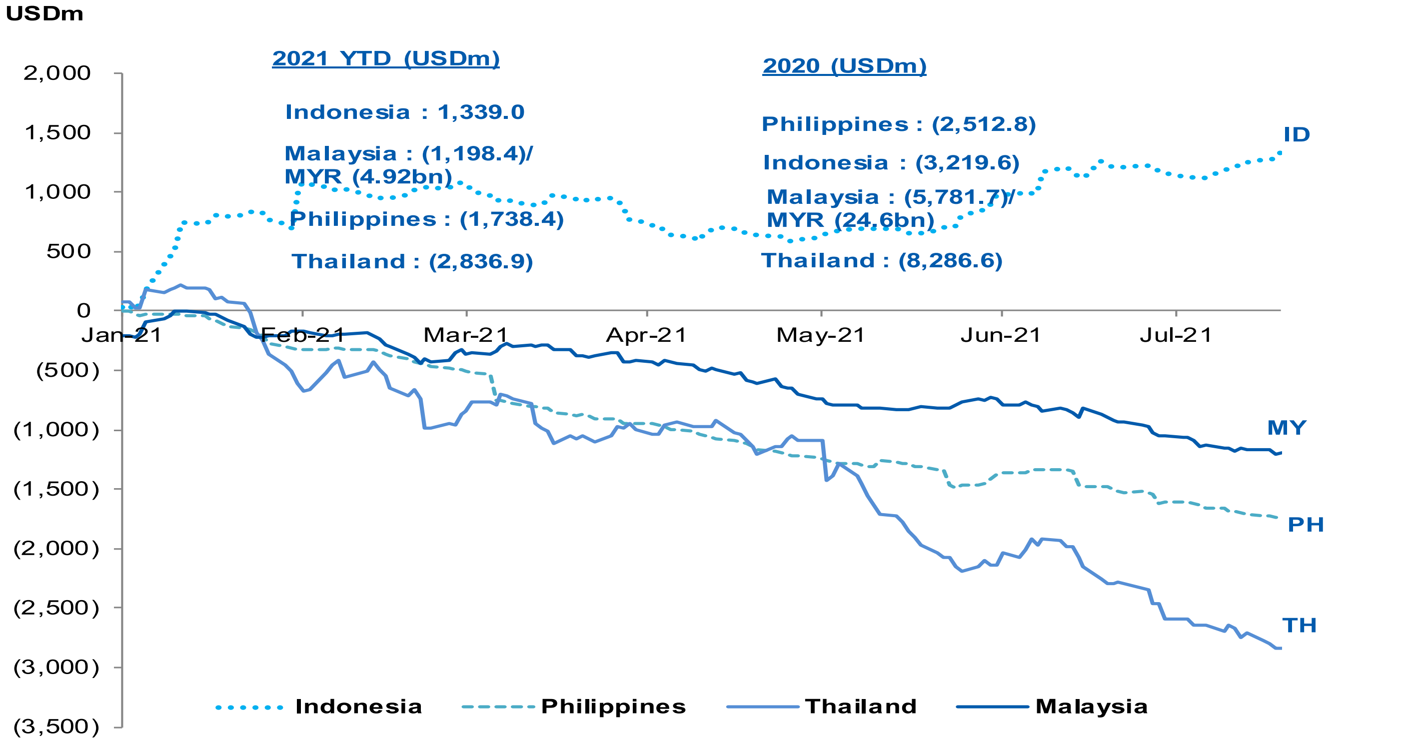
The next election, to be held in 2024, should see the possibility of the political situation heating up – commonly one year prior to an election.

Thailand. The country's COVID-19 vaccination programme appears to be highly political, as anti-government and opposition parties are blaming the Thai Government for its mismanagement of vaccine rollouts and administration, as well as limited vaccine sources, and rise in new COVID-19 cases and fatalities. These factors have prompted the recent number of street protests and rallies.

We see political unrest remaining, flaring up from time to time.

Regional portfolio flows: Foreign funds have fled most ASEAN equity markets

Figure 23: Regional foreign equity flows



Source: Bloomberg, RHB

Since our last quarterly regional strategy report, foreign portfolio investors have remained net sellers in most ASEAN markets – with the exception of Indonesia. Foreign net inflows to Indonesia is likely driven by the current stable political condition in the country.

The Indonesian Government has also issued the Omnibus Law to attract more foreign investors. The law is actually a not populist regulation, as it reduces labour incentives. However, there have been no massive street protests over the enactment of this law.

In the near term, we believe the propensity is for USD-based equity portfolio investors to remain UNDERWEIGHT ASEAN, as growth prospects in the developed economies are clearer and more entrenched. Expectations of a stronger USD in the near term, supported by the fiscal programmes being implemented by the Biden Administration and rapid pace of vaccinations will likely to help the US to return to normalcy ahead of other countries, and hasten its economic growth.

In addition, the prospect of higher US bond yields ahead reduces the attractiveness of emerging market equities, suggesting a period of relative underperformance vs developed market equities. ESG-related concerns and the decline in ASEAN country weighting on benchmark indices are also impediments to the return of foreign funds in the foreseeable future.

New growth cycle still on the cards

We believe the short-term outlook for equities will remain volatile, as ASEAN markets struggle to contain COVID-19. Pandemic-related developments will likely supply further unexpected twists and speed bumps, which will take a toll on investor sentiment. Much will depend on how quickly this region can reach its immunisation targets, and how well the various local governments manage the delicate balance between lives and livelihood in the meantime.

Further out, we think there are enough ingredients on the table to still remain constructive on the outlook for equities – especially if governments are able to accelerate the rate of vaccinations and remain vigilant on containing new cases. If we continue to make good progress on vaccinations, then transmission rates and stresses on healthcare systems should gradually ease and help buoy investor sentiment as economies reopen.

We remain in the embryonic stages of a new growth cycle:

i. **Global growth is building momentum.** The recovery from the pandemic remains extremely uneven, with developed economies first out of the starting blocks, leveraging on their early and privileged access to vaccines. Already, developed economies are well on the path to normalcy. Emerging market economies and poorer countries have not had the same access. This, coupled with the emergence of new strains of COVID-19, has extended lockdowns and put further strains on public finances. We expect the global vaccine rollout to gather pace, as vaccine production capacity expands and new vaccines are approved for use;

ii. **Fiscal policies remain aggressive.** Policies will remain centred on supporting growth and cementing the recovery;

iii. **Pent-up demand.** As the economic recovery gathers pace, the pandemic-fatigued population will continue to unleash significant pent-up demand. This will come from the domestic consumer base at the outset of the recovery and be supplemented by the pick-up in tourism when borders reopen;

iv. **Recovering corporate earnings and undemanding valuations.** The outlook for corporate earnings remain positive as the broader economy starts to reopen. We expect a robust rebound in corporate profitability in 2021 and 2022.

Indonesia: Opportunities Amidst Uncertainties

We believe the market has partially priced in the recent spike in COVID-19 cases. The Indonesian Government just announced the extension of the emergency movement restrictions or PPKM until 2 Aug, with some relaxations for informal and micro businesses. The Indonesian Government has also extended several subsidies and added IDR55trn for social aid.

For short-term picks, given the current uncertainty on rising daily COVID-19 cases and the impact of PPKM, we prefer defensive sectors like healthcare (eg Mitra Keluarga Karyasehat or MIKA), consumer non-cyclical (Mayora Indah or MYOR), telecommunications (XL Axiata or EXCL), and the export-oriented sector, ie coal players like Adaro Energy (ADRO) and Indo Tambangraya (ITMG). Coal companies should benefit from the increase in commodity coal prices, which are now at their highest of the last decade. Furthermore, ADRO and ITMG have good track records in paying dividends.

Meanwhile, for mid-to-long term strategy when COVID-19 cases begin to decline, we prefer valued cyclical counters with strong growth prospects. These include banks (eg Bank Negara Indonesia), auto (Astra International or ASII), heavy equipment (United Tractors), retail (Matahari Putra Prima or MPPA), and building materials (Arwana Citramulia or ARNA).

For our Top Picks, we add EXCL, ITMG, MIKA, MYOR, MPPA, and ARNA. Although ASII's short-term earnings may be impacted by stricter movement restrictions, we see its long-term outlook as still promising. Furthermore, ASII is benefiting from the luxury tax relaxation for vehicles purchased, which has been extended until end 2021.

Figure 24: Our Top 10 Picks

No	Name	Ticker	Rating	Price	TP	Upside/ downside	Market cap	2021F EPS growth	2021F P/E	2021F P/BV	2021F PEG	2021F ROE	2021F Yield
				(IDR)	(IDR)	(%)	(USDbn)	(%)	(x)	(x)	(x)	(%)	(%)
1	Astra International	ASII	BUY	4,780	6,900	44.4	13.3	10.4	10.8	1.1	1.0	10.9	5.8
2	Bank Negara Indonesia	BBNI	BUY	4,820	8,050	67.0	6.2	151.5	10.9	0.7	0.1	6.8	0.9
3	United Tractors	UNTR	BUY	19,100	29,800	56.0	4.9	47.4	6.8	1.0	0.1	15.6	6.0
4	Mayora Indah	MYOR	BUY	2,380	3,000	26.1	3.7	14.6	22.5	4.1	1.5	19.6	1.3
5	Adaro Energy	ADRO	BUY	1,250	1,675	34.0	2.8	32.1	9.0	0.7	0.3	8.5	6.2
6	Mitra Keluarga	MIKA	BUY	2,710	3,600	32.8	2.7	8.8	44.5	6.8	5.0	15.7	1.0
7	XL Axiata	EXCL	BUY	2,470	3,350	35.6	1.8	199.8	23.8	1.3	0.1	5.7	0.4
8	Indo Tambangraya	ITMG	BUY	15,475	16,650	7.6	1.2	14.2	17.0	1.5	1.2	24.7	4.0
9	Matahari Putra Prima	MPPA	BUY	1,005	1,750	74.1	0.6	(29.0)	N/A	15.4	N/A	(63.9)	N/A
10	Arwana Citramulia	ARNA	BUY	760	1,050	38.2	0.4	32.3	13.1	3.8	0.4	30.9	4.3

Note: Based on closing price of 20 Jul 2021
Source: Company data, RHB

Figure 25: Sector weighting

Sector	Rating		
	U/W	N	O/W
Banks			√
Telco			√
Automotive			√
Healthcare			√
Staples			√
Poultry			√
Mining & energy			√
Retail		√	
Media		√	
Plantation		√	
Cement		√	
Infra & construction		√	
Industrial estates		√	
Property		√	
Transport & logistics		√	
Tobacco	√		

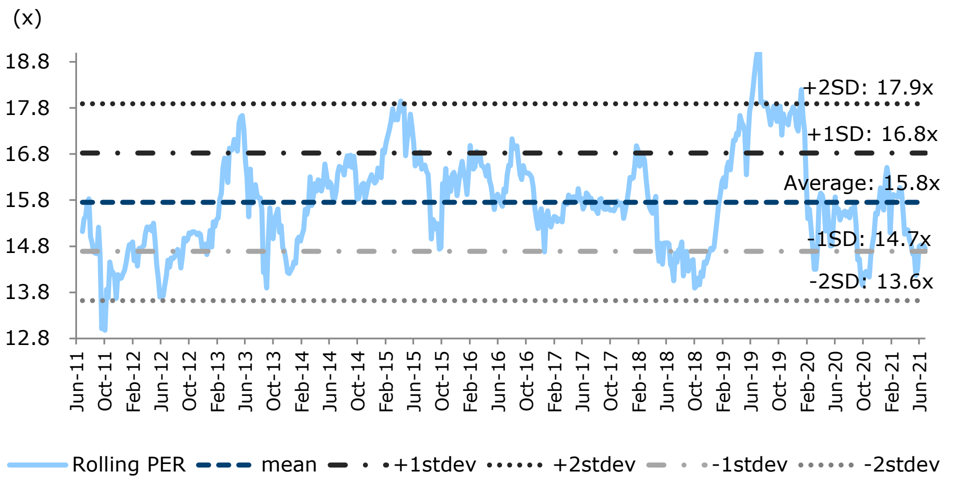
Source: Bloomberg, RHB

- Short-term strategy:
  - Defensive: Consumer staples, healthcare, and telco
  - USD-earners: Coal and metal mining
- Mid- to long-term strategy: Cyclicals, ie banks, auto, retail, and building materials

JCI year-end target at 6,700pts

The target is based on 16.4x and 15.3x FY21F and FY22F P/Es at a 10-year rolling forward P/E. Given the current uncertainty over the impact of the PPKM, which may result in slower economic recovery, we lower our P/E-based target to average the rolling forward P/E to 15.8x from 16.4x.

Figure 26: JCI's rolling forward P/E band



Source: Bloomberg, RHB

- The JCI remains attractive despite heavy fluctuations from uncertainties brought about by COVID-19

Figure 27: JCI's key statistics

Market data	FY19	FY20	FY21F	FY22F
EBIT growth (%)	5.7	-15	22.4	11.9
Earnings growth (%)	4.0	-28.3	35.6	15.7
P/E (x)	16.4	22.9	16.4	14.2
PEG (x)	4.1	-0.8	0.5	1
EV/EBITDA (x)	5.7	5.9	5	4.5
Dividend yields (%)	3.2	3	2.7	2.5
P/BV (x)	2.8	2.8	2.5	3
ROAE (%)	16.9	12.2	15.2	15.7
ROAA (%)	7.0	5.5	6.1	6.5
ROIC (%)	11.8	8.8	14.3	18.6

Source: Bloomberg, RHB

- JCI's FY21F earning growth is expected to turn positive
- Softer FY22F EPS growth expected to be driven by a higher 2021 base

Details on PPKM's extension

The Indonesian Government announced the extension of the PPKM until 2 Aug, with some relaxations especially in informal sectors, such as re-opening and extension of business hours. As the majority of Indonesians work in such sectors, the relaxation of restrictions for traditional markets and informal businesses should help with the economic recovery, which has been weak over the past three weeks due to the tighter movement restrictions.

However, we see the risk of another spike in COVID-19 cases, as informal businesses and traditional markets' health protocols are usually minimal. It is worth noting that the national hospital bed occupancy rate or BOR is still hovering at a high level of 74% as of 20 Jul, although this is slightly better than the 76% recorded on 5 Jul.

Details of relaxation in emergency PPKM extensions:

i. Traditional markets that sell essentials are allowed to open on normal hours with 50% capacity;

ii. Traditional markets selling non-essential items are allowed open until 3pm;

iii. Street vendors, agents or voucher outlets, barber shops, laundry, hawkers, small vehicle workshops, and other small businesses are allowed to open until 9pm;

iv. Food stalls, street vendors, hawker stalls and the like, with premises in open spaces, are allowed to open for dine-in customers until 8pm - maximum meal time per visitor is 20 minutes.

Additional government support:

i. Medication for COVID-19 patients with light symptoms (2m packs target);

ii. Additional social aid of IDR55.21trn in cash under the Bantuan Langsung Tunai, Bantuan Sosial Tunai and Program Keluarga Harapan initiatives;

iii. Internet, food, and electricity subsidies to continue;

iv. Informal micro businesses will receive incentives totalling IDR1.2m each for 1m business owners.

Figure 28: Comparison of restrictions enforced during PSBB I, PSBB II, PPKM, Emergency PPKM, and PPKM – Level 4

Sector	PSBB (10 Apr-3 Jun 2020)	PSBB II (14-27 Sep 2020)	PPKM – Strict (3-20 Jul 2021)	PPKM – Level 4 (20 Jul 2021- 2 Aug 2021)
Health	Operate (100%) and follow health protocols	Open with max 50% capacity and follow health protocols	100% with some arrangements that comply with health protocols	100% with some arrangements that comply with health protocols
Strategic industries	Operate (100%) and follow health protocols	Open with max 50% capacity and follow health protocols	100% with some arrangements that comply with health protocols	100% with some arrangements that comply with health protocols
Basic utility and public services	Operate (100%) and follow health protocols	Open with max 50% capacity and follow health protocols	100% with some arrangements that comply with health protocols	100% with some arrangements that comply with health protocols
Daily needs	Operate (100%) and follow health protocols	Open with max 50% capacity and follow health protocols	100% with some arrangements that comply with health protocols; traditional markets are allowed to open until 8pm with 50% capacity, 3 pm for non-essential needs sellers	100% with some arrangements that comply with health protocols
Markets and shopping centres	Open according to need	Open with max 50% capacity and follow health protocols	Grocery 100% with some arrangements that comply with health protocols, Shopping malls closed	Grocery 100% with some arrangements that comply with health protocols, Shopping malls closed
Sports	Personal sports at home	Personal sports at home	Closed	Closed
School and institutions	Closed	Closed	Online only	Online only
Private cars	Maximum passengers at 50% of capacity	No maximum number of people per line, unless domiciled at the same address	70% capacity	70% capacity
Taxis	Maximum passengers at 50% of capacity	Maximum two people per line, unless domiciled at the same address	Operating 70% capacity in accordance with local governments	Operating 70% capacity in accordance with the local governments
Public transport	Maximum passengers at 50% of capacity	Maximum passengers 50% of capacity	Operating 70% capacity in accordance with local governments	Operating 70% capacity in accordance with the local governments
F&B	Delivery/take away only	Delivery/take away only	Take away only	Open space F&B outlets are allowed to open until 9pm with a 20-minute meal time per visitor limit

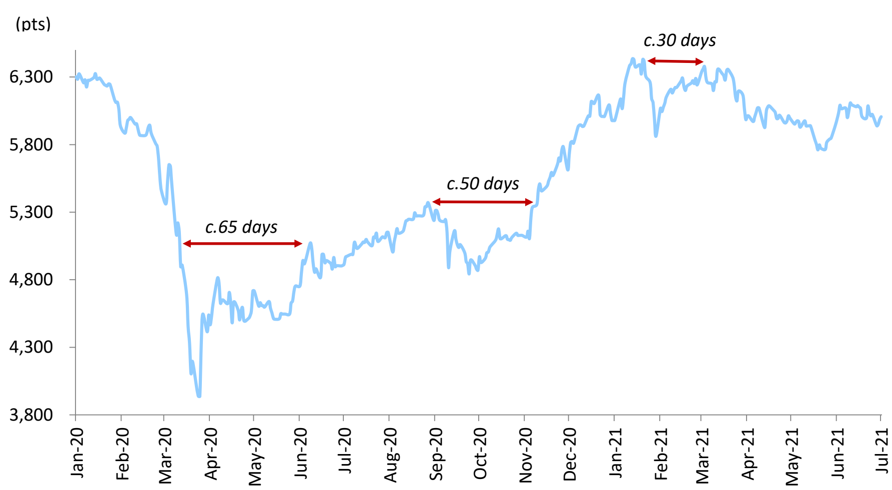
Source: Various, RHB

Has the emergency PPKM been priced in by the market?

