

krungsri Research

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INDUSTRY HORIZON

October 2020

Krungsri Research

A new journey begins



VACCINE DEVELOPMENT

213 vaccine candidates heat up the race against time with 35 conducting clinical tests, including 8 in Phase III trials.

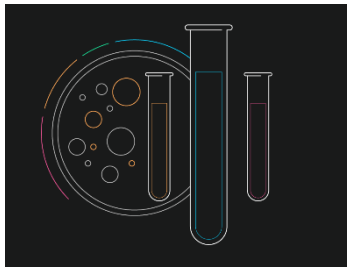
OVERALL BUSINESS ACTIVITY

The pandemic almost crippled business activity in Thailand in 1H20. However, most businesses are adapting to the COVID-era and still-strict social distancing rules.

INDUSTRY INSIGHT

Thailand's industrial activity has almost returned to normal since reopening. Manufacturing continued to pick up, reinforcing it has bottomed out. Services industry also picked up recently but at a softer pace.

Several vaccines in advanced clinical trials to determine if they are effective and safe for human use



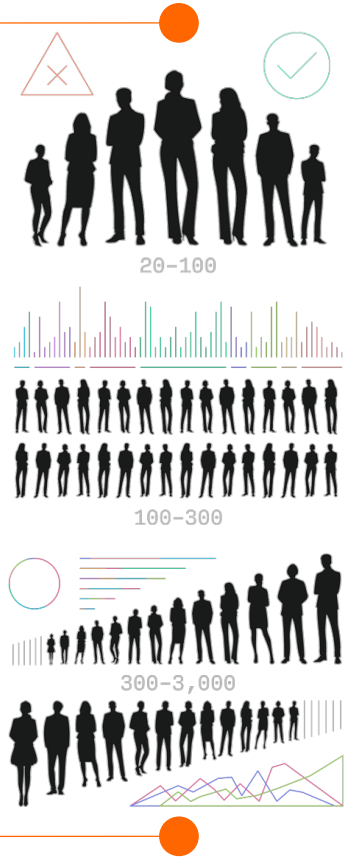
PRE-CLINICAL PHASE

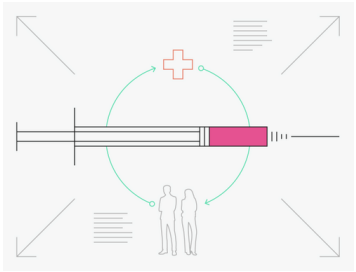
- Collect data to support feasibility and safety
- Involves iterative non-human testing
- Evaluates toxic and pharmacological effects
- Normally occurs before human testing can begin



REGULATORY REVIEW

- Government agency reviews trial data and licensing application information before approval
- Can happen after manufacturing has started
- Typically takes 1-2 years, but for COVID-19, expedited to a few months





CLINICAL PHASE I

- Small study of healthy people
- Evaluates safety and immune response at different doses
- Typically takes 1-2 years, but for COVID-19 trials, expected to take 3 months

CLINICAL PHASE II

- 100s of test subjects
- Further evaluates safety, efficacy, and determine optimal dose and vaccine schedule
- Typically takes 2-3 years, but for COVID-19 trials, expected to take 8 months

CLINICAL PHASE III

- 1000s of test subjects
- Further evaluates safety and efficacy
- Typically takes 2-4 years, but for COVID-19 trials, may be combined with Phase II

Each country can exercise its **Emergency Use Authorisation (EUA)** rule to produce vaccines under the regulation and supervision of the national FDA.

