

Siam Senses

Negative real interest rates



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We do not expect the policy rate to reverse its trend and thus anticipate that negative real interest rates this year will drive capital rotation into equities. With the government’s stimulus packages and ongoing investment cycle, we expect the SET to continue to turn around.

Negative real rates are market positive

Thailand’s real policy rate turned negative at -1.89% in April (1.0% policy rate and 2.89% inflation). This was a sharp reversal from the end of 2025, when the real rate was +1.53%. The real one-year bond yield has moved the same way, from +1.39% to -1.89% over the same period. We expect Thailand to remain in a negative real interest rate environment through at least 1Q27F. We estimate average inflation of 2.5% in 2026F with the policy rate unchanged at 1.0%, implying a real policy rate of around -1.5%. Inflation should peak at 4.5% in 2Q26F, then slow to 2.0% by 1Q27F, potentially turning negative thereafter due to a high base effect. We don’t think the Thai economy is in stagflation mode, and negative real interest rates are generally positive to risk assets, including equities.

Policy rate to stay at 1.00%

The Bank of Thailand’s (BoT) tone is to keep the policy rate at 1.00%, despite its forecast for average inflation of 2.9% this year. It sees rising inflation as cost-push, driven by the war in Iran and the situation in the Strait of Hormuz. The current economic situation is not the same as it was in 2022, when the Russia-Ukraine war broke out. During that time in 2022-23, the world economy, including Thailand, was in a period of post-COVID reopening and economic turnaround. Capacity in some industries remained tight, as they had yet to fully recover post-COVID. Therefore, inflation at the time was a mix of cost-push due to the war’s impact and demand-pull from a recovery. Together with some economic hiccups from the war (our GDP forecast is only 2.0% this year), the BoT’s tone is not hawkish this time round.

Plays on negative real rates

As shown in Exhibits 11-12, Thailand has experienced six periods of negative real interest rates over the past 30 years, lasting at least six months, and the SET delivered positive returns in five of them. Another SET attraction in the low-interest-rate environment is the widening gap between dividend yield and the deposit rate. Exhibit 10 shows that the dividend yield over the deposit rate is now at its widest spread of 350bps (the widest since 2020), which increases the attractiveness of holding equities. We play these stories via: 1) inflation beneficiaries asset-based names like **AMATA, WHA, PIN, and CPN**; 2) inflation hedge names like **GULF, and CPALL**; 3) high-yield plays such as **KTB, KKP, ADVANC, and TRUE**.

Long term — structural story intact

Despite near-term inflation, we maintain our positive medium-term outlook and our year-end 2026 SET Index target of 1,600. Thailand’s four major structural pillars remain fully intact: 1) improving political stability with the new government having the potential to complete its full four-year term, 2) a Bt775bn domestic infrastructure pipeline, 3) strong FDI inflows (a record, exceeding Bt1tn in 1Q26) driven by permanent supply chain relocation into ASEAN, and 4) a highly attractive market valuation, with the SET currently trading at only 13.3x forward PE, excluding DELTA. Our 10 top picks for the long term remain unchanged (see Exhibit 21).

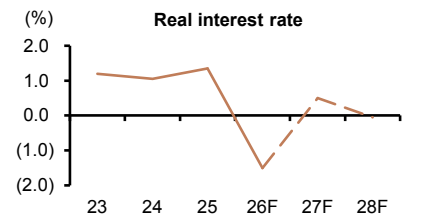
Top Negative Real Rate Picks

BBG Code	-EPS growth-		— PE —		Yield
	26F (%)	27F (%)	26F (x)	27F (x)	26F (%)
AMATA	21.5	3.5	7.1	6.9	5.6
WHA	(3.3)	49.6	15.4	10.3	3.9
PIN	142.9	74.8	7.6	4.4	7.1
CPN	15.8	13.4	15.2	13.4	3.9
GULF	16.4	12.7	27.5	24.5	2.2
CPALL	12.7	15.0	13.2	11.5	3.8
KTB	(2.5)	7.3	10.4	9.7	6.2
KKP	12.8	3.2	10.3	10.0	7.3
ADVANC	9.7	8.0	20.8	19.3	4.6
TRUE	30.0	18.1	19.8	16.8	2.5

Source: ttb wealth estimates.

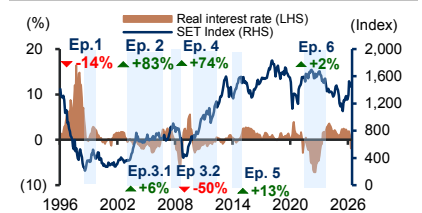
Based on 26 May 2026 closing prices

Negative Real Rates Through 1Q27F



Source: ttb wealth estimates

Real Rate Vs SET Performance



Source: ttb wealth estimates

Note: *

- Ep 1 (May - Nov 00)
- Ep 2 (Jan 03 - Jun 06)
- Ep 3.1 (Jan - May 08)
- Ep 3.2 (Jun - Oct 08)
- Ep 4 (Nov 09 - Mar 12)
- Ep 5 (Mar - Aug 14)
- Ep 6 (Apr 21 - Mar 23)

Negative real rates are market positive

Thailand experienced very low inflation throughout most of 2024 and early 2025 due to weak domestic demand, intense retail competition, and pressure from low-cost imports. To support economic activity, the Bank of Thailand (BoT) gradually reduced the policy rate from 2.50% to 1.00% between October 2024 and February 2026.

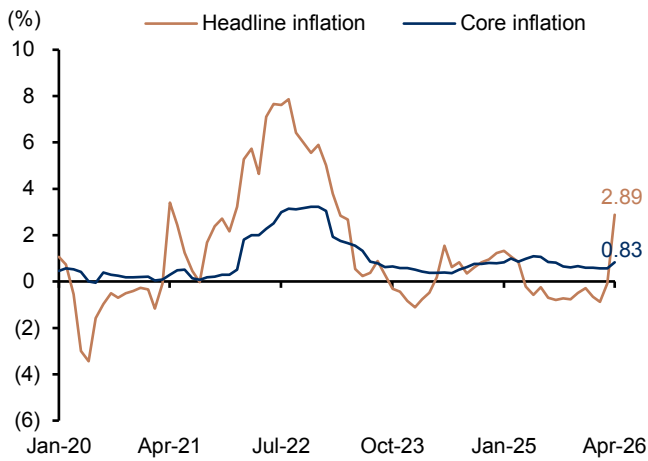
Inflation rose to 2.89% y-y in April 2026 vs. -0.28% in December 2025

However, the inflation backdrop changed sharply in April 2026. Headline CPI accelerated from -0.28% y-y in December 2025 to 2.89% in April 2026, mainly driven by higher global energy prices following disruptions to oil shipments through the Strait of Hormuz.