We believe the recent rise of COVID-19 daily cases has been partially priced in by the market, as the JCI's movements have remained flat despite daily COVID-19 cases hitting above the 50,000 mark. The Indonesian Government's stricter PPKM should reduce the risk of a further rise in daily cases. Still, there is a risk of the market declining if COVID-19 cases suddenly increase significantly. We believe a decline on the JCI will be limited – we consider the 5,800-pt level to be bottom.

We think it will take a shorter time for the JCI to recover following the stricter movement restrictions. After the first large scale social restrictions or PSBB were imposed in Mar 2020, the JCI needed three months of consolidation before it started to move on an uptrend. During the second PSBB in Sep 2020, the consolidation period was shorter, around 1.5 months. For the latest PPKM, the consolidation period lasted one month.

Figure 29: Shorter time for the JCI to recover during the latest PPKM



Source: Bloomberg, RHB

- The JCI's time to recover is decreasing, as seen by its performance during previous PPKMs

Lower 2021 GDP growth target on prolonged PPKM

Given the expected slower economic activities during the Emergency PPKM, we have revised down 2021 GDP growth forecast to 4.3% YoY from 4.6% while our 2022 GDP growth forecast is raised to 5.5% from 5.3%. We see a moderation in growth in early 3Q21 GDP before a pickup in 4Q21.

While the economy is improving, near-term risks are growing due to the recent sharp rise in the number of COVID-19 cases. This will manifest itself in weaker private consumption spending. We expect Bank Indonesia or BI to keep the policy rate unchanged at 3.50% due to the need to balance out prospects for an economic recovery while accounting for continued downside risks to growth.

Figure 30: Key economic forecasts

	2020	2021E	2022F	2Q21F	3Q21F	4Q21F	1Q22
Real GDP growth (% YoY)	-2.0	4.3	5.5	7.2	5.4	5.5	5.4
Contribution to real GDP growth (%)							
Private consumption	-1.4	1.6	3.0	3.3	1.7	2.5	2.9
Investment	-1.6	2.6	2.0	4.4	2.9	3.0	1.9
Government consumption	0.2	0.3	0.1	0.5	0.1	0.3	0.1
Net exports	1.1	0.5	0.3	0.8	0.8	-0.1	0.7
Consumer Price Index	2.0	3.0	2.5	2.0	4.3	4.3	3.0
Policy interest rate	3.75	3.50	3.75	3.50	3.50	3.50	3.50
Current account balance (% of GDP)	-0.4	-1.2	-2.0	-0.8	-1.5	-2.2	-2.1
Fiscal balance (% of GDP	-6.3	-5.8	-4.8	-2.0	-4.3	-5.8	-1.0

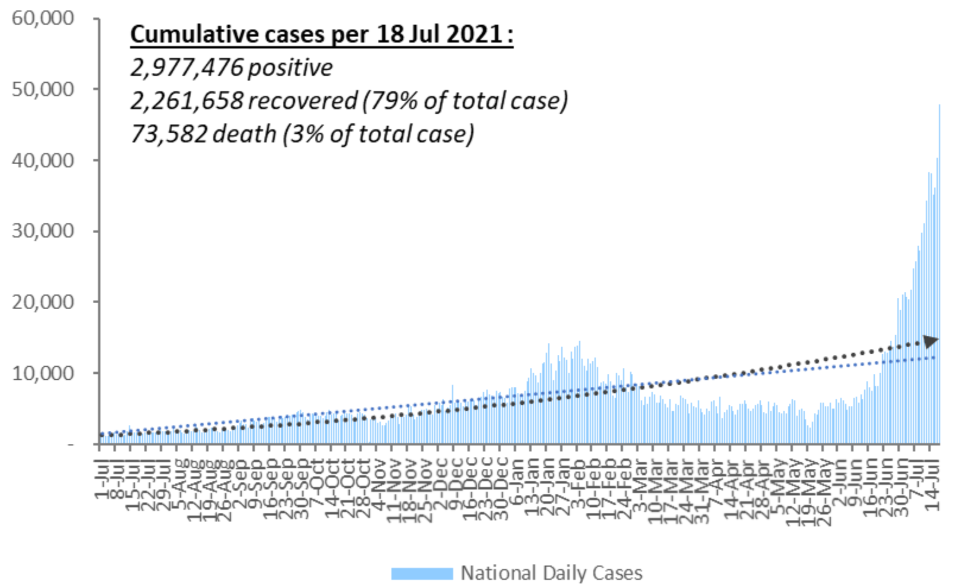
Source: Various, RHB

Rising daily COVID-19 cases

Daily positive cases have exceeded 50,000, marking Indonesia as one of the world's COVID-19 hotspots. On a more negative note, the country is also ranked first in terms of number of daily deaths despite a fatality rate of 2-3%. This has prompted the Indonesian Government to implement the PPKM from 3-20 Jul, which was then extended with some relaxations to 26 Jul in highly infected areas with high hospital BOR.

We note that there has been a slight improvement in BOR in Jakarta, as well as other provinces in Java and Bali. We note that the national BOR stands at around 77% currently. As we are dealing with the Delta variant, which is more contagious, the Indonesian Government is prepared for cases to reach 100,000 per day. We understand the peak daily cases in India during its third wave was double that of its second wave.

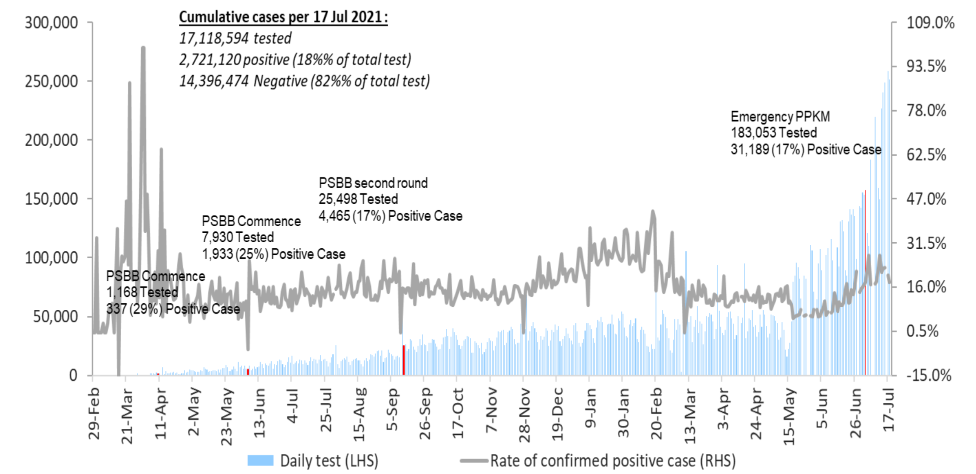
Figure 31: Daily COVID-19 cases in Indonesia



Source: Satgas COVID-19, RHB

- Daily positive cases reached a new record high of 57,000 positive cases per day in July – the tailwind impact of the *Lebaran* holiday
- Public self-awareness for hygiene measures remain a key factor in curbing COVID-19's further spread

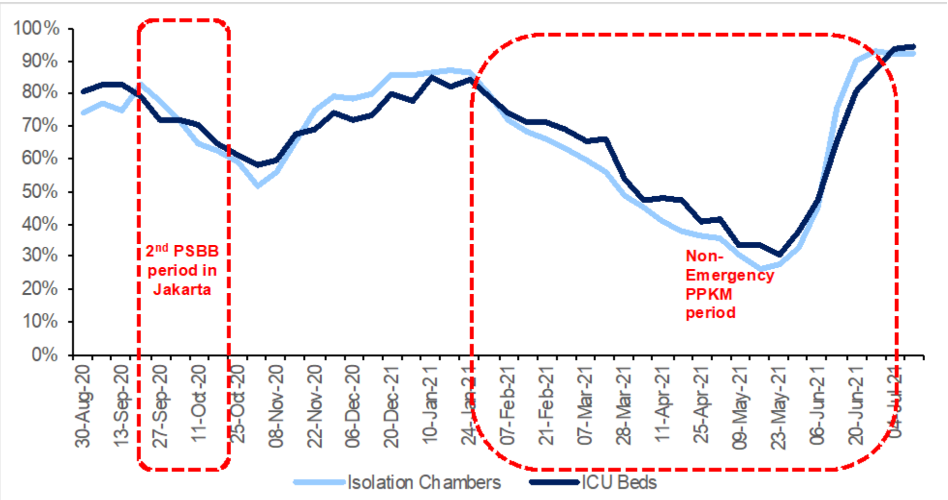
Figure 32: COVID-19 screened cases in Indonesia



Source: Satgas COVID-19, RHB

- Daily test conducted has surpassed 200,000 per day, resulting in high confirmed positive cases
- More accurate data was collected thanks to enhanced screening facilities provided in every region of the country

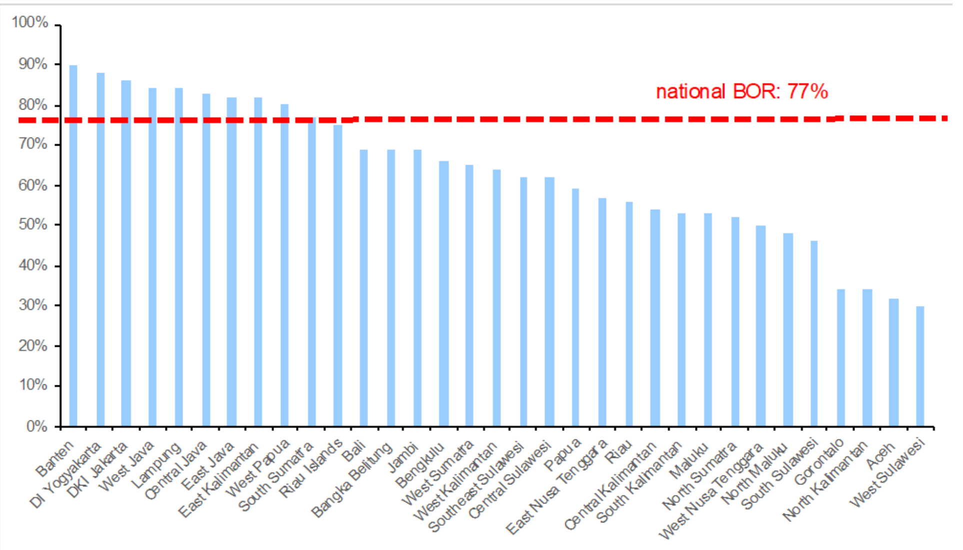
Figure 33: Jakarta's BOR for isolation and intensive care units or ICUs



Source: DKI Regional Government,, RHB

- Despite the implementation of PPKM, we highlight that Jakarta's BOR has surpassed 90%

Figure 34: BOR across Indonesia's provinces



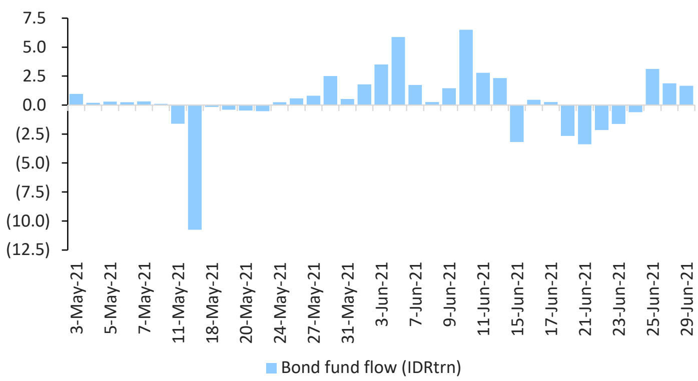
Source: Special Capital Region of Jakarta or DKI Regional Government,, RHB

- We note the similar pattern in Jakarta, as well as other provinces in Java and Bali that continue to post a high BOR, ie above the national level
- It is worth noting that other provinces outside Java and Bali, eg East Kalimantan, West Java, and Lampung, also recorded a high BOR

Figure 35: JCI's movement from Jan 2020 to Jun 2021

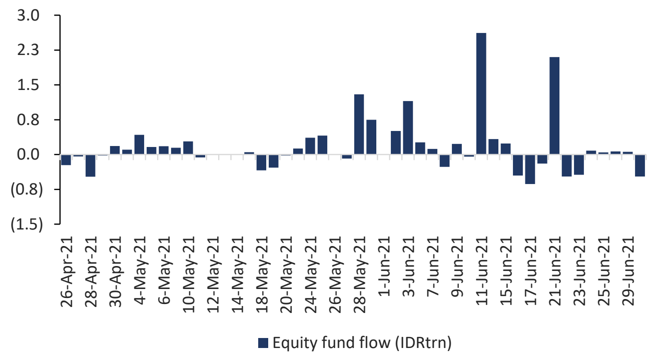
Source: Bloomberg, RHB

Figure 36: Bonds – daily foreign flows



Source: Bloomberg, RHB

Figure 37: Equity – daily foreign flows



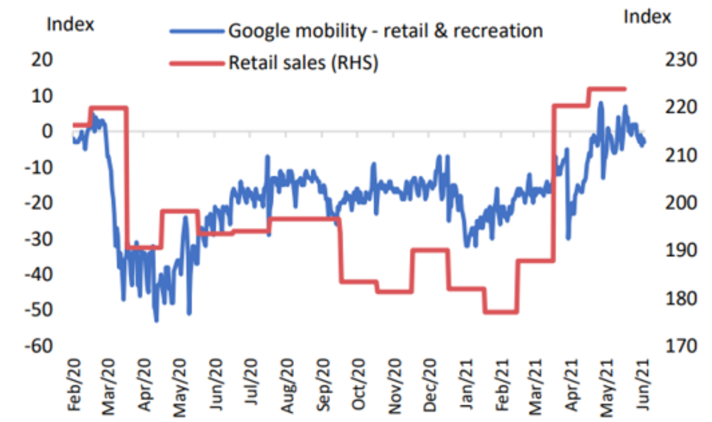
Source: Bloomberg, RHB

Robust macro data up to Jun 2021

Up to June, we saw improving macroeconomic numbers, such as increased retail sales, higher PMI, GDP recovery, and softer unemployment numbers. Loan growth has shown a promising rebound, aided by both the rise in consumer and industrial loans. Retail sales levels also surged in April and May, while consumer confidence has continued to rise. Partly supporting this rebound was the easing of some restrictions in mid-1H21, that resulted in increased pent-up demand, and in tandem with the *Aidil Fitri* celebrations.

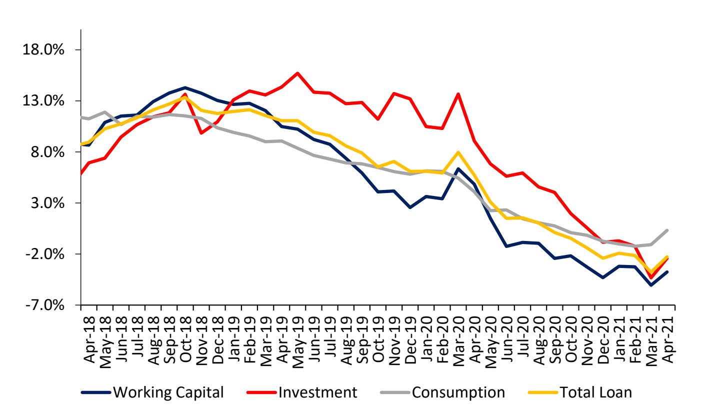
However, conditions turned sour towards end-June, as infection rates rose rapidly, prompting tighter measures by the authorities. As a result, we expect private consumption to weaken in early 3Q31 before gradually improving towards the latter part of the year.

Figure 38: Mobility and consumer spending



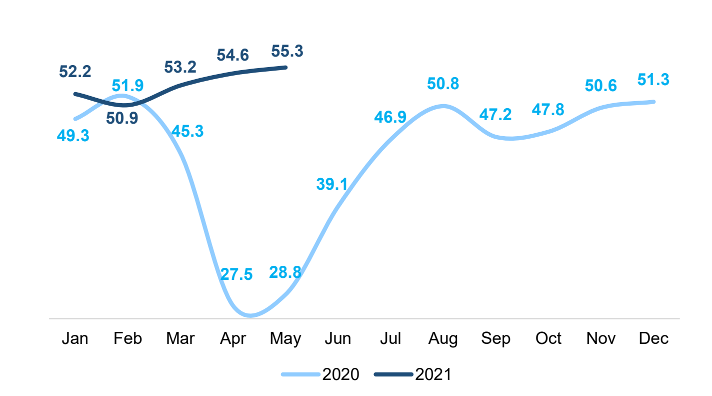
Source: CEIC, Google, RHB Economics and Market Strategy

Figure 39: Loan growth notched higher in April (% YoY)



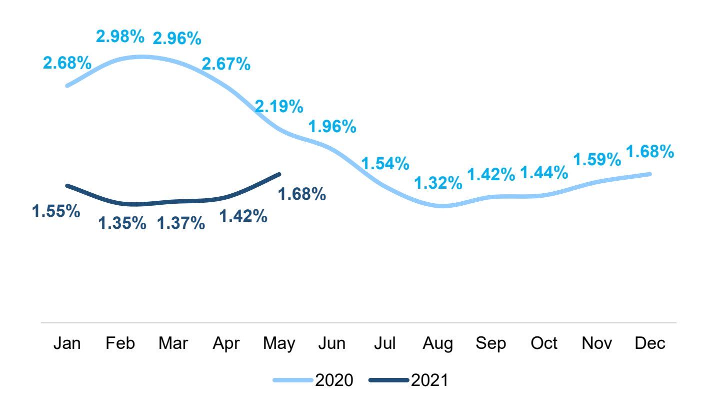
Source: Bank Indonesia, RHB

Figure 40: PMI



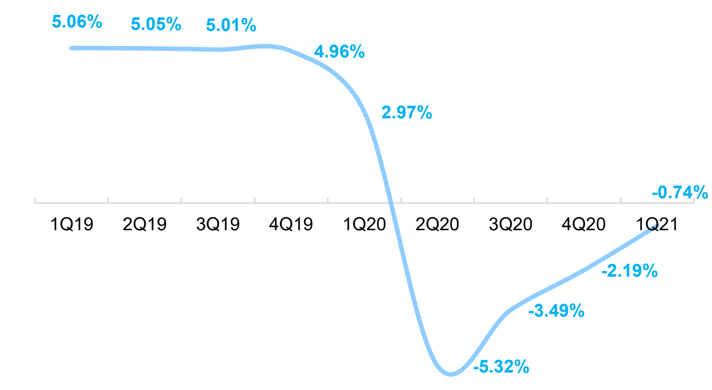
Source: BPS, RHB

Figure 41: Inflation (% YoY)



