

Top Stories

▲ | [Thailand Banks, Thailand](#) (Harsh Wardhan Modi / Gaurav Khandelwal)

Rates to help re-rating, upgrading BBL and KTB

A hawkish hold from the MPC on 8 June ([link](#)) has opened up the likelihood of rate hikes in the course of the year. The Big4 banks have 61-84% CASA ratios, which should lead to 5-6bps NIM expansion and 3-7% EPS growth for every 25bps hike. Thailand banks now have an earnings driven investment thesis, rather than risk-reduction-based. This, combined with undemanding valuations (7.7x/0.60x 2023 PE/PB for Big4), suggests likelihood of sharp rallies. In such a scenario, lower multiple stocks will probably do better. Hence, we are upgrading BBL (0.49x 2022E book) to OW from Neutral and KTB (0.57x 2022E book) to Neutral from UW. We continue to hold OW on KBank, SCB and TTB, and Neutral on Tisco.

[Genting Berhad \(GENT.KL, OW – RM5.34\), Malaysia](#) (Jeffrey Ng)

Risk/reward still favorable, reiterate OW

TauRx (not listed), 20.3% owned by GENT, will be presenting phase 3 interim data for the first tau aggregation inhibitor. Note TauRx are still waiting for data analysis to be completed in order to determine the drug's efficacy. As per the [press release](#), the drug has shown that participants who took the treatment saw a lesser decline than is typical in Alzheimer's patients, based on published research. We expect the upcoming presentation to have similar content to the press release, and to have a positive message. It thus could be a positive share price driver. We have assigned zero value to this investment and would view any value unlocking exercise as a windfall.

[Bukalapak \(BUKA.JK, OW – Rp288\), Indonesia](#) (Henry Wibowo / Ranjan Sharma, CFA)

EMTK buys BUKA shares from the market; First time since IPO

According to an IDX filing dated 8th June 2022, Emtk Group (EMTK IJ) recently bought 724.3mn shares (0.7%) of BUKA from the market at Rp317/sh (10% premium from latest closing price of Rp288/sh), amounting to IDR230bn (USD16mn) in value. EMTK is the largest shareholder of BUKA, with increased ownership now at 24.63% from previously 23.93%. This is the first time we have seen the group buy BUKA shares from the market since IPO (6th Aug 2021), and should provide positive support to share price, as the market cap of BUKA has fallen ~65% from USD6.0bn since IPO to now USD2.1bn. While EMTK has not indicated a specific budget for share buybacks, EMTK is now sitting on ~USD380mn of [net cash](#) as per 1Q22, which could potentially grow bigger if the asset monetization event materializes this year. Note that BUKA is now sitting on USD1.5bn of net cash and has not conducted any share buybacks since IPO. BUKA is now trading at 3x/2x 2022F/23F EV/Revenue, with aim to reach EBITDA breakeven by end of 2023F and become EBITDA positive by 2024F.

[Thailand: Hawkish hold in June, Thailand](#) (Jin Tik Ngai, CFA)

BoT signals pivot to policy normalization; expect rate liftoff in August

The Bank of Thailand (BoT) held the policy rate at 0.50% during today's MPC meeting, in line with JPM and consensus expectations. However, the decision was split, with three out of seven MPC members voting for a 25bps hike.

[Vietnam: Manufacturing remained robust in May, Vietnam](#) (Jisun Yang)

Watch for a cloudy 2H22

Vietnam's IP was stronger than expected in May, backed by a domestic demand recovery – IP rose 0.5% m/m (sa by JPM) in May on top of the upwardly revised 2.2% gain in April, against our expectation for a correction. Sequential IP growth accelerated from 8.6% 3m/3m saar in March to 12.9% in May (Figure 1). IP growth was mainly led by the domestic demand recovery. It rose in processed food and wearing apparel, while more-export-oriented tech production fell in May after six months of increase. Relatedly, retail sales rose for the fifth month in May (Figure 2) with the gradual reopening since the start of this year, and imports in the domestic sector rose 1.8% m/m for the fifth month (+11.1% 3m/3m) but fell 6.8% m/m in the foreign-invested sector (+1.3% 3m/3m).

Asia Pacific Equity Research

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Recommendation Changes

▲ | [Bangkok Bank \(BBL.BK – Overweight\), Thailand](#)

(Harsh Wardhan Modi / Gaurav Khandelwal)

Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

▲ | [Krung Thai Bank \(KTB.BK – Neutral\), Thailand](#)

(Harsh Wardhan Modi / Gaurav Khandelwal)

Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

Price Target and Estimate Changes

[Bangkok Bank \(BBL.BK – Overweight\), Thailand](#)

(Harsh Wardhan Modi / Gaurav Khandelwal)

Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

[Kasikornbank PCL \(KBANK.BK – Overweight\), Thailand](#)

(Harsh Wardhan Modi / Gaurav Khandelwal)

Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

[Krung Thai Bank \(KTB.BK – Neutral\), Thailand](#)

(Harsh Wardhan Modi / Gaurav Khandelwal)

Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

[SCB X PCL \(SCB.BK – Overweight\), Thailand](#)

(Harsh Wardhan Modi / Gaurav Khandelwal)

Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

[Srisawad Corporation PCL \(SAWAD.BK – Overweight\), Thailand](#)

(Harsh Wardhan Modi / Gaurav Khandelwal)

Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

Results and Company Views

[Bukalapak \(BUKA.JK – Overweight\), Indonesia](#)

(Henry Wibowo / Ranjan Sharma, CFA)

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[Tisco Financial Group PCL \(TISCO.BK – Neutral\), Thailand](#)

(Harsh Wardhan Modi / Gaurav Khandelwal)

Thailand Banks: Rates to help re-rating, upgrading BBL and KTB

[TMBThanachart Bank PCL \(TTB.BK – Overweight\), Thailand](#)

(Harsh Wardhan Modi / Gaurav Khandelwal)

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Economics

[Thailand: Hawkish hold in June, Thailand](#)

(Jin Tik Ngai, CFA)

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(Jisun Yang)

Watch for a cloudy 2H22

Sector Research

[SG Property Intelligence, Singapore](#)

(Terence M Khi / Mervin Song, CFA)

Upping supply but market remains tight

Rating Changes

Company	New Rating	Old Rating
Increases		
Bangkok Bank	OW	N
Krung Thai Bank	N	W

Source: J.P. Morgan estimates.

Note: EPS Changes > +/- 1%.

Note: Numbers and companies above may differ from the corresponding numbers or companies in the individual notes inside the FTM.

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