Real interest rate = -1.89% in April 2026

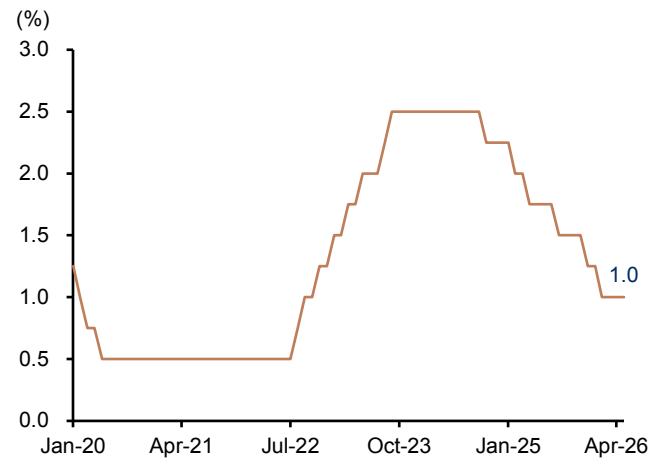
As a result, Thailand's real policy rate turned meaningfully negative. With the policy rate at 1.00% and headline inflation at 2.89% in April, the real policy rate declined to around -1.89%.

Ex 1: Headline Inflation Turned To Positive



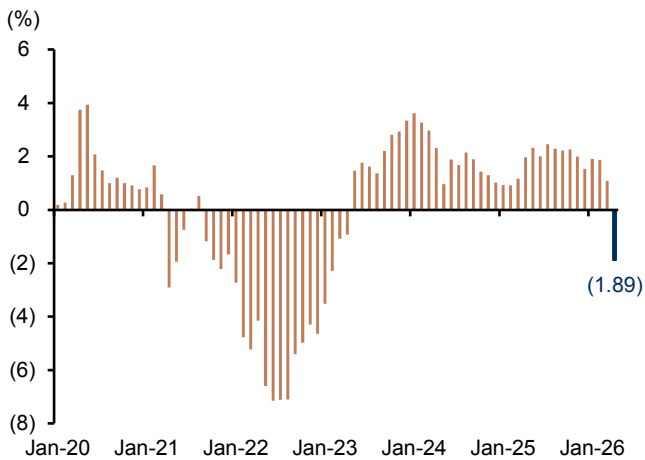
Sources: Bank of Thailand, ttb wealth

Ex 2: Policy Rate



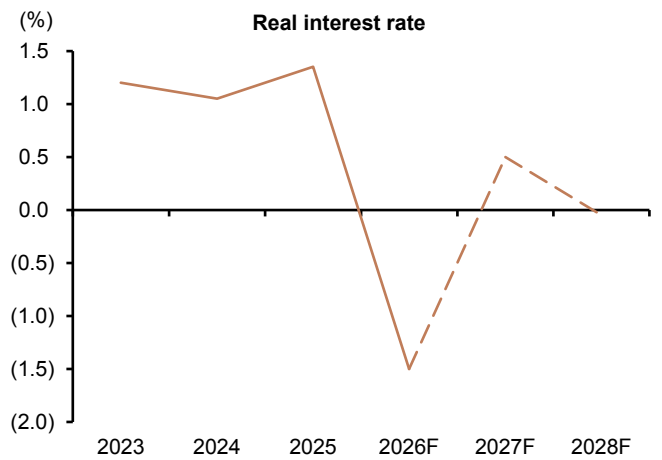
Sources: Bank of Thailand, ttb wealth

Ex 3: Negative Real Interest Rates Started In April 2026



Sources: Bank of Thailand, ttb wealth

Ex 4: Negative Real Rates Should Persist Through 1Q27F



Sources: Company data, ttb wealth estimates

Negative real rates should persist through 1Q27F

We expect Thailand to remain in a negative real interest rate environment through at least 1Q27F. Although a ceasefire may be near, normalization of oil supply could still take time, while higher energy costs are likely to gradually pass through to transportation, food, and service prices. We estimate average inflation of 2.5% in 2026F with the policy rate unchanged at 1.0%, implying a real policy rate of -1.5%. Inflation should peak at 4.5% in 2Q26F, then ease to 2.0% by 1Q27F, potentially turning negative thereafter due to a high base effect.

Historically, negative real interest rates have been a supportive backdrop for risk assets. We believe this should also be the case for SET this time, as Thailand is not in a stagflation environment. We expect GDP growth to bottom at 2.0% in 2026F before gradually recovering toward more normal levels of 2.8% and 3.1% in 2027-28F.

Ex 5: Policy Rate And GDP Growth Forecasts

% growth	2023	2024	2025	2026F	2027F	2028F
	(%)	(%)	(%)	(%)	(%)	(%)
Real GDP growth	2.2	2.9	2.4	2.0	2.8	3.1
Private consumption	6.7	4.4	2.7	2.8	1.7	2.2
Private investment	3.1	(1.9)	3.5	8.7	5.5	5.5
Government investment	(4.2)	4.5	8.9	3.6	2.3	2.5
Exports (nominal US\$ growth)	(1.5)	5.9	12.7	11.1	(1.6)	3.0
Imports (nominal US\$ growth)	(3.8)	5.6	13.0	16.9	(2.4)	2.9
Export of services (nominal baht growth)	47.3	26.1	(1.3)	1.9	1.4	2.0
Import of services (nominal baht growth)	3.7	14.1	(2.8)	4.0	(0.8)	2.0
Current account (% of GDP)	1.4	2.5	3.3	1.1	2.1	2.4
Headline CPI	1.3	0.4	(0.1)	2.5	0.5	1.3
Bt/US\$ – average	34.8	35.3	32.9	32.0	32.0	32.0
Policy rate	2.50	2.25	1.25	1.00	1.00	1.25

Sources: NESDC, Bank of Thailand, Ministry of Commerce, Bloomberg, ttb wealth estimates

Policy rate to stay at 1.00%

2022-23 inflation from both cost-push and demand-driven factors

We believe the BoT's current stance differs from its response during the Russia-Ukraine conflict in 2022-23. Back then, inflation was driven by both cost-push pressures from the war and demand-pull forces from the post-COVID reopening cycle, when capacity constraints in several industries amplified price pressures. This justified a tightening bias globally, including in Thailand.