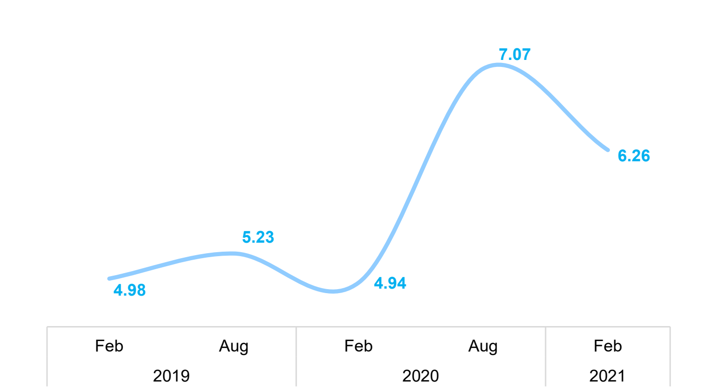
Source: BPS, RHB

Figure 42: GDP growth (% YoY)



Source: BPS, RHB

Figure 43: Unemployment (%)



Source: BPS, RHB

Malaysia: More Speed Bumps To Navigate

Figure 44: Earnings outlook and valuations

	FBM KLCI				RHB Basket				RHB Basket (EX-FBM KLCI)			
Composite Index @ 1,527.62 22 Jul 21	**2019**	**2020**	**2021F**	**2022F**	**2019**	**2020**	**2021F**	**2022F**	**2019**	**2020**	**2021F**	**2022F**
Revenue growth (%)	1.2	(9.2)	20.7	8.7	2.1	(7.3)	18.2	7.1	3.4	(4.7)	15.0	4.7
EBITDA growth (%)	6.1	(2.4)	25.1	8.7	6.0	(2.6)	26.7	6.8	5.8	(3.1)	30.4	2.8
Normalised earnings growth (%)	(8.2)	(19.6)	58.6	13.5	(6.1)	(18.5)	60.0	11.0	(0.3)	(15.6)	62.9	5.9
Normalised EPS (sen)	29.3	23.5	34.6	39.3	17.6	14.3	21.7	24.0	9.0	7.5	12.1	12.8
Normalised EPS growth (%)	**(9.0)**	**(19.8)**	**58.3**	**13.5**	**(7.5)**	**(19.1)**	**59.3**	**10.9**	**(2.4)**	**(16.5)**	**61.9**	**5.6**
Prospective P/E (x)	**19.1**	**23.8**	**16.1**	**14.2**	**18.9**	**23.3**	**15.3**	**13.8**	**18.4**	**22.0**	**13.6**	**12.9**
Normalised EPS (sen) ex-rubber gloves	30.9	22.2	29.9	36.1	18.2	13.2	17.7	21.4	9.1	6.8	9.2	11.0
Normalised EPS growth (%) ex-rubber gloves	(9.1)	(28.2)	34.6	20.7	(7.7)	(27.6)	34.7	20.5	(2.7)	(25.3)	35.6	20.2
Prospective P/E (x) ex-rubber gloves	18.2	25.4	18.8	15.6	18.1	24.9	18.4	15.3	17.8	23.8	17.5	14.6
Price/BV (x)	1.8	1.8	1.7	1.6	1.5	1.5	1.5	1.4	1.1	1.1	1.1	1.0
Dividend yield (%)	3.8	3.4	4.2	4.1	3.7	3.1	3.9	3.9	3.2	2.5	3.2	3.5
ROE (%)	9.2	7.4	10.6	11.5	8.1	6.5	9.6	10.2	6.2	5.1	8.0	8.1

Note: Excludes FBM KLCI stocks not under RHB Research's coverage, ie Hong Leong Financial Group, RHB Bank, PPB and Hap Seng Consolidated
Source: Bloomberg, RHB

Figure 45: FBM KLCI – weightings & valuations

	Market Cap	Weight	EPS growth (%)			P/E (x)		
	MYRbn	(%)	FY20	FY21F	FY22F	FY20F	FY21F	FY22F
Sime Darby	15.1	1.64	9.5	15.0	0.2	15.9	14.5	12.6
Auto	**15.1**	**1.64**	**9.5**	**15.0**	**0.2**	**15.9**	**14.5**	**12.6**
CIMB	45.6	4.94	(72.6)	163.5	28.6	8.6	31.5	12.0
HL Bank	40.0	4.34	(6.4)	17.8	10.5	14.2	15.1	12.9
Maybank	94.0	10.19	(21.5)	17.2	17.9	10.9	13.9	11.9
Public bank	78.0	8.46	(14.2)	23.9	7.8	14.1	16.4	13.2
Banking	**257.6**	**27.94**	**(29.9)**	**33.0**	**15.8**	**11.6**	**16.6**	**12.4**
Press Metal	39.4	4.27	(0.6)	196.4	76.5	84.6	85.1	28.7
Basic Materials	**39.4**	**4.27**	**(0.6)**	**196.4**	**76.5**	**84.6**	**85.1**	**28.7**
Nestle	31.4	3.40	(15.1)	17.8	7.0	48.2	56.7	48.1
Mr DIY	21.8	2.36	8.1	52.3	19.3	67.3	62.2	40.9
Consumer	**53.2**	**5.77**	**(7.4)**	**31.2**	**12.5**	**54.5**	**58.9**	**44.9**
Genting	18.5	2.00	(111.3)	(119.6)	344.3	8.7	n.m.	n.m.
Genting Malaysia	15.8	1.72	(196.8)	17.0	213.5	12.7	n.m.	n.m.
Gaming	**34.3**	**3.72**	**(143.7)**	**(5.0)**	**257.5**	**10.2**	**n.m.**	**(22.3)**
IHH Healthcare	50.9	5.52	(22.3)	66.4	14.6	55.3	71.2	42.8
Healthcare	**50.9**	**5.52**	**(22.3)**	**66.4**	**14.6**	**55.3**	**71.2**	**42.8**
Dialog	16.1	1.75	12.9	(15.3)	12.4	33.2	29.4	34.7
MISC	30.7	3.33	7.6	0.1	20.4	18.5	17.2	17.1
Petronas Chemicals	64.6	7.01	(31.2)	106.8	5.5	23.1	33.6	16.3
Petronas Dagangan	18.7	2.03	(61.3)	101.1	29.2	22.7	58.6	29.2
Oil & Gas	**130.2**	**14.12**	**(20.4)**	**49.4**	**12.0**	**22.7**	**28.5**	**19.1**
IOI Corp	23.0	2.49	11.7	24.1	1.4	32.6	29.1	23.5
Sime Darby Plantations	25.5	2.77	573.2	82.0	(25.2)	+>100	28.0	15.4
Plantation	**69.8**	**7.57**	**60.1**	**62.5**	**(16.0)**	**46.6**	**29.1**	**17.9**
Top Glove	32.8	3.56	340.2	421.6	(38.6)	91.9	20.9	4.0
Rubber Products	**59.3**	**6.43**	**132.2**	**452.0**	**(15.8)**	**68.3**	**29.4**	**5.3**
Axiata	35.5	3.85	(9.8)	9.4	15.0	36.5	40.5	37.0
DiGi.Com	33.0	3.58	(9.8)	(5.2)	3.1	24.9	27.6	29.1
Maxis	34.3	3.72	(7.7)	4.6	6.4	22.0	23.9	22.8
Telekom Malaysia	22.8	2.47	(1.7)	20.8	4.7	22.5	22.9	18.9
Telecommunications	**125.6**	**13.62**	**(7.4)**	**6.5**	**6.9**	**25.8**	**27.9**	**26.2**
Petronas Gas	31.0	3.36	5.5	(0.9)	0.8	16.5	15.6	15.8
Tenaga	55.8	6.05	(25.2)	24.3	5.6	11.5	15.4	12.4
Utilities	**86.8**	**9.41**	**(16.5)**	**15.3**	**4.1**	**12.9**	**15.5**	**13.4**
FBM KLCI	**922.2**	**104.27**	**(19.8)**	**58.3**	**13.5**	**19.1**	**25.6**	**16.1**

Source: Bloomberg, RHB

Figure 46: Top BUYs

	FYE	Price (MYR/s) 22 Jul 21	TP (MYR/s)	*Shariah* compliant	Market Cap (MYRm)	EPS (sen) FY21F	EPS (sen) FY22F	EPS growth (%) FY21F	EPS growth (%) FY22F	3-Yr EPS CAGR (%) FY19-FY22F	P/E (x) FY21F	P/E (x) FY22F	P/BV (x) FY22F	P/CF (x) FY22F	DY (%) FY22F
Bumi Armada	Dec	0.43	0.51	NO	2,540	7.4	7.5	(9.0)	1.8	17.3	5.8	5.7	0.6	2.9	0.0
Gamuda	Jul	2.86	3.86	YES	7,189	18.8	24.0	(10.7)	28.0	(5.3)	15.2	11.9	0.8	29.5	4.2
Hong Leong Bank	Jun	18.46	22.50	NO	40,016	143.6	158.6	17.8	10.5	6.8	12.9	11.6	1.2	n.a.	3.1
Inari Amertron	Jun	3.31	4.33	YES	11,077	9.5	10.8	119.4	13.9	22.6	34.8	30.6	8.2	25.7	2.8
JHM Consolidation	Dec	2.10	2.67	YES	1,171	7.9	9.9	85.8	24.7	21.6	26.5	21.3	4.1	28.6	1.4
Kerjaya Prospek	Dec	1.18	1.62	YES	1,460	9.8	12.9	33.6	32.2	4.5	12.1	9.1	1.1	13.0	3.8
MISC	Dec	6.87	7.88	YES	30,666	40.1	48.2	0.1	20.4	9.0	17.1	14.2	0.9	6.3	4.8
OCK Group	Dec	0.46	0.59	YES	480	2.7	2.9	23.4	4.4	5.5	16.6	15.9	0.9	2.2	0.0
Press Metal	Dec	4.88	8.00	YES	39,412	17.0	30.0	196.4	76.5	73.2	28.7	16.3	6.2	12.0	2.6
Tenaga Nasional	Dec	9.74	12.49	YES	55,772	78.6	83.0	24.3	5.6	(0.6)	12.4	11.7	0.9	3.3	4.9
TM	Dec	6.03	7.90	YES	22,755	31.9	33.4	20.8	4.7	7.5	18.9	18.1	2.4	6.1	2.7

Note: FY20-21 valuations refer to those of FY21-22
Source: RHB

Figure 47: Top SELLs

	FYE	Price (MYR/s) 22 Jul 2021	TP (MYR/s)	*Shariah* compliant	Market Cap (MYRm)	EPS (sen) FY21F	EPS (sen) FY22F	EPS growth (%) FY21F	EPS growth (%) FY22F	3-Yr EPS CAGR (%)	P/E (x) FY21F	P/E (x) FY22F	P/BV (x) FY22F	P/CF (x) FY22F	DY (%) FY22F
Affin Bank	Dec	1.70	1.48	NO	3,611	14.9	19.1	28.1	27.8	(8.4)	11.4	8.9	0.3	n.a.	2.6
CMMT	Jan	0.63	0.52	NO	1,319	1.7	2.4	(46.8)	35.9	(21.5)	36.0	26.5	0.5	9.7	3.8
E&O	Mar	0.61	0.60	YES	873	(0.9)	0.1	73.1	114.4	(47.6)	n.m.	+>100	0.6	5.9	0.0
Tan Chong	Dec	1.17	0.97	NO	763	8.0	8.9	130.7	11.6	8.0	14.7	13.2	0.3	4.1	1.7

Note: ^FY20-21 valuations refer to those of FY21-22
Source: RHB

Key investment themes

Our base case expectation is for the economy to re-open as vaccination rates increase. While we can expect investor sentiment to improve as new vaccination milestones are attained, we note that a "recovery scenario" is already partly priced in. The prevailing short-term risks arising from an evolving pandemic environment, potential financial shocks stemming from tighter liquidity, and underlying political risks point to a continued heightened potential for volatility. This would compel some exposure to defensive names. Stock-picking strategies and trading to capitalise on momentum and high beta names will be needed to generate alpha. Overall, we still recommend that investors maintain a balanced portfolio.

Defensive exposure to the fore

Domestic investors that have to remain invested locally, need to retain a defensive portfolio for tactical reasons, given the near-term uncertainties. These defensive names will demonstrate greater price stability and resilience in the face of volatility, while high dividend yield stocks will remain on the radars of risk-averse investors. Given the risk factors we highlighted, we expect investors to hold on to higher-than-normal cash levels.

The pivot towards value cyclical stocks in a recovery scenario suggests a reduced weightage for defensive names in a balanced portfolio. However, the prevailing underlying risks preclude us from going all-in on cyclical names, and some defensive exposure should be maintained.

Figure 48: Defensive stocks

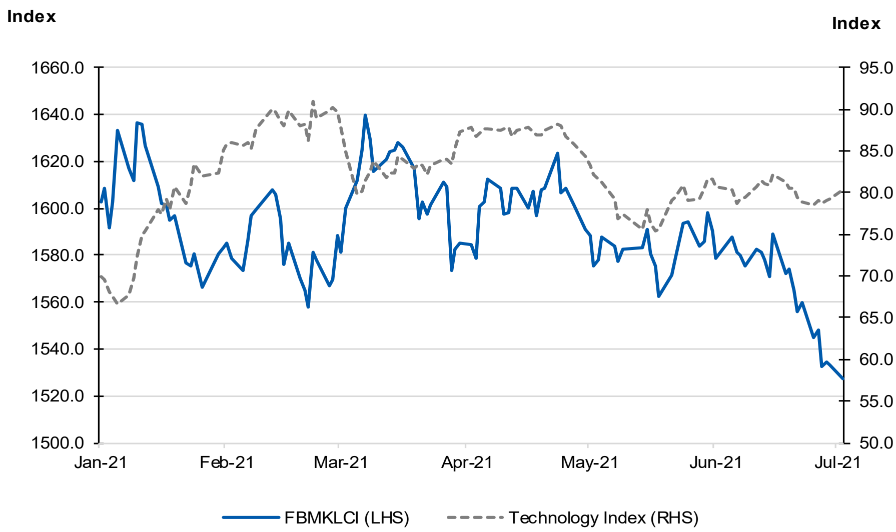
	Rec	Price (MYR/s) 22 Jul 21	TP (MYR/s)	Mkt cap (MYRm)	EPS (sen) 21F	EPS (sen) 22F	EPS growth (%) 21F	EPS growth (%) 22F	3-yr EPS CAGR (%) FY19-FY22F	P/E (x) 21F	P/E (x) 22F	P/BV (x) 22F	P/CF (x) 22F	DY (%) 22F
Tenaga Nasional	Buy	9.74	12.49	55,772	78.6	83.0	24.3	5.6	(0.6)	12.4	11.7	0.9	3.3	4.9
IHH Healthcare	Buy	5.80	6.80	50,919	13.6	15.5	66.4	14.6	14.0	42.8	37.3	2.2	17.2	0.9
Magnum Bhd^	Buy	2.04	2.73	2,932	10.1	18.1	39.6	78.8	2.0	20.2	11.3	1.2	9.3	7.8
Axis Reit	Buy	1.95	2.30	2,821	9.6	10.2	9.5	7.1	5.6	20.4	19.0	1.3	7.5	5.3
Allianz Malaysia	Buy	12.86	18.20	2,283	148.9	153.5	(0.9)	3.1	8.0	8.6	8.4	0.9	n.a	4.8
RCE Capital^	Buy	2.74	3.20	998	36.5	37.3	5.5	2.1	5.4	7.5	7.3	1.2	n.a	4.9
Freight Management	Buy	0.72	1.05	402	10.5	11.7	131.0	11.1	33.9	6.8	6.2	0.6	4.8	9.0
Nestle	Neutral	133.90	128.00	31,400	278.1	297.5	17.8	7.0	2.3	48.1	45.0	54.3	32.3	2.2
QL Resources	Neutral	5.70	6.05	13,872	12.0	13.4	25.2	11.7	10.7	47.7	42.7	5.2	23.9	0.9
Time DotCom	Neutral	14.26	13.80	8,623	64.3	71.8	8.2	11.6	6.9	22.2	19.9	2.4	7.5	2.5

Note: ^FY21-22 valuations refer to those of FY22-23
Source: RHB

Growth stocks still in vogue

During this recent volatile period, where growth has been a rare commodity, investors paid a premium for growth. This was seen in 2020, when technology and glove names went on a tear. While the dynamics for glove stocks have turned, the fundamentals for technology counters remain supported by longer-term growth drivers – although the premium for growth will remain.

Figure 49: Growth sectors like technology have outperformed



Source: Bloomberg, RHB

Figure 50: Top growth stocks

	Rec	Price (MYR/s) 22 Jul 21	TP (MYR/s)	Mkt cap (MYRm)	EPS (sen) 21F	EPS (sen) 22F	EPS growth (%) 21F	EPS growth (%) 22F	3-year EPS CAGR (%) FY19-FY22F	P/E (x) 21F	P/E (x) 22F	P/BV (x) 22F	P/CF (x) 22F	DY (%) 22F
Gabungan AQRS	Buy	0.53	0.86	288	4.8	10.8	83.2	124.4	9.7	11.0	4.9	0.5	5.9	3.8
Genting	Buy	4.80	6.55	18,483	(13.7)	33.6	(119.6)	344.3	(15.3)	n.m.	14.3	0.6	2.1	4.2
Guan Chong	Buy	2.72	4.00	2,825	16.3	24.7	(15.9)	51.4	4.5	16.7	11.0	1.8	10.3	2.0
Inari Amertron	Buy	3.31	4.33	11,077	9.5	10.8	119.4	13.9	22.6	34.8	30.6	8.2	25.7	2.8
JHM Consolidation	Buy	2.10	2.67	1,171	7.9	9.9	85.8	24.7	21.6	26.5	21.3	4.1	28.6	1.4
MPI	Buy	42.00	45.12	8,354	121.2	141.0	54.6	16.3	26.8	34.7	29.8	4.9	17.2	0.8
Mr DIY Group	Buy	3.47	4.71	21,780	8.5	10.1	52.3	19.3	25.2	40.9	34.2	14.9	27.9	1.5
Petronas Chemicals	Buy	8.08	9.11	64,640	49.7	52.4	106.8	5.5	14.5	16.3	15.4	1.9	10.9	3.2
Press Metal	Buy	4.88	8.00	39,412	17.0	30.0	196.4	76.5	73.2	28.7	16.3	6.2	12.0	2.6
VS Industry	Buy	1.41	1.65	5,371	7.1	8.6	121.9	21.0	24.6	19.8	16.3	2.7	16.9	3.1

Note: ^FY21-22 valuations refer to those of FY22-23
Source: RHB

Nibble the dip

If the pace of vaccinations picks up according to plan, we expect to reach the 40% mark (percentage of total population that is fully vaccinated) between August and September. If we are able to move into subsequent phases of the NRP, to allow the economy to re-open safely, investor sentiment should pivot to the positive. This is still very much a realistic expectation, and a recovery scenario is still on the cards. Investors should look to increase exposure to cyclical and value stocks, and buy on weakness. These are companies that are leveraged on an improving economy and better business conditions, and the new growth cycle.

Figure 51: Top recovery/cyclical stock picks

	Rec	Price (MYR/s) 22 Jul 21	TP (MYR/s)	Mkt cap (MYRm)	EPS (sen) 21F	EPS (sen) 22F	EPS growth (%) 21F	EPS growth (%) 22F	3-year EPS CAGR (%) FY19-FY22F	P/E (x) 21F	P/E (x) 22F	P/BV (x) 22F	P/CF (x) 22F	DY (%) 22F
CIMB	Buy	4.55	5.20	45,565	38.0	48.9	163.5	28.6	(2.4)	12.0	9.3	0.7	n.a	4.6
Genting	Buy	4.80	6.55	18,483	(13.7)	33.6	(119.6)	344.3	(15.3)	n.m.	14.3	0.6	2.1	4.2
Hong Leong Bank	Buy	18.46	22.50	40,016	143.6	158.6	17.8	10.5	6.8	12.9	11.6	1.2	n.a.	3.1
IOI Properties	Buy	1.17	1.60	6,442	11.5	12.2	12.4	5.7	3.2	10.2	9.6	0.3	5.8	2.6
MISC	Buy	6.87	7.88	30,666	40.1	48.2	0.1	20.4	9.0	17.1	14.2	0.9	6.3	4.8
Mynews Holdings	Buy	0.87	1.20	590	(2.3)	3.9	(68.3)	272.9	(0.0)	n.m	22.0	2.1	24.2	1.1
Padini	Buy	2.85	3.35	1,875	10.4	19.7	(9.1)	89.4	(6.8)	27.4	14.5	2.3	12.2	4.2
Press Metal	Buy	4.88	8.00	39,412	17.0	30.0	196.4	76.5	73.2	28.7	16.3	6.2	12.0	2.6
Sarawak Oil Palms	Buy	3.58	4.65	2,047	43.0	38.9	12.4	(9.4)	27.8	8.3	9.2	0.7	5.1	1.7
Sunway Construction	Buy	1.60	1.94	2,063	8.1	11.7	(10.5)	44.0	6.7	19.8	13.7	2.7	14.8	3.6
Tasco^	Buy	1.09	1.75	872	1.8	2.0	41.6	11.9	99.5	59.7	53.3	6.3	31.1	0.6

Note: ^FY21-22 valuations refer to those of FY22-23
Source: RHB

Exporters to benefit

Developed economies are at least 4-6 months ahead of emerging Asia in the race to re-open. We expect global growth to be led by developed Western economies. US consumers could also benefit from an increase in purchasing power – if the USD appreciates as RHB economists expect. Exports grew 47.3% YoY in May, driven by higher electrical & electronics (E&E) exports (+34.3%), and higher palm oil and crude oil prices. Unfortunately, Bursa Malaysia is dominated by domestic-focused companies. and there are limited sectors that can be described as being beneficiaries of strong export demand outside of technology, gloves, basic materials, electronics manufacturing services, furniture, and some oil & gas names.

Figure 52: Beneficiaries of strong export growth

	Rec	Price (MYR/s) 22 Jul 21	TP (MYR/s)	Mkt cap (MYRm)	EPS (sen) 21F	EPS (sen) 22F	EPS growth (%) 21F	EPS growth (%) 22F	3-yr EPS CAGR (%) FY19-FY22F	P/E (x) 21F	P/E (x) 22F	P/BV (x) 22F	P/CF (x) 22F	DY (%) 22F
Freight Management	Buy	0.72	1.05	402	10.5	11.7	131.0	11.1	33.9	6.8	6.2	0.6	4.8	9.0
Petronas Chemicals	Buy	8.08	9.11	64,640	49.7	52.4	106.8	5.5	14.5	16.3	15.4	1.9	10.9	3.2
Press Metal	Buy	4.88	8.00	39,412	17.0	30.0	196.4	76.5	73.2	28.7	16.3	6.2	12.0	2.6
Inari Amertron	Buy	3.31	4.33	11,077	9.5	10.8	119.4	13.9	22.6	34.8	30.6	8.2	25.7	2.8
MPI	Buy	42.00	45.12	8,354	121.2	141.0	54.6	16.3	26.8	34.7	29.8	4.9	17.2	0.8
Unisem	Buy	7.75	9.17	6,251	28.7	31.3	40.2	9.2	43.7	27.0	24.8	2.5	14.5	1.1
VS Industry	Buy	1.41	1.65	5,371	7.1	8.6	121.9	21.0	24.6	19.8	16.3	2.7	16.9	3.1
Guan Chong	Buy	2.72	4.00	2,825	16.3	24.7	(15.9)	51.4	4.5	16.7	11.0	1.8	10.3	2.0
SKP Resources^	Buy	1.75	1.93	2,734	10.2	11.0	23.4	7.5	31.0	17.1	15.9	3.2	15.2	3.8
Tasco^	Buy	1.09	1.75	872	1.8	2.0	41.6	11.9	99.5	59.7	53.3	6.3	31.1	0.6
Westports Holdings	Neutral	4.25	4.45	14,493	21.1	21.9	10.1	3.9	8.2	20.1	19.4	4.5	13.6	3.9
Kossan Rubber	Neutral	3.53	3.30	9,007	130.6	71.9	207.2	(44.9)	101.6	2.7	4.9	1.9	4.5	7.0
KESM Industries	Not Rated	12.00	16.10-18.00	516	26.0	66.6	NA	155.5	60.6	42.2	16.5	1.2	6.4	0.8
Aemulus	Not Rated	0.96	1.16-1.44	582	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Note: ^FY21-22 valuations refer to those of FY22-23
Source: RHB

Small and mid-cap strategy: Stay selective

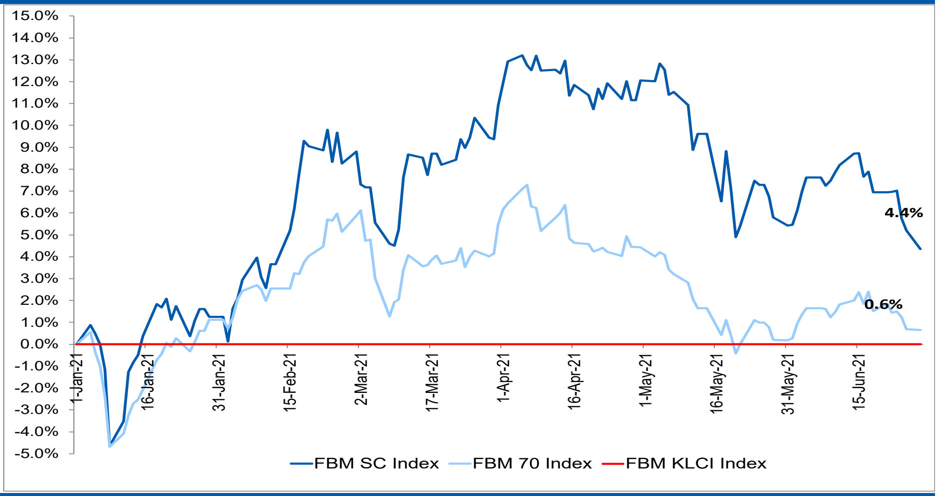
A range-bound market. The FBM 70 (+0.6%) and FBM SC (+4.4%) continue to outperform the FBM KLCI YTD, as the broad market remains lacklustre – clouded by uncertainties in the eventual broad-based economic recovery, amid the protracted pandemic. With the lack of fresh catalysts, and as uncertainties linger, both indices are now in negative territory, following the market correction of late. On the other hand, the downside looks supported by robust trading and bottom-fishing activities, especially in the FBM SC, where the trading activities are largely concentrated. Technology counters are among the major YTD index movers for both the FBM 70 and FBM SC, along with consumer stocks and conglomerates, tracking the strong 31% growth YTD in electric and electronic exports.

Figure 53: Small-mid caps – Top Picks

	FYE	Price (MYR) 22 Jul 2021	TP	*Shariah* compliant	Mkt Cap (MYRm)	EPS (sen) FY21F	EPS (sen) FY22F	EPS growth (%) FY21F	EPS growth (%) FY22F	3-year EPS CAGR (%)	P/E (x) FY21F	P/E (x) FY22F	P/BV (x) FY22F	P/CF (x) FY22F	DY (%) FY22F	Rec
Astro M'sia^	Jan	1.12	1.48	NO	5,840	10.5	11.3	2.0	7.7	(3.7)	10.7	9.9	4.1	4.8	7.0	Buy
Guan Chong	Dec	2.72	4.00	YES	2,825	16.3	24.7	(15.9)	51.4	4.5	16.7	11.0	1.8	10.3	2.0	Buy
JHM	Dec	2.10	2.67	YES	1,171	7.9	9.9	85.8	24.7	21.6	26.5	21.3	4.1	28.6	1.4	Buy
MPI	Jun	42.00	45.12	YES	8,354	121.2	141.0	54.6	16.3	26.8	34.7	29.8	4.9	17.2	0.8	Buy
OCK Group	Dec	0.46	0.59	YES	480	2.7	2.9	23.4	4.4	5.5	16.6	15.9	0.9	2.2	0.0	Buy
Pintaras Jaya	Jun	2.44	3.03	YES	405	30.4	31.3	59.3	2.9	10.9	8.0	7.8	1.1	5.0	6.1	Buy
RCE Capital^	Mar	2.74	3.20	NO	998	36.5	37.3	5.5	2.1	5.4	7.5	7.3	1.2	n.a.	4.9	Buy
SOP	Dec	3.58	4.65	YES	2,047	43.0	38.9	12.4	(9.4)	27.8	8.3	9.2	0.7	5.1	1.7	Buy
Tasco^	Mar	1.09	1.75	NO	872	1.8	2.0	41.6	11.9	99.5	59.7	53.3	6.3	31.1	0.6	Buy
UEM Edgenta	Dec	1.64	2.35	YES	1,364	11.2	18.9	92.0	68.7	1.7	14.7	8.7	0.9	5.1	8.6	Buy
VS Industry	Jul	1.41	1.65	YES	5,371	7.1	8.6	121.9	21.0	24.6	19.8	16.3	2.7	16.9	3.1	Buy
Hiap Teck	Jul	0.52	1.00	YES	795	7.1	10.9	2133.7	53.1	79.5	7.3	4.8	0.8	(58.5)	1.7	NR

Note: ^FY21-22 valuations refer to those of FY22-23
Source: Company data, RHB, Bloomberg

Figure 54: FBMSC and FBM70 vs FBM KLCI YTD



Source: Bloomberg, RHB

Strong retail interest will continue to lend support, with a robust retail participation rate of around 39%, which more than offset the foreign net outflow. While we recognise that upside could be capped in the short term, due to the protracted pandemic situation and extension of the lockdown measures – on top of the domestic political situation – bottom-fishing activities would resurface at various support levels. This would be due to the low interest rate environment and improved investment efficacy among retailers. Also, the extension of short-selling activities until 29 Aug should continue to offer some stability to the market. This could be further extended, amid the ongoing uncertainties.

Following the recent sell-off, the FBM70 and FBMSC's current forward P/Es have retraced to below their 5-year means. This may spur investors to relook at alpha ideas, sustained by the vibrant retail participation. On the narrative of big-cap companies struggling to achieve meaningful growth consistently, we may continue to see interest pouring into the small-mid caps – especially with the cyclical recovery, value stocks have been taking a back seat of late. The RHB basket of stocks (ex-KLCI) is now trading at 2-3x P/E discounts to the FBM KLCI's valuation. This further strengthens the case for unearthing the next gems in this space.

Yet again, good alpha picks from the small- and mid-cap space are essential for a balanced portfolio strategy, especially if they can offer unique exposure, above-industry growth, and adaptability in responding to dynamic situations. We favour the building materials, consumer discretionary, construction, technology and logistics sectors, and commodity plays. Accommodative fiscal policies and a low-interest rate backdrop should continue to boost private consumption, supporting the consumer discretionary sub-sector. Watch out for more positive news flow on mega infrastructure projects, which should boost excitement on the construction sector. This is also premised on inexpensive valuations, despite near-term earnings headwinds stemming from the lockdown. In the technology space, selective exposure to the strong underlying demand for electronics products and structural technological megatrends cannot be ignored.

Singapore: Banking On Economic Re-Opening

Remain constructive on equities and expect outperformance to continue

After outperforming its South-East Asian peers, we expect the STI to move higher as we get greater clarity on the eventual reopening of the domestic economy. Singapore's strong control over the spread of COVID-19 (relative to ASEAN peers), given its aggressive vaccination drive and positive steps to prepare a roadmap for living with COVID-19, should continue to offer the most comfort to foreign investors. We remain positive on Singapore equities, and continue recommending a balanced investment strategy – with higher exposure to economic recovery/reopening plays, which will be balanced with high-yield and defensive stocks.

Figure 55: Singapore – alpha picks (large-cap)

	M Cap		Target	Up/down	1FY	P/E (x)			P/BV (x)			Yield (%)			ROE (%)		
Company name	(USDm)	Rating	price	side (%)	year	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY
CapitaLand	15,483	Buy	4.40	8.6	Dec-21	21.4	18.2	15.9	0.9	0.9	0.9	3.0	3.0	3.0	5.3	5.9	6.4
ComfortDelGro	2,522	Buy	2.00	27.4	Dec-21	17.8	14.6	13.5	1.3	1.2	1.2	2.8	5.5	5.9	7.2	8.4	8.8
First Resources	1,534	Buy	1.60	21.3	Dec-21	12.1	10.8	10.4	1.3	1.2	1.1	n.a	n.a	n.a	11.5	11.8	11.3
OCBC	40,351	Buy	14.30	18.0	Dec-21	11.1	10.2	9.3	1.0	1.0	0.9	3.5	4.1	4.6	9.6	9.8	10.1
Raffles Medical	1,651	Buy	1.35	12.9	Dec-21	40.7	34.3	29.0	2.5	2.5	2.4	1.6	2.0	1.5	6.3	7.5	8.5
SingTel	27,367	Buy	3.00	32.7	Mar-22	17.3	14.2	13.1	1.3	1.3	1.2	4.1	4.5	5.0	7.7	9.1	9.5
ST Engineering	9,186	Buy	4.50	12.8	Dec-21	22.6	20.2	18.8	5.3	5.0	4.7	3.7	3.7	4.2	23.6	25.2	25.5
Suntec REIT	3,098	Buy	1.76	18.1	Dec-21	23.5	16.0	16.9	0.7	0.7	0.7	5.9	6.1	6.2	3.1	4.6	4.4
Thai Beverage	12,303	Buy	0.94	41.3	Sep-21	15.7	14.5	13.6	2.6	2.4	2.2	3.3	3.6	3.8	17.3	17.2	16.8
UOB	32,150	Buy	30.20	16.5	Dec-21	11.7	10.7	9.9	1.0	1.0	0.9	3.7	4.6	5.2	9.1	9.4	9.7
Venture Corp	4,103	Buy	20.70	8.2	Dec-21	16.6	16.0	15.7	2.1	2.0	1.9	3.9	3.9	3.9	12.7	12.6	12.3
Wilmar	21,038	Buy	6.45	42.1	Dec-21	12.4	13.2	12.9	1.1	1.0	1.0	2.1	2.2	2.2	8.8	7.8	7.6

Note: Prices are as at 22 Jul 2021
Source: Bloomberg, RHB

Figure 56: Singapore – alpha picks (small-cap)

	M Cap		Target	Upside/	1FY	P/E (x)			P/BV (x)			Yield (%)			ROE (%)		
Company name	(USDm)	Rating	price	down. (%)	year	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY
AIMS APAC REIT	802	Buy	1.70	9.7	Mar-22	13.5	13.1	12.9	1.1	1.1	1.1	6.5	6.6	6.7	8.4	8.5	8.6
China Aviation Oil	646	Buy	1.26	23.6	Dec-21	9.8	8.2	7.7	0.7	0.7	0.6	1.9	2.2	2.7	7.3	8.3	8.3
Food Empire	335	Buy	1.27	50.3	Dec-21	9.9	9.2	8.6	1.3	1.2	1.1	2.0	2.0	2.1	14.0	13.6	13.1
Frencken Group	601	Buy	2.02	6.3	Dec-21	14.3	13.6	13.4	2.1	1.9	1.8	n.a	n.a	n.a	15.8	15.0	13.7
Fu Yu Corp	166	Buy	0.37	25.4	Dec-21	11.6	11.1	10.7	1.2	1.2	1.1	5.4	5.4	5.4	10.9	10.9	10.8
Kimly	386	Buy	0.48	9.1	Sep-21	12.9	10.3	9.7	4.2	3.6	3.1	4.7	5.8	6.2	35.0	37.4	34.3
Marco Polo Marine	70	Buy	0.04	51.9	Sep-21	161.3	14.1	8.8	0.9	0.9	0.8	n.a	n.a	n.a	0.6	6.5	9.6
Prime US REIT	981	Buy	1.03	21.2	Dec-21	15.9	12.9	9.8	1.0	1.0	1.0	8.2	8.4	8.6	6.3	7.9	10.4

Note: Prices are as at 22 Jul 2021
Source: Bloomberg, RHB

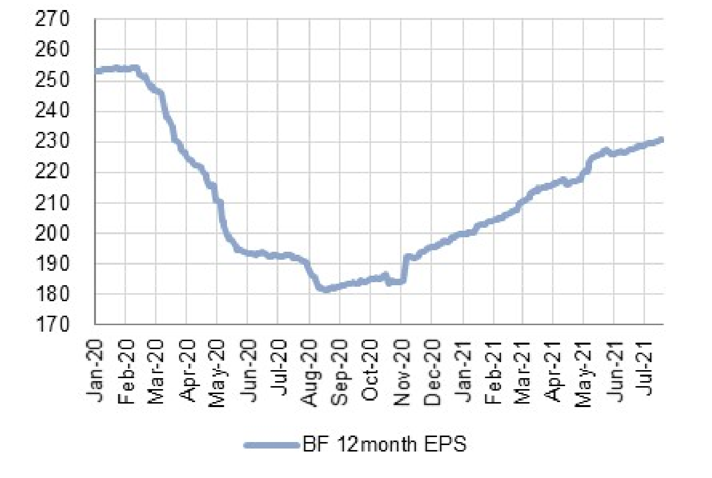
Gradual economic reopening is inevitable

We view the freshly announced reinstatement of Phase 2 (Heightened Alert) as a speed bump in Singapore's ongoing economic recovery. We maintain that the reopening of the economy will sustain over the next 12 months, amid positive data points from the country's aggressive vaccination programme, and stringent measures imposed on regular and frequent COVID-19 testing for key business sectors. With the Government remaining committed to its plan for the gradual reopening of the domestic economy, we continue to believe that the risks remain tilted towards the upside – even though our economics team is still cautious with its GDP growth forecasts. In addition to having the highest vaccination rate amongst South-East Asian countries, being a small and open economy, Singapore will also be in a great position to capitalise on the recovery in global trade.