BoT sees 2026 inflation coming from cost-push pressures

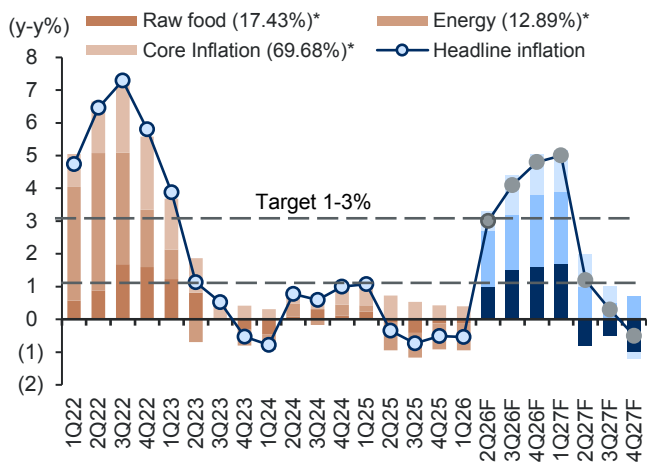
This time, according to the BoT's projections, headline inflation is expected to average 2.9% in 2026, then ease to 1.5% in 2027. On a quarterly basis, inflation is projected to remain above the BoT's upper target range of 3% from 2Q26 through 1Q27, peaking at nearly 5% in 1Q27, before gradually normalizing through 2Q-4Q27. However, the BoT views the inflation spike as primarily cost-push, driven by energy supply risks related to the Strait of Hormuz, rather than broad-based domestic demand strength. Consumer spending remains soft, the tourism recovery is incomplete, and private investment momentum is still limited.

Given our expectation that Thailand's GDP growth will be only 2.0% in 2026F, below its potential and that of regional peers, the economy has limited capacity to absorb higher borrowing costs. Elevated household debt also makes consumption more vulnerable to rate hikes, while a stronger baht (driven by rising interest rates) would put pressure on exports amid weak global demand. As a result, we believe the BoT is unlikely to tighten policy despite rising inflation risks.

BoT likely to hold the policy rate at 1.00% through 2027

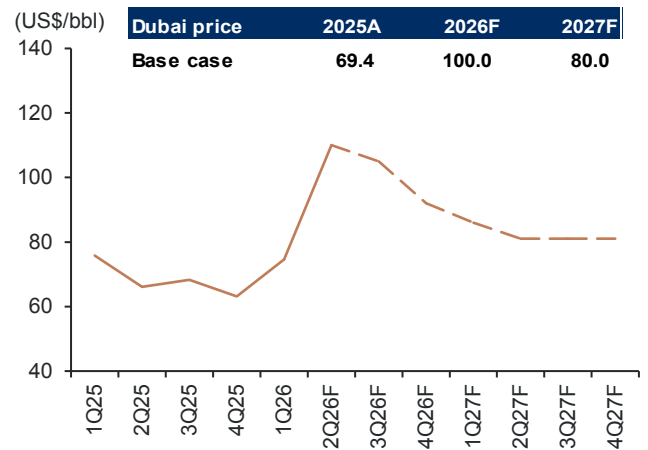
At the same time, further easing also appears limited given already negative real rates and the risk of additional baht weakness. We therefore expect the policy rate to remain on hold at 1.00% through 2027F.

Ex 6: BoT's Inflation Expectations



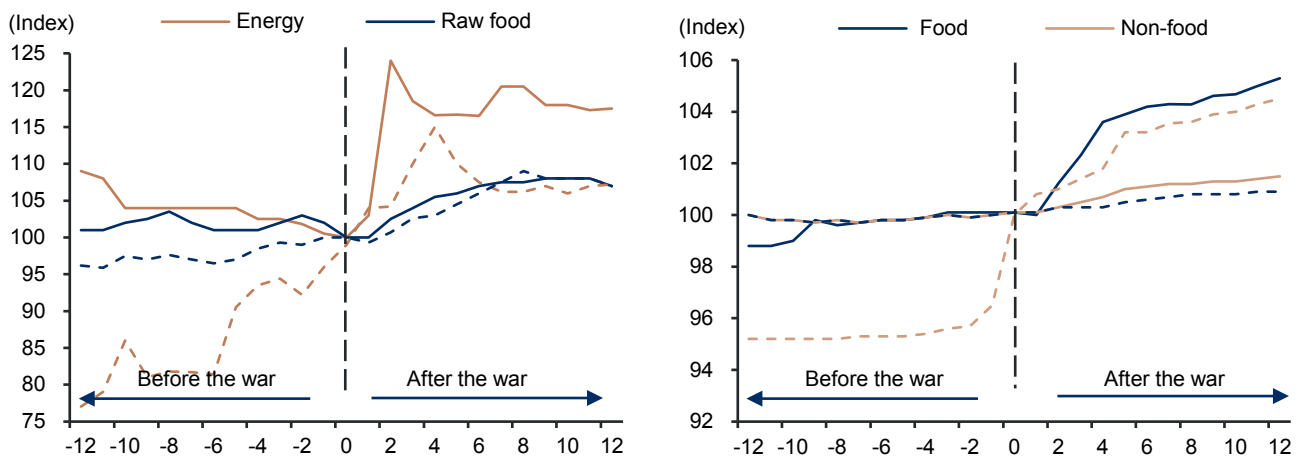
Sources: Ministry of Commerce, Bank of Thailand estimates
 Note: *Contribution of inflation components to headline inflation

Ex 7: BoT's Dubai Oil Price Expectations



Sources: Bloomberg, Bank of Thailand estimates

Ex 8: CPI During The Mideast Conflict (Solid Line) Vs. Russia-Ukraine War (Dashed Line)