Although the Ministry of Trade & Industry has maintained its official forecast range for 2021's GDP growth at 4-6% YoY, MAS MD Ravi Menon recently stated that Singapore's GDP growth could exceed the upper end of the 4-6% YoY forecasted range – barring a setback to the global economy.

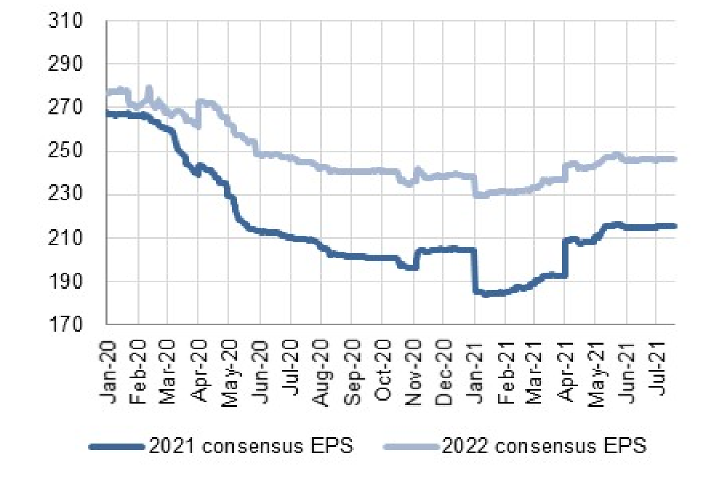
We see this optimism over the improvement in the macroeconomic environment being reflected in expected corporate earnings growth as well. Starting 3Q20, earnings/business updates from corporates offered some hope that Street has been too conservative in its earnings outlook for the STI. After a significant cut to forward earnings estimates during 1Q-2Q20 – when negative earnings surprises and cautious management guidance significantly exceeded the positive ones – Street upgraded the 12-month forward EPS estimate for the STI by c.25% since end Sep 2020.

Figure 57: 12-month forward EPS for the STI saw upgrades post 3Q20 results/business updates



Source: Bloomberg, RHB

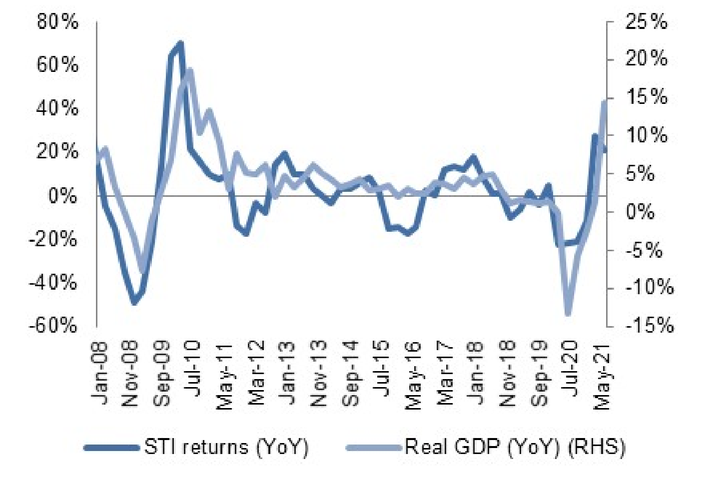
Figure 58: Street remains optimistic on the STI's earnings growth being sustained in 2022F



Source: Bloomberg, RHB

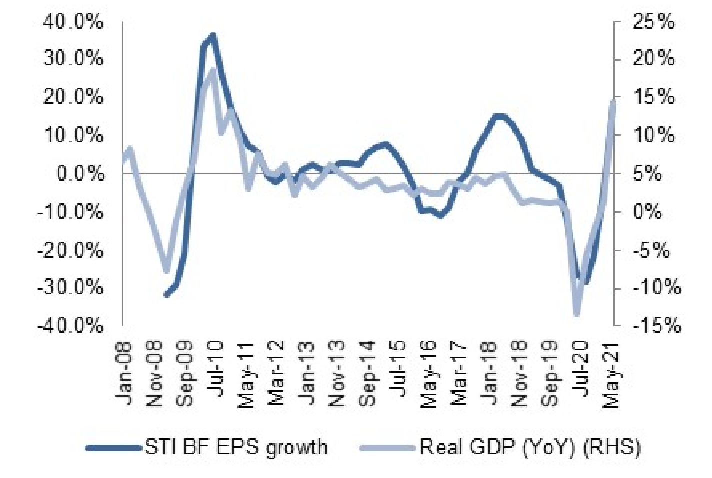
We reiterate that the continuing economic recovery and likely risk of further upgrades to the GDP growth estimate are positive for Singapore equities, as historically, the STI's forward EPS growth and returns have had a positive correlation with Singapore's GDP growth expectations.

Figure 59: There is a positive correlation between STI returns and GDP growth expectations



Source: Bloomberg, RHB

Figure 60: STI's forward EPS growth and expected GDP growth are also positively correlated

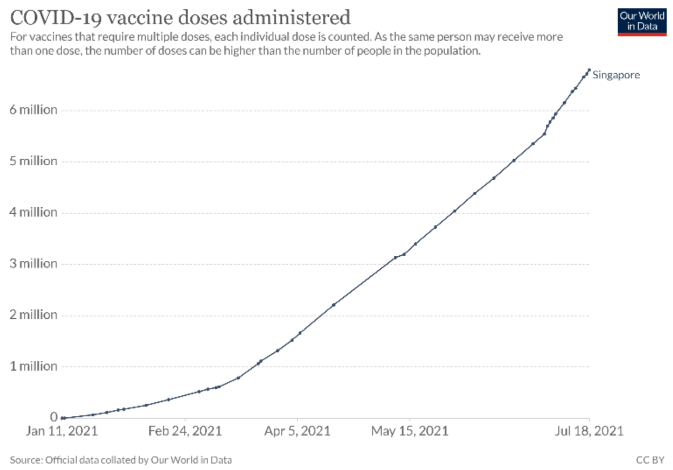


Source: Bloomberg, RHB

Continuing aggressive vaccination drive remains the key variable

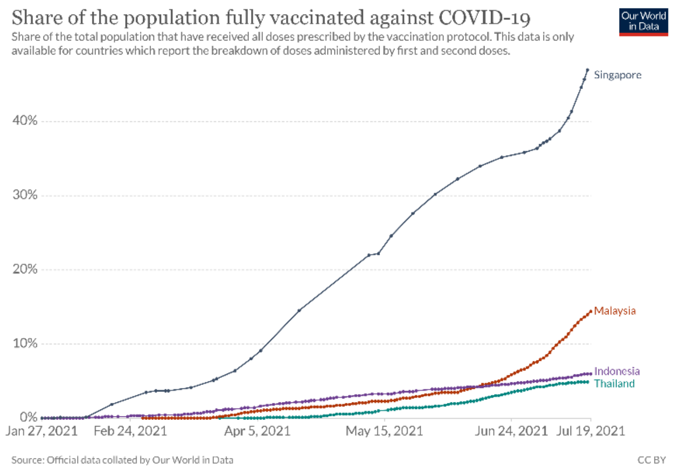
While Singapore was looking at a gradual return of normal economic activity, with the relaxation of the restrictions placed in May, the recent rise in domestic cases and increase in the number of COVID-19 clusters has forced the Government to reinstate the Phase 2 (Heightened Alert) restrictions till 18 Aug. We see this as a speed bump, and maintain that the reopening of the economy will sustain over the next 12 months amid positive data points from the country's aggressive vaccination programme. At the moment, c.50% of the population is fully vaccinated, and the plan to vaccinate c.67% of the population or more by 9 Aug is on track. We expect the country to be fully vaccinated by the end of the year, creating opportunities for a gradual and selective opening of borders.

Figure 61: Singapore has administered more than 6.8m doses of COVID-19 vaccines



Note: As at 19 Jul 2021
Source: Our World In Data

Figure 62: Close to 50% of Singapore's resident population is fully vaccinated



Note: As at 19 Jul 2021
Source: Our World In Data

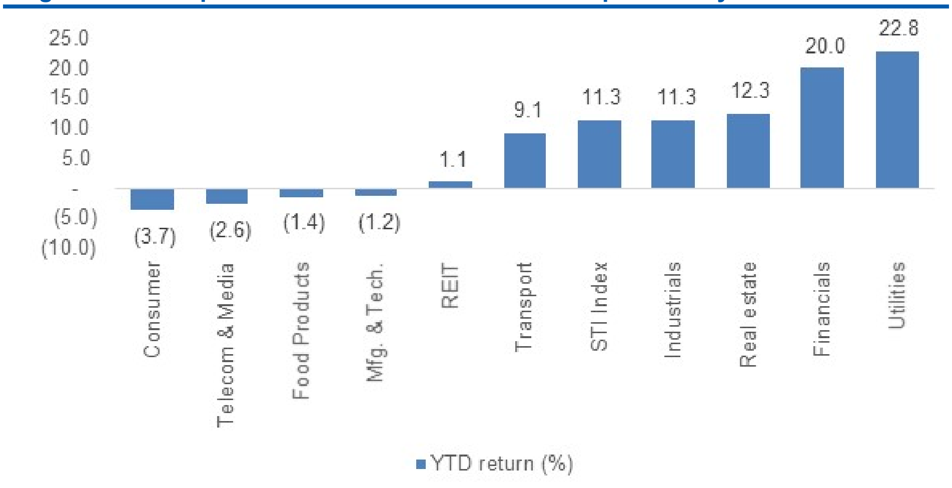
2H21 outlook comes with risks; we expect more upside for equities

The outlook for the second half of the year is marked by risks and opportunities alike. On one hand, the risks remain pronounced – with the re-emergence of COVID-19 infections leading to the reinstatement of movement restrictions, central banks on the move, and inflation on the rise. That said, good news on the vaccination front and global economic strength are reasons to stay upbeat. Overall, we see more upside to equities – in view of robust earnings growth, attractive valuations and policy accommodation.

The consumer, manufacturing and technology, telco, and plantation stocks that are part of the STI have delivered negative YTD returns. Most cyclical sectors, like financial, real estate, and industrials outperformed the index in 2021.

With the exception of the rubber gloves sector, which we recently downgraded to NEUTRAL, we continue to maintain our OVERWEIGHT stance on most cyclical sectors. We continue to recommend that investors employ a balanced investment strategy that combines taking positions in stocks that are proxies to the ongoing economic recovery, while retaining positions in secular high-yield and defensive stocks to cover for downside risks.

Figure 63: YTD performance of the STI and its components by sector



Note: Data as at 22 Jul 2021
Source: Bloomberg, RHB

Key investment themes

Playing the economic reopening or recovery story

Changing our pecking order for banks. The Singapore banks we cover (SG banks) recorded a robust 1Q21 performance. This should extend into 2H21, as the impact of recent movement restrictions is expected to be moderate, with the economy remaining on track for a strong recovery in 2H21. While there may be some uptick in NPLs, asset quality is resilient – evidenced by the lower-than-expected take-up of extended relief measures, and majority of borrowers being able to resume full loan repayments. This reinforces our view that credit cost, a key earnings driver this year, will trend lower – our projected 37% YoY rebound in FY21F net profit (FY20: -28%) remains intact. The sector valuation is at the historical mean of 1.1x P/BV. Still, Singapore's economic resilience, the potential easing of the dividend cap, and prospects of NIM recovery on rising US interest rates in 2023 should see SG banks continuing to outperform the broader market. We are constructive on all three SG banks, but have revised the pecking order to: Oversea-Chinese Banking Corp (OCBC), United Overseas Bank (UOB), and DBS.

We like exposure to selective consumer & manufacturing sector plays. We expect a gradual recovery in consumption in FY21 – with the better containment of COVID-19, and vaccination plans in progress leading to a wider reopening of the global economy. That said, a more palpable recovery should only materialise in FY22 following mass inoculation worldwide, which should facilitate tourism activities and a broader economic growth that will boost consumer sentiment. Companies that benefited from the pandemic – including grocery retail players – could see earnings normalising from a high base, while the more cyclical consumer firms should recover some of the lost ground in FY21. Thai Beverage and Food Empire are the preferred consumer sector picks.

The manufacturing and technology sector has done well this year, and valuations have crept up for most of the stocks under our coverage. Consequently, we are more cautious, and only remain positive on the chip stocks within the technology space, as we believe that the strong growth will likely continue due to the global chip shortage, as well as the race to dominance and independence in this sub-sector – especially between the US and China. Within the technology space, our preferences are Frencken and Venture Corp.

Figure 64: Singapore – economic reopening / recovery plays

	M Cap		Target	Up/down	1FY	P/E (x)			P/BV (x)			Yield (%)			ROE (%)		
Company name	(USDm)	Rating	price	side (%)	year	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY
China Aviation Oil	646	Buy	1.26	23.6	Dec-21	9.8	8.2	7.7	0.7	0.7	0.6	1.9	2.2	2.7	7.3	8.3	8.3
Food Empire	335	Buy	1.27	50.3	Dec-21	9.9	9.2	8.6	1.3	1.2	1.1	2.0	2.0	2.1	14.0	13.6	13.1
Frencken Group	601	Buy	2.02	6.3	Dec-21	14.3	13.6	13.4	2.1	1.9	1.8	na	na	na	15.8	15.0	13.7
OCBC	40,351	Buy	14.30	18.0	Dec-21	11.1	10.2	9.3	1.0	1.0	0.9	3.5	4.1	4.6	9.6	9.8	10.1
Raffles Medical	1,651	Buy	1.35	12.9	Dec-21	40.7	34.3	29.0	2.5	2.5	2.4	1.6	2.0	1.5	6.3	7.5	8.5
SingTel	27,367	Buy	3.00	32.7	Mar-22	17.3	14.2	13.1	1.3	1.3	1.2	4.1	4.5	5.0	7.7	9.1	9.5
Thai Beverage	12,303	Buy	0.94	41.3	Sep-21	15.7	14.5	13.6	2.6	2.4	2.2	3.3	3.6	3.8	17.3	17.2	16.8
UOB	32,150	Buy	30.20	16.5	Dec-21	11.7	10.7	9.9	1.0	1.0	0.9	3.7	4.6	5.2	9.1	9.4	9.7
Venture Corp	4,103	Buy	20.70	8.2	Dec-21	16.6	16.0	15.7	2.1	2.0	1.9	3.9	3.9	3.9	12.7	12.6	12.3

Note: Prices are as at 22 Jul 2021
Source: Bloomberg, RHB

Business restructuring offers long-term growth potential

While the COVID-19 pandemic has hit many businesses hard, the crisis has also offered an opportunity for companies on unsteady financial ground to turn things around, by taking early and swift action to effect a successful restructuring. It has also presented companies with the opportunity to revisit their business models and realign strategies with the upcoming changes in the post-COVID-19 world. Within our coverage universe, we see CapitaLand (CAPL) and ComfortDelGro (CD) as the key restructuring plays.

As a part of its restructuring strategy, CAPL is privatising its real estate development business and listing its fund management and property investment arm. The company first proposed the restructuring in March. As per CAPL's CEO Lee Chee Koon, the restructuring is expected to unlock better value for shareholders, whose shares have been trading at 20-25% discounts to net asset value in recent years. Post restructuring, the listed entity, which will be called CapitaLand Investment (CLI), will also be the largest real estate investment manager on the local bourse, with USD115bn in assets under management. The new CLI business model will comprise two revenue segments: Fee income through asset management and lodging management, and real estate investments.

CD is exploring options to unlock the value of its Australian assets, which could take a variety of forms, including a partial sale of assets or an IPO. In 2020, its Australian business chalked up SGD608m revenue, making it the best-performing overseas market. It is also refocusing on new technologies such as electrification. With strong growth potential and rising investor interest in the "environmental" segment of ESG, CD plans to focus more on clean energy and electric vehicles. In March, it announced its commitment to pump SGD50m into clean energy research and technology over the next five years. It will also spend SGD40m to replace its fleet of diesel buses with electric buses. CD also announced the formation of a Private Mobility Group (PMG). PMG is a new umbrella division created to house CD's taxi, private bus, car rental and lifestyle businesses. In tandem with this move, a mobile app will be released in early 2022, to allows customers to select from a wide range of services using just one platform.

Figure 65: Singapore – restructuring plays

	M Cap		Target	Up/down	1FY	P/E (x)			P/BV (x)			Yield (%)			ROE (%)		
Company name	(USDm)	Rating	price	side (%)	year	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY
CapitaLand	15,483	Buy	4.40	8.6	Dec-21	21.4	18.2	15.9	0.9	0.9	0.9	3.0	3.0	3.0	5.3	5.9	6.4
ComfortDelGro	2,522	Buy	2.00	27.4	Dec-21	17.8	14.6	13.5	1.3	1.2	1.2	2.8	5.5	5.9	7.2	8.4	8.8

Note: Prices are as at 22 Jul 2021
Source: Bloomberg, RHB

Stay positive on REITs despite growing concerns on rise in interest rates

Our house view is that the US Fed will announce a taper at the August Jackson Hole meeting – with a lift-off at end 2021 to early 2022 – followed by a 25bps policy interest rate (ie the Federal Funds Rate) hike in 4Q22, and then a 50bps hike in 2023. US inflation and employment conditions are likely to surprise the market and the US Fed on the upside in 2H21.

Not surprisingly, Singapore REITs (S-REITS) have underperformed the STI YTD. However, we expect the recovery pace to pick up in 2H21, on a stronger economic rebound and a positive shift in Singapore's policy stance. Our thesis of a narrowing valuation gap between small- and mid-cap REITs (market cap <USD2bn) and large-cap REITs has largely materialised, with the small mid-cap REITs on average outperforming the large-caps YTD. We expect this momentum to continue in the near term.

We believe that, despite investor concerns on rising interest rates, the following key earnings catalysts for REITs are still intact:

i. Continued earnings recovery, with a further relaxation of measures on the cards upon achieving vaccination targets, and the potential return of large-scale events by end 2021;

ii. Review of the FTSE EPRA Nareit Global Index in September, potentially resulting in the inclusion of 10 more stocks;

iii. Inorganic DPU growth from acquisitions, and interest cost savings from lower refinancing rates.

S-REITs are trading at 1.17x P/BV, and offer an average yield of 5.3% (370bps higher than the 10-year government bond yield). This is at a premium to long-term mean levels and closer to +1SD. With interest rates expected to remain low, and the projected strong economic recovery, REITs should continue to trade at a premium to their long-term valuations.

Figure 66: Singapore – REIT picks

	M Cap		Target	Up/down	1FY	P/E (x)			P/BV (x)			Yield (%)			ROE (%)		
Company name	(USDm)	Rating	price	side (%)	year	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY
AIMS APAC REIT	802	Buy	1.70	9.7	Mar-22	13.5	13.1	12.9	1.1	1.1	1.1	6.5	6.6	6.7	8.4	8.5	8.6
Prime US REIT	981	Buy	1.03	21.2	Dec-21	15.9	12.9	9.8	1.0	1.0	1.0	8.2	8.4	8.6	6.3	7.9	10.4
Suntec REIT	3,098	Buy	1.76	18.1	Dec-21	23.5	16.0	16.9	0.7	0.7	0.7	5.9	6.1	6.2	3.1	4.6	4.4

Note: Prices are as at 22 July 2021
Source: Bloomberg, RHB

Uneven and uncertain recovery necessitates selecting defensive stocks

The global economy is recovering from last year's deep recession. This recovery has been characterised by three key features: i) It has been a dual-speed recovery, ii) the recovery is likely to gather momentum, and iii) there are still notable downside risks. For Singapore especially, the emergence of more virulent variants of the COVID-19 virus, slow vaccination programmes across various countries, and an inability to control COVID-19 infections in countries that are Singapore's key trade partners – or countries that account for the highest number of tourist inflows – could derail expectations of an economic recovery currently in place.

We believe that waiting for risks to subside, and markets to bounce, can be an indefinite and costly endeavour. Instead, investors should actively seek to manage their risks and prepare for the volatility ahead.

To protect against market risks, investors can diversify their exposure into more defensive stocks that offer either strong earnings visibility or high yields, with visibility on dividend growth.

Figure 67: Singapore – defensive stocks and stocks offering high yields with earnings and dividend growth

	M Cap		Target	Up/down	1FY	P/E (x)			P/BV (x)			Yield (%)			ROE (%)		
Company name	(USDm)	Rating	price	side (%)	year	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY
Fu Yu Corp	166	Buy	0.37	25.4	Dec-21	11.6	11.1	10.7	1.2	1.2	1.1	5.4	5.4	5.4	10.9	10.9	10.8
Kimly Ltd	386	Buy	0.48	9.1	Sep-21	12.9	10.3	9.7	4.2	3.6	3.1	4.7	5.8	6.2	35.0	37.4	34.3
ST Engineering	9,186	Buy	4.50	12.8	Dec-21	22.6	20.2	18.8	5.3	5.0	4.7	3.7	3.7	4.2	23.6	25.2	25.5

Note: Prices are as at 22 Jul 2021
Source: Bloomberg, RHB

Sector recommendations and preferred picks across all sectors

Figure 68: Our sector recommendations

OVERWEIGHT	NEUTRAL
Financials	Consumer
Industrials	Food Products
Real estate	Health Care
REIT	Mfg. & Tech.
Transport	Telecom & Media

Source: RHB

Figure 69: Preferred stocks across sectors

Sector	Most preferred
Financials	OCBC, UOB
Health Care	Raffles Medical Group
Industrials	Marco Polo Marine, ST Engineering
Real estate	CapitaLand
REIT	AIMS APAC REIT, Prime US REIT, Suntec REIT
Transport	China Aviation Oil, CD
Consumer	Food Empire, Kimly, Thai Beverage
Food Products	First Resources, Wilmar
Mfg. & Tech.	Frencken, Fu Yu, Venture
Telecom & Media	SingTel

Source: RHB

Figure 70: Sector valuation comparison

		P/E (x)			P/BV (x)			Yield (%)			ROE (%)		
Sector name	Rating	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY
Financials	OW	12.5	11.3	10.6	1.7	1.5	1.4	3.3	4.1	4.6	12.1	12.5	12.2
Industrials	OW	23.0	19.6	18.3	5.1	4.8	4.5	3.7	3.7	4.2	23.2	24.7	24.9
Real estate	OW	20.2	16.7	14.9	0.9	0.8	0.8	3.0	3.1	3.1	5.2	6.0	6.4
REIT	OW	21.5	17.0	16.6	1.1	1.1	1.1	5.5	5.7	5.8	5.2	6.5	6.7
Transport	OW	16.2	13.3	12.3	1.1	1.1	1.1	2.6	4.8	5.3	7.2	8.4	8.7
Consumer	N	23.1	15.9	14.5	2.7	2.5	2.4	3.2	3.8	4.0	15.7	16.8	16.8
Food Products	N	11.7	12.4	12.1	1.0	1.0	0.9	2.2	2.3	2.2	8.9	8.1	7.8
Health Care	N	22.2	19.7	19.6	2.7	2.3	2.1	5.4	4.6	2.7	45.5	25.8	14.2
Mfg. & Tech.	N	16.0	15.4	15.1	2.0	1.9	1.8	4.0	4.0	4.0	12.8	12.6	12.2
Telecom & Media	N	17.2	14.2	13.1	1.4	1.4	1.3	4.1	4.5	4.9	8.6	9.9	10.2

Note: Prices are as at 22 Jul 2021. Market cap weighted-averages for stocks under RHB's coverage
Source: Bloomberg, RHB

Key risks to our positive view on Singapore equities

Resurgence of COVID-19 infections & re-imposition of restrictions. The strong control on the COVID-19 pandemic in Singapore has been one of the key factors behind our expectations of a gradual reopening of the economy, and economic recovery gathering pace over the next 12 months. However, a sharp resurgence in the number of COVID-19 cases, as witnessed in the last two weeks, could stall the economic recovery. At the time of writing, the Government has announced the return to Phase 2 (Heightened Alert) and reinstated the restrictions that were put in place in May.

While Singapore seems to be on track to vaccinate 67% of the population by early August, and the entire resident population by the year's end, other countries are struggling with patchy vaccine rollouts and shortages of COVID-19 vaccines. The recent resurgence of COVID-19 cases in neighbouring South-East Asian countries, despite the ongoing vaccination drive, could limit the likelihood of reopening borders for business and leisure travel. This could further delay Singapore's economic recovery.

Further escalation of trade tensions between the US and China. China and the US have locked horns over issues from trade and China's human rights record, to its expansionist ambitions in the South China Sea. The relations have soured since former President Donald Trump began imposing tariffs and other trade barriers on China in 2018. Current US president, Joe Biden, has just upped the ante, saying that he would prevent China from surpassing the US to become the most powerful country in the world, vowing to invest heavily to ensure America prevails in the race between the world's two largest economies.

We believe there remains a risk that trade tensions could escalate further – as there still is a bipartisan consensus in the US on containing China. An escalation in trade tensions could derail the current economic recovery in Singapore and across the world. This would have a negative impact on Singapore stock valuations.

Changes in regulations/policies. Further changes in the immigration policy impacting the availability of labour, and looser/tighter-than-expected fiscal/monetary policy could have a better/worse impact on Singapore's GDP growth outlook. We note that the STI's EPS growth has a strong positive correlation to the country's expected GDP growth. Changes to sector-specific regulations could also have a meaningful impact on the earnings outlook for stocks (eg further tightening measures in the real estate sector).

Rise in interest rates. There remains a risk of a hawkish turn, whether real or perceived, by the US Fed. Acknowledging the stronger-than-expected recovery in the US, the US Fed may now be more open to hiking interest rates earlier, and reducing asset purchases sooner than previously thought. The US Fed's commentary is always a source of volatility, but we think tapering is only likely to begin early next year, and rate hikes in 4Q22. Inflation is another factor. Surprise leaps in consumer prices have led to fears of runaway inflation, and this debate is likely to continue in 2H21. However, we do not see this as a reason to panic – much of the price surge in Singapore has been external in nature, and largely due to temporary supply-demand dislocations, as economies suddenly restarted at a time when businesses were hardly holding any inventory. We do not foresee a sustained rise in inflation over the next 12 months. As a matter of caution, in our equity valuations, we set risk-free rates of 2.5-2.75%, which mirrors the long-term average of the 10-year bond yield vs the current 10-year bond yield of 1.46%

STI target of 3,410 pts for end 2021

In 2021, the STI reversed its underperformance relative to regional equity indices from 2020, and has been one of the best-performing equity indices in South-East Asia, delivering YTD returns of c.11% in local currency and c.8% in USD terms (as at 22 Jul 2021). In the region, only Australia, Korea, and Taiwan have delivered a better performance. The outperformance has been an outcome of the strong share price performance delivered by cyclical sectors.

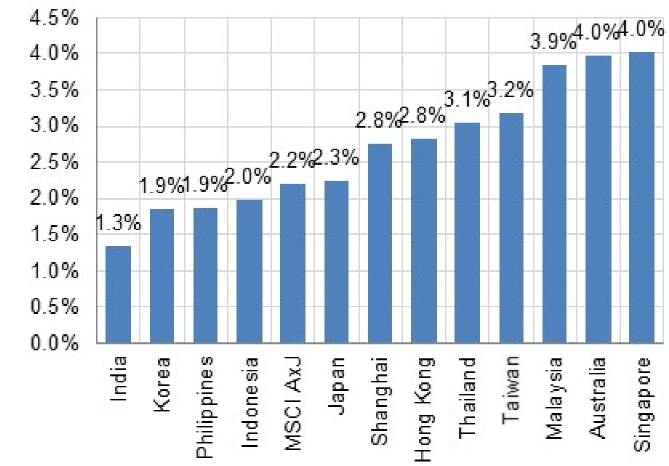
At current levels, the STI's 13.7x blended forward P/E is almost in line with its historical average since Jan 2008. Despite the strong performance this year, the STI remains amongst the cheapest equity indices in ASEAN, and is trading at a discount to the rest of Asia. STI's blended forward yield of 4% is the highest in Asia.

Figure 71: Valuation comparison for regional indices and the STI

	P/E		Dividend yield		P/BV		ROE	
	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
Developed Asia								
Australia	17.6	17.8	3.9	3.8	2.3	2.2	13.3	12.1
Hong Kong	13.2	11.7	2.6	2.9	1.3	1.2	10.9	10.9
Japan	15.1	13.7	2.1	2.3	1.3	1.2	7.1	7.3
Korea	11.9	11.6	1.6	1.7	1.3	1.2	9.6	14.2
Singapore	**14.7**	**12.8**	**3.8**	**4.3**	**1.1**	**1.0**	**8.3**	**9.1**
Taiwan	14.8	14.9	3.5	3.6	2.5	2.4	18.4	17.2
Emerging Asia								
India	21.8	18.7	1.3	1.5	3.1	2.8	13.8	14.9
Indonesia	18.3	14.9	1.9	2.3	2.1	2.0	13.4	15.3
Malaysia	13.9	13.9	4.3	4.2	1.5	1.4	11.9	10.5
Philippines	18.6	14.7	1.8	1.9	1.5	1.4	7.4	9.0
Shanghai	13.1	11.7	2.3	2.6	1.5	1.4	10.5	10.4
Thailand	18.3	16.1	2.7	2.9	1.7	1.6	4.7	8.7
MSCI APxJ	**16.1**	**14.7**	**2.4**	**2.5**	**1.9**	**1.8**	**11.4**	**11.4**

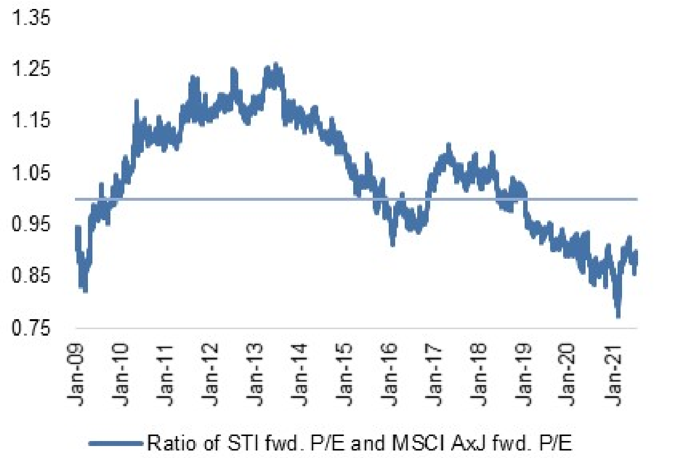
Note : As at 22 Jul 2021
Source: Bloomberg

Figure 72: STI offers the highest yield among Asian equity indices



Note: As on 22 Jul 2021
Source: Bloomberg

Figure 73: STI is trading cheaper than rest of Asia ex-Japan



Note: As on 22 Jul 2021
Source: Bloomberg

Our revised end-2021 STI Index target is 3,410 pts, which offers a c.8% upside from 22 Jul's close of 3,159 pts. This is based on a 14.5x forward P/E, which is close to +1SD from its average forward P/E since Jan 2008. Our expectation is for EPS to grow c.29% YoY and c.17% YoY in 2021 and 2022, after a c.35% YoY decline in 2020. We believe our target P/E, at +1SD from its historical average, is justified as we approach normalcy for earnings growth over the next two years, and life in general in the city-state. While we still remain constructive on STI's outlook, we believe the index could consolidate around current levels before moving higher, as we await clarity on further normalisation of business activities, not only in Singapore, but also in the region.

Thailand: The Race To Re-Open The Economy

- **Vaccine administration vs virus outbreak.** Public vaccination rollout and administration is moving at a slower pace than expected due to the extended timeline for delivery of 61m dose of AstraZeneca by five months (from Dec 2021 to May 2020). More than 14.55m Thais have received at least one dose of the vaccine (76% first dose) to date, while c.24% of the population has been vaccinated. The authorities had initially targeted for at least 70% of the population to receive the first dose by December, and two doses by Feb 2022. Despite daily new cases surging to more than 10,000, Thailand will reopen the country to fully-vaccinated international tourists from mid-October. We anticipate market outlook to remain volatile as vaccine administration and new infections will be key catalysts over the next 1-2 months.
- **Race against time**. According to the Ministry of Public Health, the pandemic continues to accelerate due to the construction camp clusters in Bangkok and vicinities, found to have the Alpha (45.6%), Delta (53.9%), and Beta (0.463%) variants. We think the new cases have yet to reach the peak in the near term. Counting down to the reopening of the country, the daily vaccine rate must increase to 360,000 doses in order to achieve 70% of the total population. This is in tandem with the race against the next transition of the Delta variant that is predicted to hit Bangkok within the next few months – another major threat to the economy. The recent vaccine procurement by the Government and private sectors has already affirmed 100m doses being secured by year-end, including an additional mRNA ordered of 20m doses from Pfizer, 5-10m doses of Moderna, 10-20m more on other vaccine makers to replace the delay on delivery of AstraZeneca. A further 100m doses are next year.
- **Mission possible?** Prime Minister Prayut Chan-o-cha has set the country's roadmap to recovery from the COVID-19 crisis – Thailand will open its doors from mid-October, earlier than the previous 1 Jan 2022 target. Private sectors have been given the nod to move on with risks attached. We anticipate this strategy to remain intact. With the Phuket sandbox model kicking off from 1 Jul – the roadmap's pilot project, it could bring about success or failure prior the country's full reopening. Authorities will closely monitor the model and suspend it if infections spike to 90 cases per week. We believe the Phuket sandbox model has so far, been a success.
- **Net impact of all these developments.** The surging number of COVID-19 cases indicates, as we had earlier stated, the significant transition toward normalcy will be delayed and it should only occur in 2H22, at the earliest, when the entire population is expected to be fully vaccinated by 2Q22. However, there are likely risks of further variant-driven waves slowing down the recovery.

Countdown to reopen the country updates

- **The Phuket sandbox**. As of 22 Jul 2021, the Phuket sandbox recorded 9,358 foreign visitors between 1-21 Jul, while room reservations between July and September totalled 244,703 room nights, generating THB534m.
- **Samui Plus model** was launched officially on 18 Jul. Samui Plus is more intense than that adopted in Phuket. Tourists are required to stay on Koh Samui in hotels listed under the Safety and Health Administration (SHA) system during the first seven days, and their activities will be closely supervised. The Government expects to generate THB180m in tourism-related revenue from the Samui Plus Model during its first month of re-opening.
- **Andaman Sandbox**. Foreign visitors participating in the Phuket sandbox will be allowed to visit other tourist spots after seven days, starting 1 Aug. The other tourist spots are: Koh Samui, Koh Phangan and Koh Tao in Surat Thani; Koh Phi Phi, Koh Ngai and Railay Bay in Krabi; and Khao Lak, Koh Yao Yai and Koh Yao Noi in Phangnga.
- From 1 Oct, Phuket's sandbox model will be applied to the five other tourist provinces, whereby quarantine will not be required on the condition that the tourists have been vaccinated, and are holding the Vaccination Certificate (VC) and COVID-Free Certificate (CFC).
- From mid-Oct 2021 (original target: 1 Jan 2022), foreign tourists do not require quarantine if they hold VC and CFC from the country of origin.

Key investment themes

Export surged, high dividend yield, and defensive. Although exports seem to be spearheading Thailand's economic growth, it is also driven by most of the key sub-sectors such as electronics – stock valuations appeared to be a mismatch to fundamentals and are overly speculative. The small-cap automotive sector is currently facing production plant shutdowns and supply shortage of some auto-parts.

We shift our focus to key food exporters such as Charoen Pokphand Foods, and conglomerate exporter of building materials, Siam Cement (5% dividend yield). On the other hand, the low interest rate environment, with loan and debt restructuring in progress and cheap valuation has made Tisco Financial (7% dividend yield) a Top Pick as well.

For strong earnings rebound and a defensive stock in the utilities sector, our Top Pick is Global Power Synergy – its earnings rebounded strongly on lower maintenance costs and SG&A expenses, against solid utilities sales, which were unhampered by COVID-19.

To outperform 2Q earnings but 3Q outlook is in the downside. Oil demand and prices continue to rise, with stronger-than-expected petrochemical spreads in 1H21. Top Picks; PTT Exploration & Production and PTT Global Chemical. Top Pick from our Top 20 Small-Cap 2021: Sermsang Power Corp (SSP TB, BUY, TP: THB18.00).

Vaccine related. The Moderna vaccine is an alternative sourced vaccine by the Government, which will be delivered in 3Q21. The procurement is under government-to-government (G2G) and sponsored by the Government Pharmaceutical Organisation (GPO) for private hospitals to rollout with certain charges. The price of the Moderna vaccine is US$25-37 (THB815 to THB1,206) per dose based on conditions and quantity of each purchase. There is private demand for the vaccine – advanced bookings of at least 10m doses have been secured with a deposit of THB1,650 per dose. This should generate advance cash flow of THB16.5bn to private healthcare players.