Sources: The Bank of Thailand, Ministry of Commerce
 Note: The CPI base periods are set to February 2026 and February 2022 (index = 100) for the US-Iran war and the Russia-Ukraine war, respectively. For the US-Iran war, data from the second month onwards are forecasted

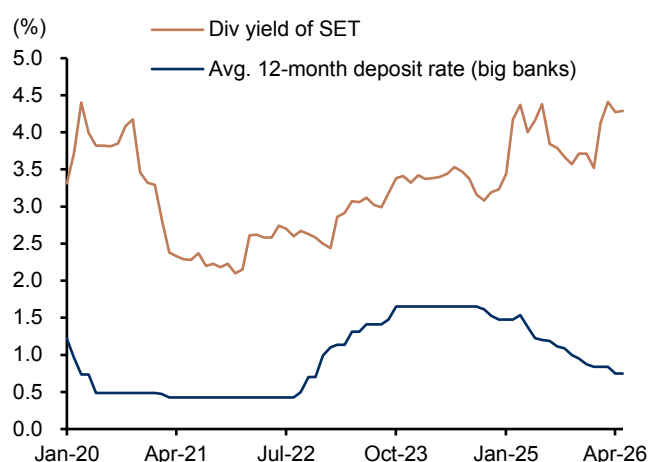
Plays on the negative real rates

Negative real rates should support a gradual shift from cash to equities

With inflation now running above short-term interest rates and deposit rates, holding cash is becoming increasingly unattractive in real return terms. Also, the dividend yield spread — the gap between average dividend yields on defensive SET stocks and the prevailing 12-month fixed deposit rate — currently stands at approximately 350bps, the widest level since the 0.5% policy rate environment in 2020.

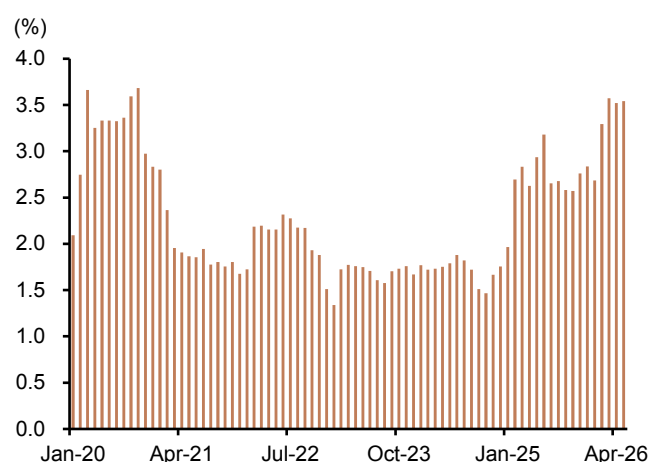
As a result, we think investors are likely to gradually shift capital away from cash and low-yield deposits and toward equities. We believe Thailand is entering the early stage of a capital reallocation cycle driven by prolonged negative real interest rates.

Ex 9: Dividend Yield Vs. 12-Month Deposit Rate



Sources: Bank of Thailand, Bloomberg, ttb wealth

Ex 10: Dividend Yield Spread



Sources: Bank of Thailand, Bloomberg, ttb wealth

SET rose in five of the past six negative real-rate periods

Over the past 30 years, we have identified six episodes in which Thailand's real interest rates turned negative for at least six consecutive months, as shown in Exhibits 11-12. In five out of six episodes, the SET Index delivered positive returns — suggesting that a negative real-rate environment has historically been a tailwind for Thai equities.

Ex 11: Summary Of Six Episodes Of Negative Real Interest Rates

No	Time		Avg. real int. during period	SET Index performance			Deposit			Key Interpretation
	Period	No. of month		Movement (start to end)	Total return for the period	Avg. dividend yield spread	Movement (start to end)	Total growth for the period	Term deposit share trend	
1	May-00 to Nov-00	6	-0.47%	323→278	-14%	-2.1%	Bt5.5→Bt5.7tr	+4%	68.6%→67.1% ↓	SET remained weak as lingering damage from the Asian Financial Crisis (AFC), the global tech sell-off, and fragile investor confidence weighed on equities. Low dividend yields vs. high deposit rates kept bank deposits more attractive than stocks.
2	Jan-03 to Jun-06	42	-1.17%	370→678	+83%	+1.58%	Bt6.2→Bt7.5tr	+22%	59.7%→57.3% ↓	Strong bull run. SET rallied due to PM Thaksin Shinawatra's dual-track economic stimulus, robust GDP growth (6–7%), and an accommodative rate environment. Negative real rates eroded deposit returns, while an attractive dividend yield spread drove domestic capital rotation into equities.
3	Jan-08 to Oct-08	10	-2.90%	784→834	-47%	+1.66%	Bt7.9→Bt8.1tr	+2%	55.1%→56.6% ↑	
3.1	Jan-08 to May-08	5	-2.50%	784→834	+6%	+1.2%	Bt7.9→Bt8.2tr	+3%	55.1%→54.6% ↓	1H08 – Resilient: High dividend yields remained attractive amid negative real rates, supporting positive returns despite early subprime concerns.
3.2	Jun-08 to Oct-08	5	-3.2%	834→417	-50%	+2.3%	Bt8.2→Bt8.1tr	-1%	54.6%→56.6% ↑	2H08 – Sharp decline: The Lehman collapse (GFC), compounded by domestic political turmoil (yellow-shirt airport seizure), triggered a severe sell-off.
4	Nov-09 to Mar-12	29	-1.23%	689→1,197	+74%	+1.9%	Bt8.7→Bt11.3tr	+29%	49.8%→48.4% ↓	We think negative real rates were a factor supporting the SET's uptrend, alongside Thailand's GDP rebound, strong earnings growth, and easing political uncertainty after the 2011 election. The 2011 flood caused only a temporary disruption before a swift recovery.
5	Mar-14 to Aug-14	6	-0.3%	1,376→1,562	+13%	+1.3%	Bt14.6→Bt14.5tr	flat	50.7%→49.3% ↓	Political resolution post-coup was the primary catalyst for the 2H rally. The end of six months of political deadlock restored investor confidence, while modestly negative real rates reduced the appeal of deposits and further supported capital rotation into equities.

Sources: Bank of Thailand, Bloomberg, ttb wealth compilation

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Ex 11: Summary Of Six Episodes Of Negative Real Interest Rates (Cont'd)

No	Time		Avg. real int. during period	SET Index performance			Deposit			Key Interpretation
	Period	No. of month		Movement (start to end)	Total return for the period	Avg. dividend yield spread	Movement (start to end)	Total growth for the period	Term deposit share trend	
6	Apr-21 to Mar-23	24	-3.50%	1,583→1,609	+2%	+1.9%	Bt21.0→Bt22.7tr	+8%	34.6%→32.7% ↓	2021: We believe modestly negative real rates supported a rotation into equities. However, sluggish GDP growth (+1.6%) and near-zero tourism arrivals limited market gains. Meanwhile, in 2022, deeply negative real rates and a gradual recovery in tourism supported solid SET returns.

Sources: Bank of Thailand, Bloomberg, ttb wealth compilation

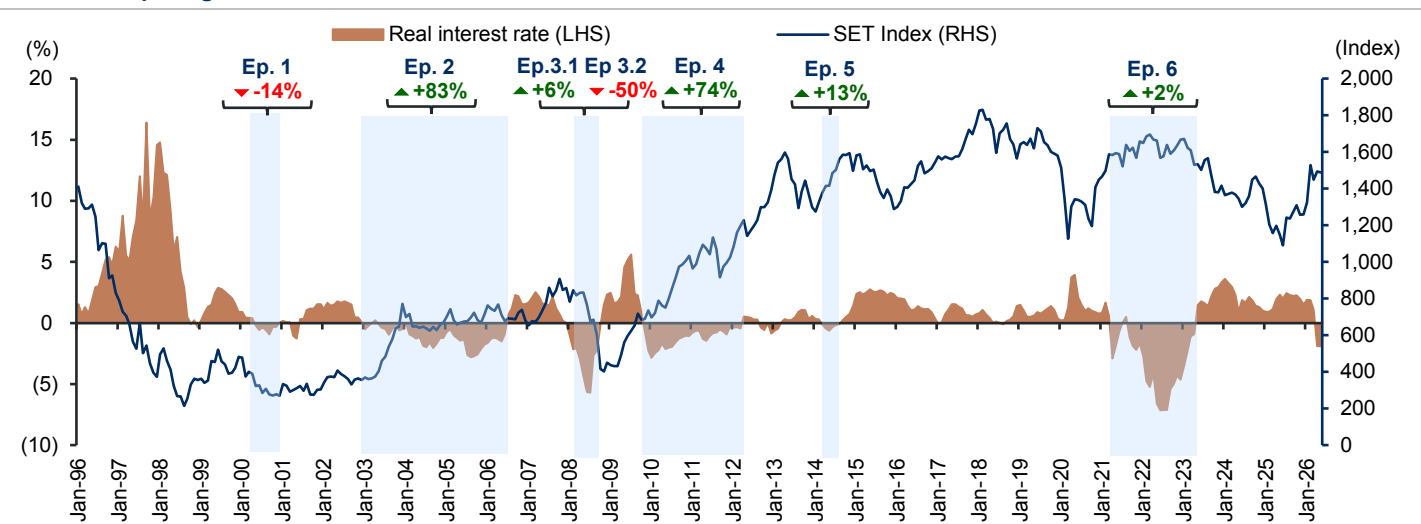
The one exception was the first episode (May 2000 – November 2000), when the SET fell 14%. We attribute this to Thailand still healing from the Asian Financial Crisis (AFC), when bank deposit rates remained high enough to offer more attractive returns than equities — making deposits the preferred asset at the time.

In the remaining five episodes, the SET mostly consistently outperformed deposits. From January 2003 to June 2006, the SET gained 83% while total deposits grew only 22%. From November 2009 – March 2012, the SET rose 74% against deposit growth of 29%. The March – August 2014 episode saw the SET rise 13% while deposits were flat. Most recently, April 2021 – March 2023 showed a more modest SET gain of 2% against deposit growth of 8%.

The 2008 episode is worth separating into two halves. In the first half (January – May 2008), the SET delivered a positive return of 6% — consistent with a negative real-rate pattern. However, the Global Financial Crisis (GFC) and domestic political turmoil reversed this, causing the SET to plunge 50% in the second half (June – October 2008), demonstrating that when macro shocks are severe enough, they can override the positive effect of negative real rates.

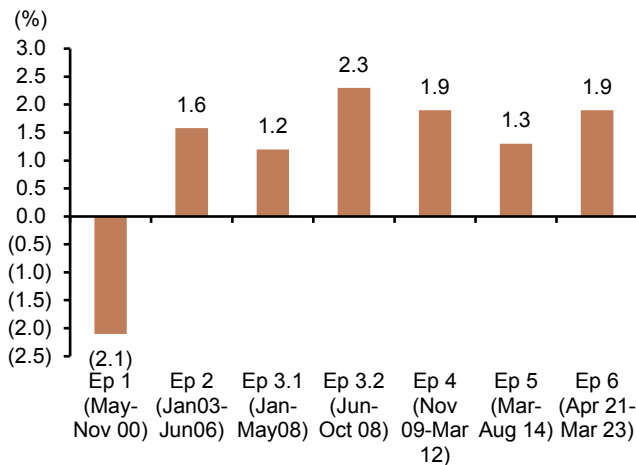
While the strong SET performance during these periods reflected many contributing factors — which we highlight in the accompanying table — we believe negative real interest rates played a key role. When deposit returns fail to keep pace with inflation, investors are incentivized to seek higher real returns elsewhere, and Thai equities, with their relatively attractive dividend yields, have historically been a primary beneficiary of this capital rotation.