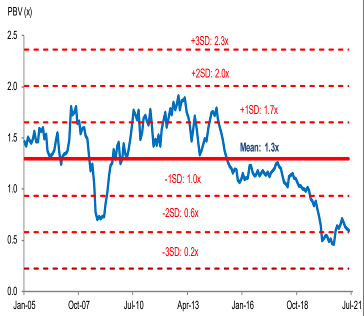
In addition, GPO stated that the price at which Moderna is being offered to private hospitals – THB1,100 per dose – is the vaccine price plus 7% VAT and other expenses, such as storage, transportation and insurance fees. Meanwhile, private hospitals are offering the selling price for two doses at THB3,800, implying 73% of gross margin. We expect these private hospitals to realise vaccine subscription income in 4Q21-1Q22. Our Top Buy is Bangkok Chain Hospital.

Hybrid working models. Home Product Centre. From our Top 20 Small-Cap 2021 – Index Living Mall (ILM TB, BUY, TP: THB17.00).

Reopening the country. Top Pick: Airports of Thailand on relatively cheaper valuation and being the first-tier tourism recovery stock, which fits into our 6-12-month investment horizon.

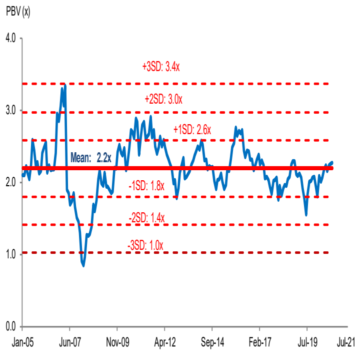
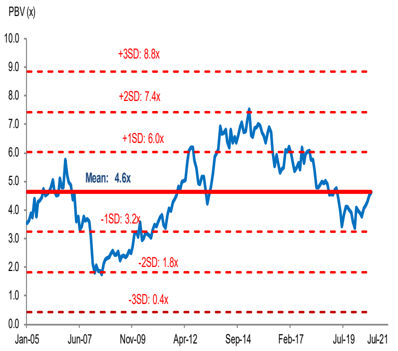
Sector outlook 2021

Figure 74: Banking, construction materials and consumer

	Banking	Construction Materials	Consumer
Standard Deviation (SD) chart			
Market cap (USDm)	43,379.90	24,532.65	50,462.68
Current Index (pts)	325.08	10881.10	36203.42
Rating	**Neutral**	**Neutral**	**Neutral**
Investment highlights	• Resurgence of COVID-19 cases and resulting lockdown measures would likely renew pressure on asset quality. Still, we believe the potential rise in provisions would be moderate given the substantial overlays taken in 2020. Experience of the past year means banks are also better able to help customers. • Underlying operations are expected to stay soft. Weak economic outlook will keep loan demand subdued, NIM flattish and non-II growth moderate. • Sector valuation has de-rated to 0.6x P/BV. Stocks will remain range-bound due to economic uncertainties.	• Domestic cement demand has been pressured by the halt of construction activities in Bangkok and vicinities since June. Impact has continued even in 3Q21. Our expectation for domestic cement demand in FY21 should be within the range of -1% YoY and +1% YoY. The rising price of coal used in production should be another risk factor to be considered in 2H21. • In contrast, building materials have seen an uplift due to strong demand in provincial areas from rising purchasing power from higher prices of agricultural products. The majority of building materials manufacturers has enjoyed revenue growth since 1Q21.	• The government's strict lockdown measures are likely to step up and extend throughout 3Q21F. Retailers' 3Q earnings may be the worst quarter, before recover in 4Q. • Expect 2021F moderate downside, mainly affecting convenient stores (CVS), departmental stores, and shopping malls' leasable area. CPALL and BJC's SSSG may fall to a negative single digit. • Continued farm price hike supporting the upcountry consumption and higher ticket size may support SSSG. • Look forward to retailers' attractive 2022F double-digit earnings growth and valuation.
Top PSicks	**TISCO (TP: THB111.00)** • Solid asset quality and healthy capital position. • Above average dividend yield of 7%.	**SCC (TP: THB500.00)** • The company is likely to enjoy stronger earnings growth in FY21F as we expect its 1H21F net profit to surge 82% YoY and account for 74% of our FY21F net profit. Therefore, we maintain our expectation for FY21F core revenue and net profit to grow +9% YoY and +17% YoY. • In spite of lower petrochemical spreads starting in June, we also anticipate petrochemical spreads having the potential to swing back to previous high levels, when regional markets approach re-stocking activities in late 3Q21 in order to capture demand during the festive season.	**CPALL (TP: THB75.00)** • A long-term investment. • CVS and Lotus's performance recovery, and smaller interest expense from 4Q21F. **HMPRO (TP: THB17.00)** • Work-at-home activities may resume demand for home improvement products.

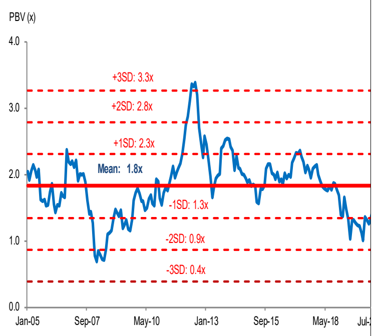
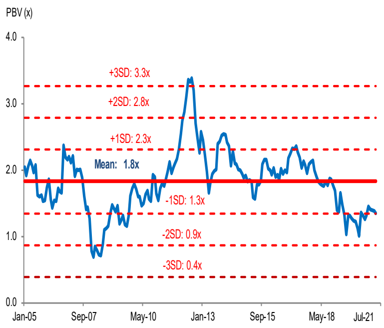
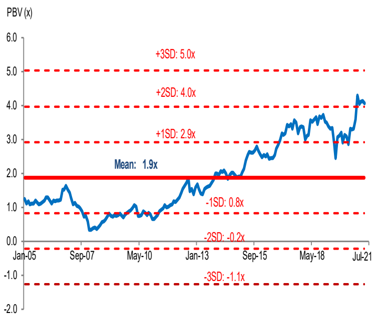
Source: Bloomberg, RHB

Figure 75: Financials, food & beverage and healthcare

	Financials	Food & Beverage	Healthcare
Standard Deviation (SD) chart			
Market cap (USDm)	26,289.41	36,864.92	24,675.45
Current Index (pts)	5426.86	13887.67	5592.36
Rating	**Neutral**	**Neutral**	**Overweight**
Investment highlights	• **Long-term growth prospects.** We expect to see potential loans growth from existing and untapped clients, coupled with cost management. • **Short-term views.** We expect loans demand in 2Q-3Q21 to depress as the ongoing outbreak is resulting in tightening credit underwriting and moderate loans demand. • **Price competition.** SAWAD is now extending a limited promotion with c.11% of vehicle title loans – lowest in industry. We see further cut in loans rates but limited following their risk/reward, while share prices have absorbed, to a certain degree. • **2H21 outlook.** We expect stronger 2H21 earnings vs 1H21, given its new branch expansion and opex management.	• Lockdown from COVID-19 will impede food consumption of restaurants. • Meat producers are facing softer swine and broiler prices due to the higher supply in the region. • Prolonged trend of consolidation in the food industry; driven by big-players as part of vertical integration to increase profitability and control supply chain.	• Third-wave COVID-19 outbreak may boost demand and push the daily new cases to peak by end-3Q21. • Alternative sourced vaccines will likely start distribution and strengthen 4Q21 performance. • Limited impact of COVID-19 self-testing kits as those infected must be retested in hospitals, so laboratory services may remain in demand. • International patients may recover from 2022F
Top Pick	**MTC (TP: THB73.00)** • Deep expertise in all loan types, especially vehicle title loans. • High potential growth with competitive costs. Highest nationwide branch help reach untapped clients. • Robust asset quality. Its NPL ratio is only c.1% – below peer average of 3%. • Attractive valuation: -1.5SD from its forward P/BV.	**CPF (TP: THB 36.00)** • Long-term sustainable play due to diversified business model and established brands • Drop in swine prices but remains profitable and still stays at acceptable level • Better distribution of fresh food business via Lotus chain	**BCH (TP: THB30.50)** • The defensive stock to chart robust 86% earnings growth in 2021. • Expect record profits in 2Q-3Q21. • Business expansion may boost 2022F earnings to exceed 2020 levels.

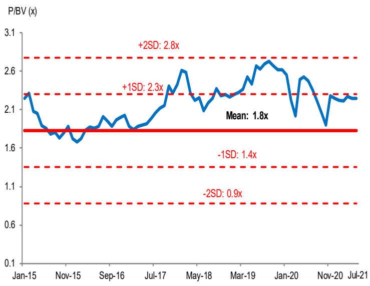
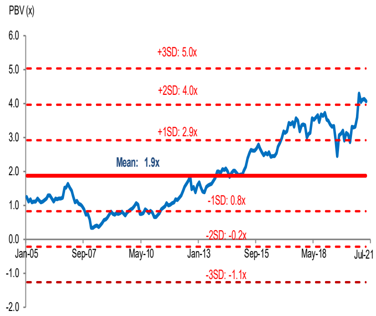
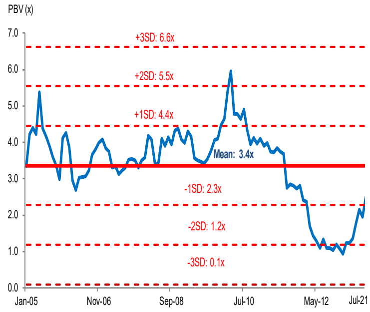
Source: Bloomberg, RHB

Figure 76: Industrial estate, property and land transport

	Industrial Estate	Property	Land Transport
Standard Deviation (SD) chart			
Market cap (USDm)	28,816.61	28,816.61	43,238.68
Current Index (pts)	212.63	212.63	328.84
Rating	**Neutral**	**Neutral**	**Neutral**
Investment highlights	• Large industry players have shown unexciting industrial land presale numbers in 1Q21 and also 2Q21, given the more serious COVID-19 situation in Thailand and regionally. • Even in 2H21, the industry outlook will likely remain dim due to the prolonged restriction over international business travel. Therefore, we expect all of large players to miss their FY21 targets of industrial land presale again. • In our view, the country's re-opening must be the pre-requisite for overall players to command stronger industrial land sales within 2H21. Top industries under Thailand's competitiveness including electronics and auto parts which is expected to drive demand for this new upcoming FDI cycle in Thailand.	• Real Estate Information Center (REIC) expects a very high chance of the housing market this year to closely reach the worst-case scenario, with a 20% YoY decline (-20% YoY for low-rise projects and -18% YoY for condominiums) in unit transfer numbers hit by the closure of construction sites. The base case is -10.7% YoY, while the best case is -1.8% YoY. Similarly, on the supply side, the worst case for the number of construction permits nationwide was -15.6% YoY (-9% YoY for the low-rise segment and -34% YoY for condominiums). • The market situation in 2H21 seems to be more difficult than in 1H21 due to the surge in new cases. Investing in this sector should be limited to only companies which have secured strong presales numbers and have solid earnings in 1H21.	• For 1H21, expressway and MRT networks have shown weaker performance. Expressway traffic declined less than 10% YoY in 1H21 while ridership numbers of all MRT networks declined significantly by more than 20% YoY. • For 2H21, these indicators may not turn around as quickly due to the impact of the pandemic, which is not expected to end soon. 2H20 numbers in expressway traffic and MRT ridership may see the best-case scenario play out for 2H21. • The turnaround in the ridership for both BTS and BEM is heavily dependent on the widespread distribution of vaccines in Bangkok and its vicinities. • For expressway business, we anticipate traffic to recover to above 800,000 trips per day as soon as commuting activities are back to normal.
Top Pick	**WHA (TP: THB3.80)** • WHA has already committed to asset sales occurring in 4Q21, with market price expected at THB5.5bn – higher than FY20's THB4.5bn. WHA is planning to sell off 180,000sq m of warehouse space into WHA Premium Growth REIT (WHART, NR). 76% of it is in Phase 1 of warehouse space currently leased to Alibaba for logistics management. This transaction will likely be successful as Alibaba's leased space may attract investors favouring the e-commerce businesses. • Based on the larger asset sale transaction, 4Q21 will be FY21's highest quarter – we estimate a THB1.4-1.7bn gain from this transaction. We also maintain our expectation of a 24% YoY net profit growth this year.	**AP (TP: THB9.50)** • Despite the COVID-19's third wave hitting in the country, AP has prevailed in Thailand since late March – it posted strong presales of c.THB9.85bn (+9% YoY, +24% QoQ), especially in the low rise segment (+18% YoY, +25% QoQ), making it the company's highest-ever level, outperforming even its large-cap peers. • Based on the impressive 1H21 presales numbers, AP's full-year presales target of THB35.5bn (+12% YoY) is likely achievable under the current circumstances – 1H21's numbers account for 50% of FY21's target. Its major success in boosting 1H21 presales in the low rise segment (59% of the full-year target) implies an upside potential for AP to surpass its existing target, given the aggressive launch of 26 new low-rise projects in 2H21, especially in 4Q21.	**BEM (TP: THB10.40)** • We expect 2Q21F core earnings from major businesses to decline QoQ and flatten YoY, as the averages of expressway traffic and MRT ridership for 2Q20 and 2Q21 should be similar. As anticipated, dividend income from its related companies will likely help support BEM's bottomline in 2Q21. • The major factor for a turnaround in expressway traffic and MRT ridership should be the widespread distribution of vaccines in the country, especially in Bangkok and its vicinities. • The Orange Line MRT bid should be a great opportunity for the company, and also its major catalyst. Although facing the risk of a delay due to a legal dispute between one bidder and the Mass Rapid Transit Authority, we maintain our expectation that BEM will have the upper hand, given its experience in operating subway routes.

Source: Bloomberg, RHB

Figure 77: Utilities, air transportation and tourism

	Utilities	Air Transportation	Tourism
Standard Deviation (SD) chart			
Market cap (USDm)	115,951.05	43,238.68	3,084.10
Current Index (pts)	196.19	328.84	454.76
Rating	**Neutral**	**Neutral**	**Neutral**
Investment highlights	• Seeking growth internationally. Due to limited growth domestically, many players need to expand into foreign markets, especially in Asia. • Electric vehicle (EV) trend is coming to Thailand. We expect the authorities to announce more supportive measures towards EV-related producers. This would bring Thailand to the EV value chain, regionally and globally, in the long term. • Key trends. Bond yields are likely to be higher in 2H21 after tapering off currently, while the THB should continue to depreciate against the USD following the domestic outbreak and strong US economic recovery. • 2H21 outlook. Sector earnings are likely to soften HoH, following higher gas and coal prices, low season of electricity demand, and planned maintenance schedule by most of the companies.	• The Government's suspension of all domestic flights to and from dark red-zone provinces would result in a sharp fall in domestic aviation in Jul-Aug 2021, with a risk of an extension. • As domestic traveling is the industry's only supporting factor, it may cause steeper negative 3Q earnings among airliners and airport operators. • International flights may improve materially from mid-2022. • Expect aeronautical activities to return to pre-COVID-19 levels by end-2023.	• Favourable foreign arrivals to Phuket regarding the Government's Tourism Sandbox Model. • COVID-19 spread and the delayed vaccine rollouts locally challenge the planned re-opening of other tourism destinations in 4Q21. • Expect 0.5m foreign visitors in 2021 (2020: 6.7m) and THB35bn receipts (-89%), with a strong recovery in 2022 on the full lifting of travel restriction. • Hoteliers' earnings would remain in the red over 2H21F, while those with diversified restaurant business may turn to a profit in 2022F.
Top Pick	**GPSC (TP: THB82.00)** • Upgraded earnings and TP by Street – reflecting the recent acquisitions in Taiwan and India – will be the key catalyst to drive share price momentum. • Positive sentiment from the grand opening its first battery cell – "G-cell" on 19 Jul, and continuing EV-supported measures by the Government. • Compelling valuation with 25x forward P/E, lower than domestic peers.	**AOT (TP: THB73.50)** • A first-tier tourism proxy benefitting from the border reopening. • FY22F (Sep) earnings turnaround may support its long-term outlook. • Domestic flight lockdown may cause the weakest quarter in 4QFY21F.	**MINT (TP: THB35.50)** • Business and location diversification may benefit from faster overseas vaccine rollout, mainly in Europe (c.34% of sales). • Own food delivery and cloud kitchen network limit the impact from prohibited dine-in activities to control the pandemic. • Further asset spin-off as upside, while earnings may achieve pre-pandemic levels by 2023.