Ex 12: Comparing Real Interest Rate Vs SET Performance



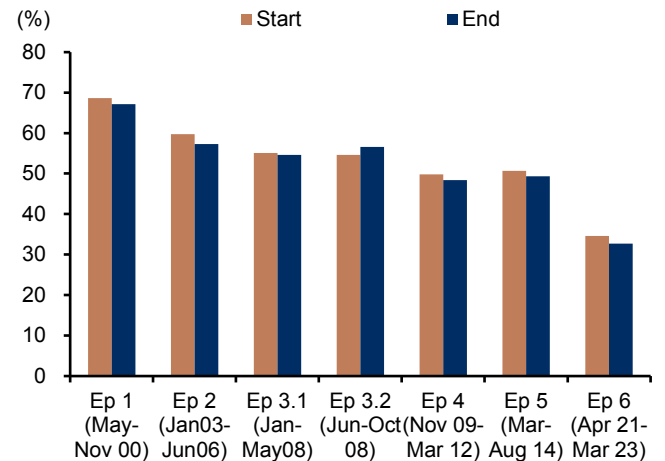
Sources: Bank of Thailand, Bloomberg, ttb wealth

Ex 13: Avg. Dividend Yield Spread



Sources: Bank of Thailand, Bloomberg, ttb wealth

Ex 14: Term Deposit Share: Start vs. End of Episode



Sources: Bank of Thailand, Bloomberg, ttb wealth

We play the negative real interest rate theme through three key categories:

1) Inflation beneficiaries – asset-based plays

Real asset owners should benefit from rising land and property values

Companies with large hard-asset exposure should benefit from rising land and property values during inflationary periods. We favor **AMATA**, **WHA**, and **PIN**, which own sizeable industrial land banks and should benefit from both inflation and long-term FDI trends. We also like **CPN**, whose prime retail property portfolio should support both rental growth and asset appreciation over time.

2) Inflation hedges with pricing power

Companies with pricing power should withstand inflation pressures

Companies with strong pricing power are better positioned to protect margins during inflationary periods by passing higher costs on to customers.

We prefer **GULF**, whose long-term power purchase agreements include cost pass-through mechanisms that help protect earnings from rising fuel costs. We also like **CPALL**, whose dominant 7-Eleven convenience store network provides pricing power and stable consumer demand, as customers continue to purchase everyday essentials even during inflationary periods.

3) High-yield plays

Negative real rates support demand for high-yield banking and telecoms

When real deposit rates turn negative, investors are incentivized to rotate savings into equities offering sustainable dividend yields above deposit returns. We favor stocks across banking and telecoms.

Thai banks have become increasingly active in capital management, supporting attractive dividend yields of around 7–8%. Our top pick is **KTB** for its consistent dividend profile and strong capital position, while **KKP** offers one of the highest yields in the sector alongside the strongest 2026F earnings growth outlook.

In telecoms, stable recurring cash flows underpin reliable dividends. We like both **ADVANC**, the sector leader with a strong dividend track record, and **TRUE**, which recently shifted to quarterly dividend payments and should gradually improve its payout capacity.

Ex 15: Negative Real Interest Rate Picks

Theme	Investment rationale	Our picks	Reason
1. Real Asset Appreciation	Land and property values rise with inflation; industrial land gets an extra boost from FDI inflows	▪ AMATA	▪ Large industrial land bank in the EEC; direct beneficiary of inflation and FDI boom
		▪ WHA	▪ Large industrial land bank in the EEC; direct beneficiary of inflation and FDI boom
		▪ PIN	▪ Alternative smaller-cap exposure to the industrial estate theme, with high earnings growth and an attractive dividend yield
		▪ CPN	▪ Prime retail mall portfolio; rental income and asset values rise with inflation and consumer spending
2. Inflation Hedge with Pricing Power	Strong businesses raise prices with inflation; contractual pass-through mechanisms protect real earnings from eroding	▪ GULF	▪ Long-term power purchase agreements with automatic cost pass-through mechanisms; earnings structurally protected from rising fuel costs
		▪ CPALL	▪ 16,000+ stores; daily essential traffic provides unmatched pricing power; consumer demand resilient during inflationary periods
3. High Dividend Yield	Deposit yields deeply negative in real terms; dividend stocks offer a far superior income alternative for yield-seeking investors	▪ KTB	▪ ~7% dividend yield; strong capital base, consistent payout history, and sustained ROE above 10%
		▪ KKP	▪ Highest 2026F earnings growth (+13% y-y); high-quality fee income from capital markets; one of the highest dividend yields in the sector
		▪ ADVANC	▪ Market-leading telecom; strong and consistent dividend track record; stable recurring cash flows
		▪ TRUE	▪ Quarterly dividend payments; improving payout capacity

Sources: Company data, ttb wealth estimates

Ex 16: ttb wealth's Negative Real Interest Rate Plays

Ticker	Rating	Current price (Bt/shr)	Target price (Bt/shr)	Up side (%)	Market cap (US\$ m)	Norm EPS growth		— Norm PE —		P/BV or EV/EBITDA of Telecom		— Yield —	
						2026F (%)	2027F (%)	2026F (x)	2027F (x)	2026F (x)	2027F (x)	2026F (%)	2027F (%)
AMATA TB	BUY	24.80	25.00	0.8	874	21.5	3.5	7.1	6.9	1.1	1.0	5.6	5.8
WHA TB	BUY	5.00	5.80	16.0	2,290	(3.3)	49.6	15.4	10.3	1.9	1.8	3.9	5.8
PIN TB	BUY	4.40	5.60	27.3	156	142.9	74.8	7.6	4.4	1.1	0.9	7.1	11.5
CPN TB	BUY	65.75	75.00	14.1	9,040	15.8	13.4	15.2	13.4	2.5	2.3	3.9	4.5
GULF TB	BUY	61.75	65.00	5.3	28,263	16.4	12.7	27.5	24.5	2.3	2.2	2.2	2.5
CPALL TB	BUY	46.00	60.00	30.4	12,660	12.7	15.0	13.2	11.5	2.6	2.3	3.8	4.4
KTB TB	BUY	35.00	41.00	17.1	14,986	(2.5)	7.3	10.4	9.7	1.0	1.0	6.2	6.7
KKP TB	BUY	83.50	92.00	10.2	2,225	12.8	3.2	10.3	10.0	1.0	1.0	7.3	7.5
ADVANC TB	BUY	353.00	420.00	19.0	32,165	9.7	8.0	20.8	19.3	10.9	9.9	4.6	4.9
TRUE TB	BUY	13.80	16.50	19.6	14,608	30.0	18.1	19.8	16.8	8.0	7.7	2.5	4.2

Sources: Company data, ttb wealth estimates
Note: Based on 26 May 2026 closing prices

Long term — structural story intact

2026F SET target maintained at 1,600

Despite near-term volatility driven by inflation and global uncertainty, we maintain our positive medium-term outlook for the Thai equity market and keep our year-end 2026F SET Index target at 1,600. In our view, Thailand's long-term investment story remains supported by four key structural drivers that should continue to support economic growth, corporate earnings, and investor confidence over the coming years.