Source: Bloomberg, RHB

Figure 78: Appendix – set and sector relative price performance (%)

Index	YTD	1 Week	1 Month	3 Month	6 Month	1-year	3-Year	5-Year	10-Year
SET	**6.18**	**-2.05**	**-4.6**	**-2.61**	**1.53**	**13.29**	**-7.91**	**1.91**	**39.72**
SET50	1.09	-2.53	-5.23	-4.52	-3.41	3.41	-16.58	-4.01	19.22
SET100	3.35	-2.36	-4.92	-3.84	-1.42	6.38	-13.87	-2.46	25.17
sSET	43.27	-0.74	-2.26	11.91	34.35	61.84	12.52	-	-
SETCLMV	8.46	-0.78	-3.09	-0.62	2.82	7.87	-4.43	-	-
SETHD	3.49	-1.69	-4.42	-7.37	-0.99	14.35	-16.93	-9.11	0.49
SETTHSI	4	-2.32	-5.05	-3.83	-1.03	14.64	-9.71	-	-
SETWB	10.27	-1.99	-3.09	-1.42	6.33	4.81	-	-	-
mai	48.78	0	-1.02	7.3	40.16	63.86	15.97	-10.16	60.46

Industry/Sector	YTD	1 Week	1 Month	3 Month	6 Month	1-year	3-Year	5-Year	10-Year
AGRO	17.30	(1.10)	0.70	2.26	8.53	12.82	21.25	9.49	50.46
AGRI	32.55	2.24	(1.02)	(5.95)	16.29	31.21	70.42	68.21	27.15
FOOD	16.07	(1.38)	0.86	3.07	7.85	11.37	18.02	5.96	55.83
CONSUMP	6.68	0.64	(5.41)	(5.30)	5.66	1.09	(15.55)	(28.74)	(16.11)
FASHION	8.77	(1.55)	(4.33)	(0.57)	6.30	11.39	(21.17)	(16.20)	(21.28)
HOME	32.54	0.06	(1.12)	12.22	27.69	41.89	3.86	(27.74)	46.58
PERSON	3.15	1.53	(6.40)	(8.94)	3.05	(6.22)	(24.38)	(52.83)	(48.45)
FINCIAL	1.70	(2.80)	(7.51)	(14.27)	(3.76)	23.22	(20.95)	(16.59)	8.17
BANK	(3.63)	(3.85)	(9.68)	(17.78)	(7.53)	16.18	(38.18)	(35.51)	(23.28)
FIN	13.15	(1.01)	(3.33)	(9.84)	3.28	44.57	63.58	100.68	504.20
INSUR	1.76	(2.72)	(8.89)	(3.50)	(1.50)	8.45	(1.15)	(11.91)	30.01
INDUS	16.36	(1.94)	(0.72)	(0.38)	7.92	38.24	(15.81)	14.96	(16.22)
AUTO	19.03	(1.02)	(0.24)	6.79	15.75	54.02	(2.84)	16.29	36.47
IMM	5.07	3.86	5.16	(2.82)	(3.47)	5.11	(17.05)	(31.61)	(51.86)
PAPER	54.62	(1.47)	(2.90)	(4.29)	26.41	81.08	71.79	405.02	864.45
PETRO	0.73	(4.55)	(6.24)	(12.23)	(5.13)	27.60	(28.22)	9.33	(17.78)
PKG	42.22	0.72	9.33	21.70	26.14	59.03	62.16	55.85	25.97
STEEL	70.25	(0.46)	(4.71)	11.84	64.14	111.32	24.81	15.45	(52.93)
PROPCON	7.34	(2.06)	(6.11)	(1.75)	5.63	6.33	(19.76)	(23.69)	25.26
CONMAT	15.29	(1.10)	(0.37)	2.92	11.10	10.97	(0.39)	(19.79)	23.20
PROP	3.14	(2.79)	(10.01)	(6.69)	0.56	8.35	(32.60)	(25.01)	34.58
PF&REIT	(0.71)	(1.10)	(5.33)	1.80	4.85	(7.27)	(12.24)	(6.98)	27.77
CONS	16.99	(5.15)	(12.13)	(0.73)	15.26	5.84	(30.27)	(52.65)	-
RESOURC	(1.83)	(2.45)	(7.43)	(4.91)	(5.84)	0.77	(11.22)	16.79	(0.55)
ENERG	(1.83)	(2.45)	(7.43)	(4.91)	(5.84)	0.77	(11.16)	16.86	(0.46)
SERVICE	6.81	(2.66)	(5.16)	(2.89)	5.08	5.83	(10.64)	5.77	176.92
COMM	7.55	(1.94)	(3.79)	(4.82)	5.61	0.74	(13.42)	11.47	155.11
HELTH	19.07	0.27	3.46	7.69	15.66	16.76	(4.07)	(3.92)	335.03
MEDIA	10.24	(3.29)	(9.16)	(0.54)	7.23	16.67	(11.49)	(25.64)	(8.85)
PROF	21.28	(4.06)	(5.93)	(0.64)	21.29	20.80	19.64	(53.39)	104.63
TOURISM	17.81	(4.57)	(9.51)	(2.21)	13.66	22.45	(32.52)	(25.15)	56.68
TRANS	(1.06)	(4.83)	(10.08)	(6.33)	(1.65)	4.35	(9.41)	16.16	240.77
TECH	13.61	(0.14)	1.93	14.36	3.69	48.78	36.19	28.50	104.26
ETRON	25.24	(2.74)	4.68	39.65	1.65	383.67	358.16	328.32	797.10
ICT	6.85	1.70	0.14	1.77	5.19	0.89	(7.97)	(13.01)	33.42
mai									
AGRO	30.54	(1.18)	(7.82)	7.52	28.86	49.17	38.26	3.64	-
CONSUMP	56.94	1.12	5.32	2.16	45.66	74.67	1.56	4.70	-
FINCIAL	50.40	(2.71)	(7.03)	(5.33)	45.04	68.10	2.09	(20.01)	-
INDUS	64.08	(0.66)	4.89	15.52	54.45	88.89	27.33	5.00	-
PROPCON	42.56	(1.54)	(5.38)	2.56	38.43	38.02	(35.31)	(51.89)	-
RESOURC	54.26	(0.73)	(9.41)	(4.80)	36.25	43.51	3.95	(22.93)	-
SERVICE	50.77	0.44	(0.36)	14.53	40.50	91.03	47.05	(14.03)	-
TECH	31.38	3.45	2.93	4.57	25.21	22.59	18.43	16.47	-

Note: The summation of %Value/Market of all industrial indices will not be equal to 100% because it will not include the value of Sector REHABCO, Non Performing Group, and non-common securities
Note 2: As at 21 Jul 2021
Source: SETSmart, RHB

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Thai Institute of Directors Association (IOD) – Corporate Governance Report Rating 2019

Companies with Excellent CG Scoring by alphabetical order

AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP	ARROW	BAFS	BANPU	BAY
BCP	BCPG	BOL	BRR	BTS	BTW	BWG	CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL
COMAN	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF	EGCO
GBX	GC	GCAP	GEL	GFPT	GGC	GOLD	GPSC	GRAMMY	GUNKUL	HANA	HARN	HMPRO	ICC	ICHI
III	ILINK	INTUCH	IRPC	IVL	JKN	JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS
LH	LHFG	LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO	MTC	NCH
NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PJW	PLANB	PLANET
PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH
QTC	RATCH	ROBINS	RS	S	S&J	SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCN
SDC	SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIS	SITHAI	SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA
STEC	SVI	SYNTEC	TASCO	TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH	TTA	TTCL	TTW	TU
TVD	TVO	U	UAC	UV	VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER		

Companies with Very Good CG Scoring by alphabetical order

25	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANAH	APCO	APCS	AQUA	ARIP
ASAP	ASIAN	ASIMAR	ASK	ASN	ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM
BFIT	BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENTEL	CGH	CHG	CHOTI
CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD	CSC	CSP	DCC	DCON	DDD	DOD	EASON
ECL	EE	EPG	ERW	ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW	GULF	HPT	HTC	HYDRO	ICN	IFS	INET	INSURE	IRC	IRPC
IT	ITD	ITEL	J	JAS	JCK	JCKH	JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL
KWC	KWM	L&E	LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX	MEGA
METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY	NEX	NINE	NOBLE	NOK	NTV
NWR	OCC	OGC	ORI	OSP	PATO	PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN
PRINC	PSTC	PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO	SAPPE	SAWAD
SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE	SKR	SKY	SMIT	SMK	SMPC	SMT
SNP	SONIC	SPA	SPC	SPCG	SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN
SUSCO	SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC	TEAM	TEAMG	TFG
TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS	TM	TMC	TMD	TMI	TMT	TNITY	TNL
TNP	TNR	TOG	TPA	TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT	WIK	XO	YUASA	ZEN
ZMICO														

Companies with Good CG Scoring by alphabetical order

A	ABICO	ACAP	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA	AU	B52	BCH	BEAUTY
BGT	BH	BIG	BLAND	BM	BR	BROCK	BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO
CITY	CMAN	CMC	CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC	EPCO
ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT	HITCH	HUMAN	IHL	INGRS	INOX
JTS	JUBILE	KASET	KCM	KKC	KWG	KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META
MGT	MJD	MM	MVP	NC	NDR	NEW	NNCL	NPK	NUSA	OCEAN	PAF	PF	PICO	PIMO
PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCL	RJH	ROJNA	RPC	RPH	SF	SGF	SGP
SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER
TNH	TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO	WIN	WORK	WP
WPH	ZIGA													

ช่วงคะแนน Score	สัญลักษณ์ Rang Number of Logo	ความหมาย	Description
90 - 100		ดีเลิศ	Excellent
80 - 89		ดีมาก	Very Good
70 - 79		ดี	Good
60 - 69		ดีพอใช้	Satisfactory
50 - 59		ผ่าน	Pass
ต่ำกว่า 50	No logo give	N/A	N/A

Website: www.thai-iod.com

IOD (IOD Disclaimer)

ผลสำรวจการกำกับดูแลกิจการบริษัทจดทะเบียนที่แสดงไว้นี้ เป็นผลที่ได้จากการสำรวจและประเมินข้อมูลที่บริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย และตลาดหลักทรัพย์ เอ็ม เอ ไอ (“บริษัทจดทะเบียน”) เปิดเผยต่อสาธารณะและเป็นข้อมูลที่ผู้ลงทุนทั่วไปสามารถเข้าถึงได้ ผลสำรวจดังกล่าวจึงเป็นการนำเสนอข้อมูลในมุมมองของบุคคลภายนอกต่อมาตรฐานการกำกับดูแลกิจการของบริษัทจดทะเบียน โดยไม่ได้เป็นการประเมินผลการปฏิบัติงานหรือการดำเนินกิจการของบริษัทจดทะเบียนอีกทั้งมิได้ใช้ข้อมูลภายในของบริษัทจดทะเบียนในการประเมิน ดังนั้นผลสำรวจที่แสดงนี้จึงไม่ได้เป็นการรับรองถึงผลการปฏิบัติงานหรือการดำเนินการของบริษัทจดทะเบียนและไม่ถือเป็นการให้คำแนะนำในการลงทุนในหลักทรัพย์ของบริษัทจดทะเบียนหรือคำแนะนำใดๆ ผู้ใช้ข้อมูลจึงควรใช้วิจารณญาณของตนเองในการวิเคราะห์และตัดสินใจในการใช้ข้อมูลใดๆที่เกี่ยวกับบริษัทจดทะเบียนที่แสดงในผลสำรวจนี้

ทั้งนี้บริษัทหลักทรัพย์ อาร์เอชบี (ประเทศไทย) จำกัด (มหาชน) มิได้ยืนยันหรือรับรองถึงความครบถ้วนและถูกต้องของผลสำรวจดังกล่าวแต่อย่างใด

ข้อมูล Anti-Corruption Progress Indicator 2560

ประกาศเจตนารมณ์ CAC

A	ASK	CHG	FC	GREEN	JUTHA	MATCH	NINE	PIMO	RWI	SPPT	TFI	TU	VNT
AI	AU	CHOTI	FER	GSTEL	KASET	MATI	NMG	PK	SANKO	SPRC	THE	TVD	WAVE
AIE	BCH	CHOW	FPI	GUNKUL	KBS	MBAX	NNCL	PL	SAUCE	SR	TICON	TVO	WHA
AIRA	BJC	CIG	FSMART	HARN	KCAR	MC	NTV	PLANB	SC	SRICHA	TIP	TVT	WICE
AJ	BJCHI	COL	GEL	IFS	KTECH	MFEC	NUSA	POST	SCCC	SST	TKN	TWPC	WIIK
ALUCON	BLAND	COM7	GFPT	ILINK	KWC	MIDA	NWR	PRINC	SCN	STA	TLUXE	U	TRUE
AMATAV	BR	CPALL	GGC	INET	KYE	MILL	OGC	PRO	SEAOIL	SUPER	TMILL	UPA	
AOT	BROCK	CPF	GIFT	IRC	L&E	ML	PACE	PSTC	SE-ED	SUSCO	TMT	UREKA	
APCO	BRR	CPR	GJS	J	LEE	MTLS	PAF	PYLON	SENA	SWC	TNP	UWC	
AQUA	CEN	CSC	GLOBAL	JMART	LIT	NBC	PAP	QTC	SIRI	SYMC	TPA	VGI	
ARROW	CGH	EKH	GOLD	JMT	LVT	NCL	PATO	ROH	SMART	TAKUNI	TSE	VIBHA	
ASIA	CHEWA	EPCO	GPSC	JUBILE	MAKRO	NEP	PCSGH	ROJNA	SPACK	TBSP	TTI	VIH	

ได้รับการรับรอง CAC

ADVANC	BKI	CPN	FE	INTUCH	LANNA	MSC	PLAT	PTT	SAT	SNP	TCMC	TMD	UOBKH
AKP	BLA	CSL	FNS	IRPC	LHBANK	MTI	PM	PTTEP	SCB	SORKON	TFG	TNITY	WACOAL
AMANAH	BROOK	DCC	FSS	IVL	LHK	NKI	PPP	PTTGC	SCC	SPC	TGCI	TNL	
AP	BTS	DEMCO	GBX	K	LPN	NSI	PPS	Q-CON	SCG	SPI	THANI	TOG	
ASP	BWG	DIMET	GCAP	KBANK	MBK	OCC	PRANDA	QH	SGP	SSF	THCOM	TOP	
AYUD	CENTEL	DRT	GLOW	KCE	MBKET	OCEAN	PREB	QLT	SINGER	SSI	THRE	TPCORP	
BAFS	CFRESH	DTAC	HANA	KGI	MCOT	PB	PRG	RATCH	SIS	SSSC	THREL	TRU	
BANPU	CIMBT	DTC	HMPRO	KKP	MFC	PDI	PSH	RML	SITHAI	SVI	TIPCO	TSC	
BAY	CM	EASTW	HTC	KSL	MINT	PE	PSL	ROBINS	SMIT	SYNTEC	TISCO	TSTH	
BBL	CNS	ECL	ICC	KTB	MONO	PG	PT	S & J	SMPC	TAE	TKT	TTCL	
BCP	CPI	EGCO	IFEC	KTC	MOONG	PHOL	PTG	SABINA	SNC	TCAP	TMB	TVI	

N/A

2S	ARIP	BSM	CSS	FMT	INOX	LTX	NPK	RCL	SFP	SUC	TITLE	TSR	VPO
AAV	AS	BTC	CTW	FN	INSURE	M	NPP	RICH	SGF	SUN	TIW	TSTE	VTE
ABICO	ASAP	BTNC	CWT	FOCUS	IRCP	MACO	NVD	RICHY	SHANG	SUTHA	TK	TTA	WG
ACAP	ASEFA	BTW	D	FORTH	IT	MAJOR	NYT	RJH	SIAM	SVH	TKS	TTL	WHAUP
ACC	ASIAN	BUI	DCON	FTE	ITD	MALEE	OHTL	ROCK	SIMAT	SVOA	TM	TTTM	WIN
ADAM	ASIMAR	CBG	DCORP	FVC	ITEL	MANRIN	OISHI	RP	SKE	SYNEX	TMC	TTW	WINNER
ADB	ASN	CCET	DDD	GC	JAS	MAX	ORI	RPC	SKN	T	TMI	TUCC	WORK
AEC	ATP30	CCP	DELTA	GENCO	JCT	M-CHAI	OTO	RPH	SKR	TACC	TMW	TWP	WORLD
AEONTS	AUCT	CGD	DIGI	GL	JKN	MCS	PAE	RS	SKY	TAPAC	TNDT	TWZ	WP
AF	BA	CHARAN	DNA	GLAND	JSP	MDX	PDG	RSP	SLP	TASCO	TNH	TYCN	WPH
AFC	BAT-3K	CHO	DTCI	GPI	JTS	MEGA	PERM	S	SMK	TC	TNPC	UAC	WR
AGE	BCPG	CHUO	EA	GRAMMY	JWD	METCO	PF	S11	SMM	TCB	TNR	UBIS	XO
AH	BDMS	CI	EARTH	GRAND	KAMART	MGT	PICO	SAFARI	SMT	TCC	TOA	UEC	YCI
AHC	BEAUTY	CITY	EASON	GTB	KC	MJD	PJW	SALEE	SOLAR	TCCC	TOPP	UKEM	YNP
AIT	BEC	CK	ECF	GULF	KCM	MK	PLANET	SAM	SPA	TCJ	TPAC	UMI	YUASA
AJA	BEM	CKP	EE	GYT	KDH	MM	PLE	SAMART	SPALI	TCOAT	TPBI	UMS	ZIGA
AKR	BFIT	CMO	EFORL	HFT	KIAT	MODERN	PMTA	SAMCO	SPCG	TEAM	TPCH	UNIQ	ZMICO
ALLA	BGRIM	CMR	EIC	HOTPOT	KKC	MPG	POLAR	SAMTEL	SPG	TFD	TPIPL	UP	
ALT	BGT	CNT	EMC	HPT	KOOL	MPIC	POMPUI	SAPPE	SPORT	TFMAMA	TPIPP	UPF	
AMA	BH	COLOR	EPG	HTECH	KTIS	NC	PORT	SAWAD	SPVI	TGPRO	TPOLY	UPOIC	
AMARIN	BIG	COMAN	ERW	HUMAN	KWG	NCH	PPM	SAWANG	SQ	TH	TPP	UT	
AMATA	BIZ	CPH	ESSO	HYDRO	LALIN	NDR	PRAKIT	SCI	SSC	THAI	TR	UTP	
AMC	BKD	CPL	ESTAR	ICHI	LDC	NETBAY	PRECHA	SCP	SSP	THANA	TRC	UV	
ANAN	BLISS	CPT	ETE	ICN	LH	NEW	PRIN	SDC	STANLY	THG	TRITN	UVAN	
APCS	BM	CRANE	EVER	IEC	LOXLEY	NEWS	PRM	SE	STAR	THIP	TRT	VARO	
APEX	BOL	CRD	F&D	IHL	LPH	NFC	PTL	SEAFCO	STEC	THL	TRUBB	VCOM	
APURE	BPP	CSP	FANCY	III	LRH	NOBLE	RAM	SELIC	STHAI	THMUI	TSF	VI	
AQ	BSBM	CSR	FLOYD	INGRS	LST	NOK	RCI	SF	STPI	TIC	TSI	VNG	

Source: Thai Institute of Directors

ข้อมูลบริษัทที่เข้าร่วมโครงการแนวร่วมปฏิบัติของภาคเอกชนไทยในการต่อต้านทุจริต (Thai CAC) ของสมาคมส่งเสริมสถาบันกรรมการบริษัทไทย (ข้อมูล ณ วันที่ 17 ต.ค.)

- ได้ประกาศเจตนารมณ์เข้าร่วม CAC
- ได้รับการรับรอง CAC

การเปิดเผยการประเมินดัชนีชี้วัดความคืบหน้าการป้องกันการมีส่วนเกี่ยวข้องกับการทุจริตคอร์รัปชัน (Anti-Corruption Progress Indicators) ของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทยที่จัดทำโดยสถาบันที่เกี่ยวข้องซึ่งมีการเปิดเผยโดยสำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์นี้เป็นการดำเนินการตามนโยบายและตามแผนพัฒนาความยั่งยืนสำหรับบริษัทจดทะเบียนโดยผลการประเมินดังกล่าว สถาบันที่เกี่ยวข้องอาศัยข้อมูลที่ได้รับจากบริษัทจดทะเบียนตามที่บริษัทจดทะเบียนได้ระบุในแบบแสดงข้อมูลเพื่อการประเมิน Anti-Corruption ซึ่งอ้างอิงข้อมูลมาจากแบบแสดงรายงานข้อมูลประจำปี แบบ (56-1) รายงานประจำปีแบบ (56-2) หรือในเอกสารหรือรายงานอื่นที่เกี่ยวข้องซึ่งเป็นบุคคลภายนอก โดยมิได้เป็นการประเมินการปฏิบัติของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทยและมิได้ใช้ข้อมูลภายในเพื่อการประเมิน เนื่องจากผลการประเมินดังกล่าวเป็นเพียงผลการประเมิน ณ วันที่ ปรากฏในผลการประเมินเท่านั้น ดังนั้นผลการประเมินจึงอาจเปลี่ยนแปลงได้ภายหลังวันดังกล่าว หรือรับรองความถูกต้องครบถ้วนของผลประเมินดังกล่าวแต่อย่างใด