Improving political stability

First, political stability is gradually improving. Following several years of political uncertainty and policy disruptions, we believe the current government has a better chance of completing its full four-year term. Greater political continuity should help improve investor confidence, support policy implementation, and accelerate both public and private investment decisions. A more stable political environment is also important for attracting long-term foreign investment into Thailand.

Bt775bn infrastructure pipeline

Second, Thailand still has a large domestic infrastructure pipeline worth around Bt775bn. Ongoing and planned projects across transportation, logistics, utilities, and urban development should continue to support economic activity over the medium term. Infrastructure spending typically creates broad positive spillover effects across the economy, benefiting construction companies, industrial estates, banks, property developers, and domestic consumption. It should also help improve Thailand's long-term competitiveness and productivity.

Ex 17: Potential Mega-project Biddings In 2026-29F

Projects scheduled for bidding	Value (Bt bn)	Status	Bidding year	Construction period
Department of Highways				
M82: O&M work - Bang Khun Thian - Ban Phaeo	15.7	Under the bidding process for E&M work (Bt1.1bn) and O&M work (Bt14.7bn)	2026	2026-59
M5: Rangsit - Bang pa-in	25.0	Cabinet-approved. Under the TOR preparation process	2026	2028-31
M9: Bang Khun Thian - Bang Bua Thong	56.0	Cabinet-approved. Under the TOR preparation process	2026	2028-31
M8: Nakorn Pathom - Pak Tho	61.0	Investment scheme under study to propose to the Transport Minister and NESDC	2027-28	2028-34
Expressway Authority of Thailand				
Expressway: Kratuu - Patong	10.9	Modifying the design to repropose to EXAT's board, the Transport Minister, and Cabinet	2026	2027-31
Expressway: N2 Chalong Rat - ORR	14.0	Reviewing the construction cost to repropose to EXAT's board, the Transport Minister, and Cabinet	2026	2027-31
State Railway of Thailand				
High-speed train: Phase 2 Korat - Nong Khai	235.0	Cabinet-approved. Under the TOR preparation process	2026	2026-31
Double track: Chumphon - Surat Thani	29.0	Despite NESDC approval, the change in government means SRT must resubmit it to the Transport Minister and Cabinet.	2027	na
Double track: Surat Thani - Hat Yai Junction - Song Kla	64.5	Despite NESDC approval, the change in government means SRT must resubmit it to the Transport Minister and Cabinet.	2027	na
Double track: Hat Yai Junction - Padangbesar	7.5	Despite NESDC approval, the change in government means SRT must resubmit it to the Transport Minister and Cabinet.	2027	na

Source: CK, STECON, Department of Highways, Expressway Authority of Thailand, State Railway of Thailand, Airports of Thailand, ttb wealth estimates

Ex 17: Potential Mega-project Biddings In 2026-29F (Cont'd)

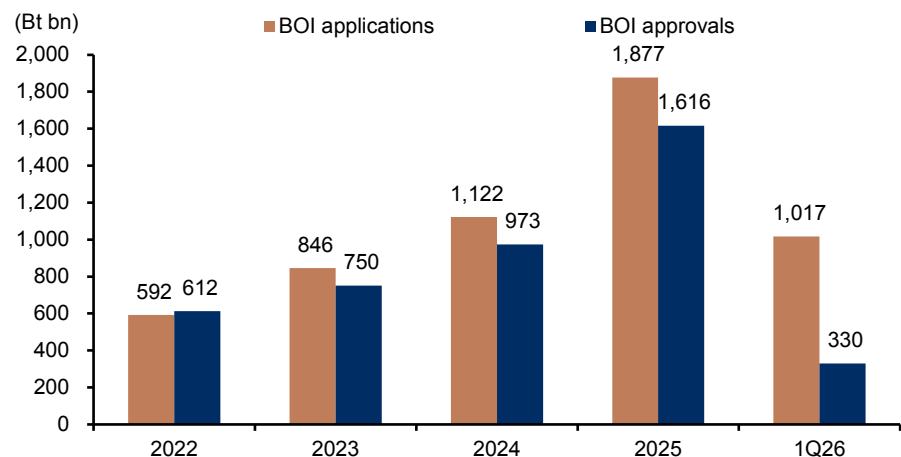
Projects scheduled for bidding	Value (Bt bn)	Status	Bidding year	Construction period
State Railway of Thailand				
Double track: Pak Nam Pho - Den Chai	77.8	▪ Reviewing the expropriation plan	2028	na
Double track: Den Chai - Chiang Mai	63.5	▪ Reviewing the expropriation plan	2028	na
Double track: Chira Junction - Ubonratchathani	43.0	▪ Reviewing the expropriation plan	2028	na
Airports				
Suvarnabhumi Airport: East expansion	12.0	▪ Under reconsideration by the NESDC and OTP before submission to the Transport Minister and Cabinet	2026	2027-31
Don Mueang Airport: Phase 3	60.0	▪ Under reconsideration by the NESDC and OTP before submission to the Transport Minister and Cabinet	2027	2028-34
Total	774.9			

Source: CK, STECON, Department of Highways, Expressway Authority of Thailand, State Railway of Thailand, Airports of Thailand, ttb wealth estimates

Strong FDI momentum

Third, foreign direct investment (FDI) momentum remains very strong. Thailand has recently seen record investment applications exceeding Bt1tr in 1Q26, driven mainly by global supply chain diversification and the long-term shift of manufacturing capacity into ASEAN. Thailand continues to benefit from its strategic location, an established industrial ecosystem, improving infrastructure, and a skilled labor base. Key investment areas include electronics, EV supply chains, data centers, renewable energy, and advanced manufacturing. We believe this trend is structural rather than cyclical and should continue to support industrial activity and employment over the next several years.

Ex 18: Leading Indicators Of A New FDI Cycle

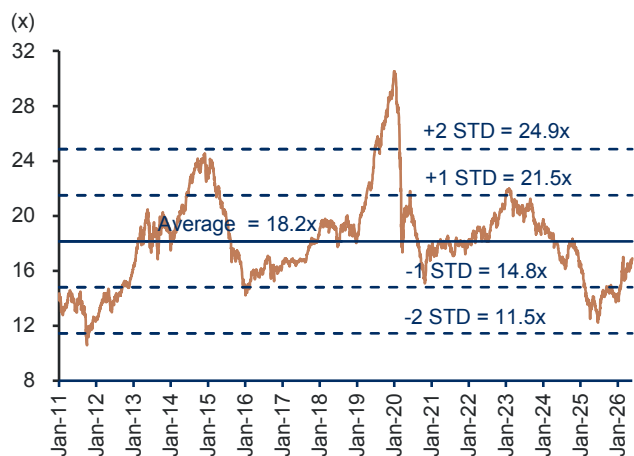


Source: Board of Investment

SET trading at 13.3x forward PE

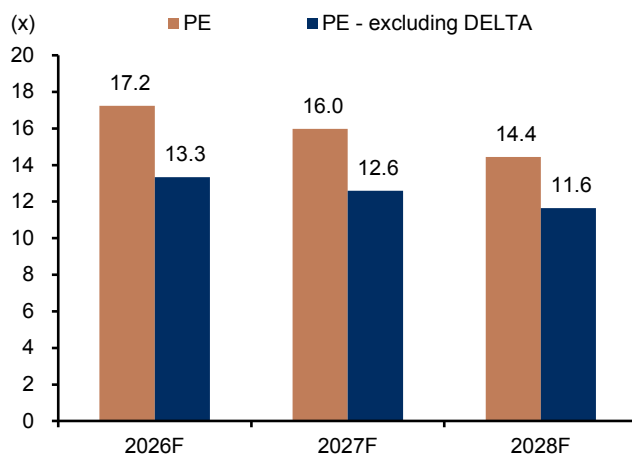
Lastly, Thai equity valuations remain attractive, in our view. The SET is currently trading at only around 13.3x forward PE, excluding DELTA, which remains below historical averages and still inexpensive compared with several regional peers. At the same time, dividend yields remain attractive relative to deposit rates and government bonds, particularly in a negative real interest rate environment. We believe this valuation gap should help limit downside risk and gradually attract both domestic and foreign investors back into the market.

Ex 19: PE STD



Sources: Bloomberg, SET, ttb wealth estimates

Ex 20: PE vs. PE Excluding DELTA



Source: ttb wealth estimates

Overall, while short-term market sentiment may continue to fluctuate due to inflation, global interest rates, and external risks, we believe Thailand’s structural growth story remains intact. Combined with supportive valuations and improving domestic conditions, this should provide a solid foundation for the SET over the medium-to-long term.

We maintain **our long-term top 10 picks**, with some names overlapping with our preferred beneficiaries under the negative real interest rate theme.

We continue to like **AOT**, which should benefit from the increase in the international passenger service charge (PSC) to Bt1,120 per passenger from Bt730, effective 20 June 2026. We estimate this could drive FY27F EPS growth of around 60%. We expect the impact from the Iran conflict to be temporary, while the PSC hike should provide a permanent uplift to earnings.

We also remain positive on **DELTA**, supported by strong AI- and data center-related demand and rising order relocations from its parent company in Taiwan.

For government policy plays, we favor **STEC** and **CK** as key beneficiaries of Thailand’s new infrastructure investment cycle. We also like **GULF**, which should benefit from the government’s green economy policy and the expansion of renewable energy under the upcoming Power Development Plan (PDP). **KTB** is another preferred government policy play, supported by expected growth in government-related lending and an attractive 2026F dividend yield of 6.8%.

We expect strong BOI applications and approvals to support a multi-year FDI cycle, making **AMATA** our preferred FDI beneficiary.

In telecoms, we continue to like **ADVANC** and **TRUE** for their strong earnings outlooks, resilient EBITDA, and attractive dividend yields. Lastly, we favor **CPN** as a high-quality asset play with strong occupancy rates and what we view as an attractive valuation.

Ex 21: ttb wealth's Long-Term Top Picks

Ticker	Rating	Current price (Bt/shr)	Target price (Bt/shr)	Up side (%)	Market cap (US\$ m)	Norm EPS growth		— Norm PE —		P/BV or EV/EBITDA of Telecom		— Yield —	
						2026F (%)	2027F (%)	2026F (x)	2027F (x)	2026F (x)	2027F (x)	2026F (%)	2027F (%)
ADVANC TB	BUY	353.00	420.00	19.0	32,165	9.7	8.0	20.8	19.3	10.9	9.9	4.6	4.9
AMATA TB	BUY	24.80	25.00	0.8	874	21.5	3.5	7.1	6.9	1.1	1.0	5.6	5.8
AOT TB	BUY	54.00	62.00	14.8	23,634	2.3	60.6	40.3	25.1	5.6	5.0	1.5	2.4
CK TB	BUY	17.70	23.00	29.9	919	4.7	6.6	11.4	10.7	1.0	0.9	3.1	3.3
CPN TB	BUY	65.75	75.00	14.1	9,040	15.8	13.4	15.2	13.4	2.5	2.3	3.9	4.5
DELTA TB	BUY	339.00	350.00	3.2	129,549	60.3	58.9	108.5	68.3	33.8	24.8	0.3	0.5
GULF TB	BUY	61.75	65.00	5.3	28,263	16.4	12.7	27.5	24.5	2.3	2.2	2.2	2.5
KTB TB	BUY	35.00	41.00	17.1	14,986	(2.5)	7.3	10.4	9.7	1.0	1.0	6.2	6.7
STECOM TB	BUY	14.10	16.00	13.5	656	57.0	(10.9)	14.8	16.6	1.2	1.2	3.1	2.7
TRUE TB	BUY	13.80	16.50	19.6	14,608	30.0	18.1	19.8	16.8	8.0	7.7	2.5	4.2

Sources: Company data, ttb wealth estimates
 Note: Based on 26 May 2026 closing prices

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For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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