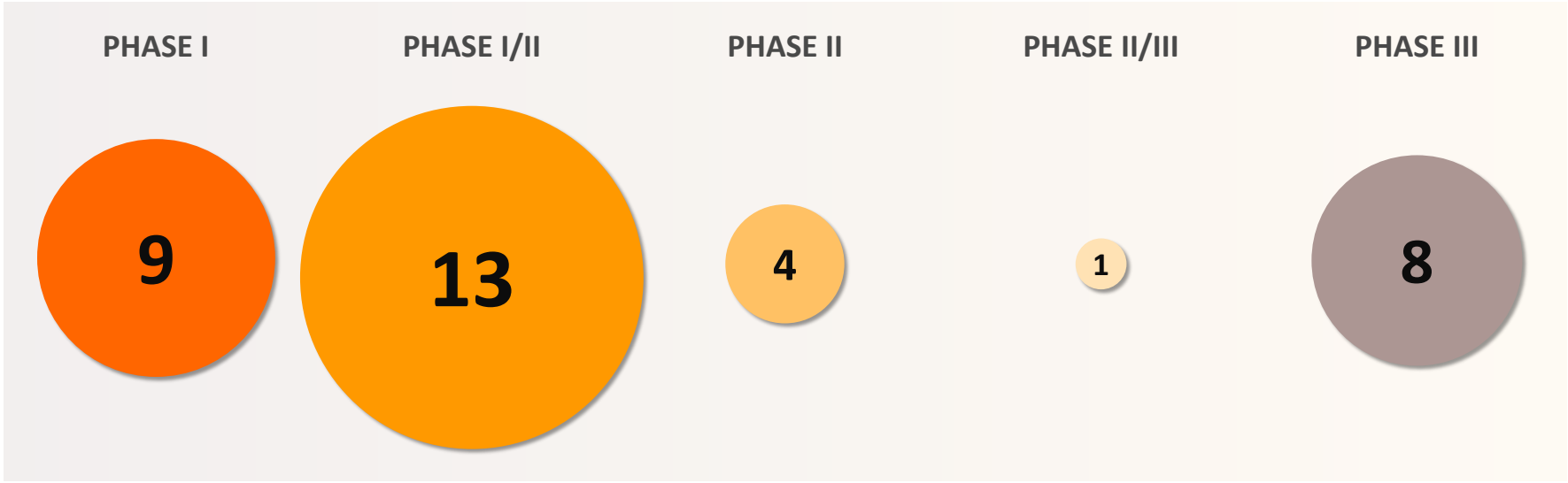
CLINICAL PHASE IV

- Post-approval studies to monitor effectiveness in real-world conditions
- Testing begins after vaccine has been approved for public use

Source: Milken Institute, Krungsri Research

213 vaccine candidates heat up the race with 35 in clinical tests, including 8 in Phase III trials

Leading Candidates



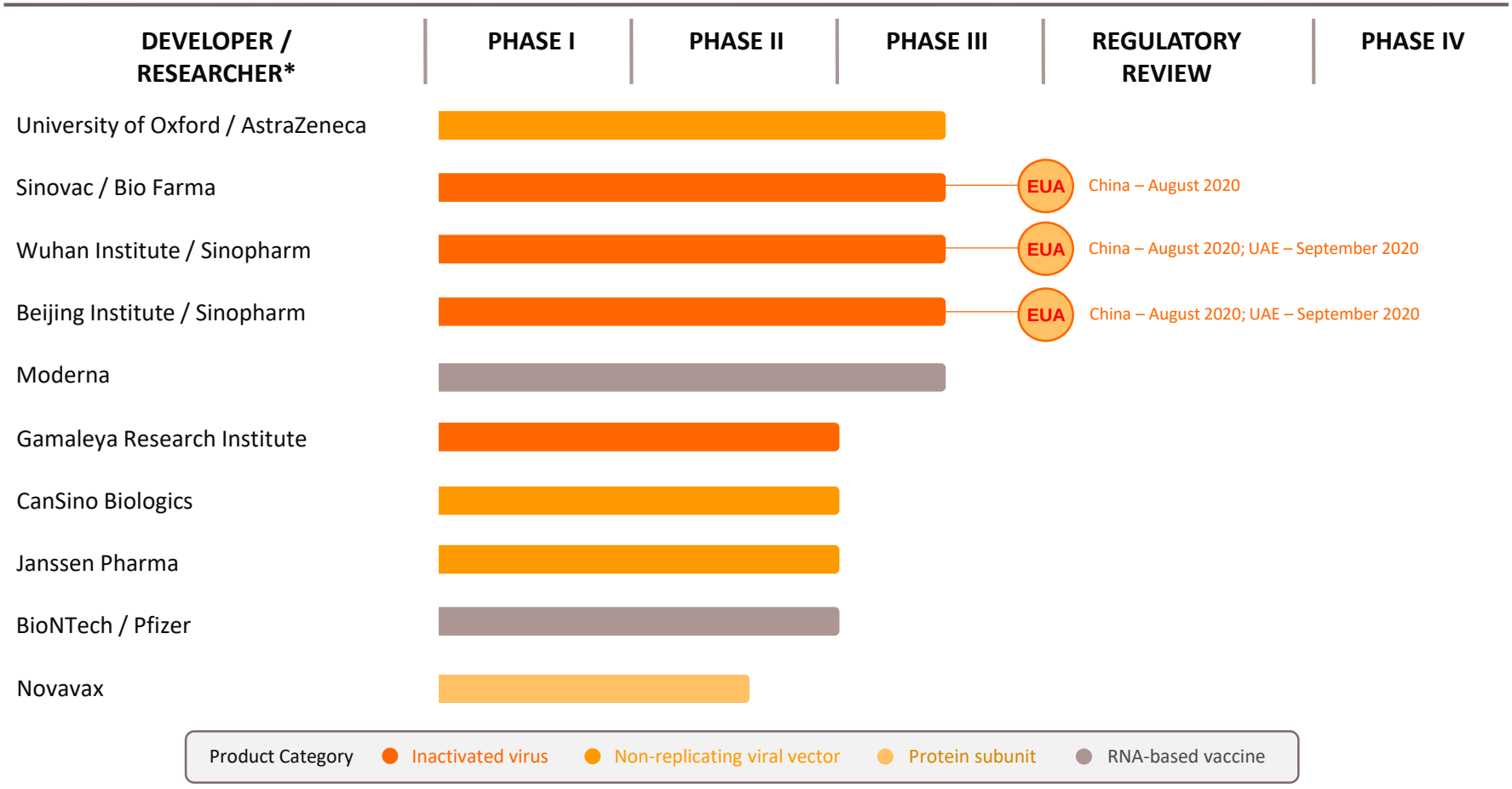
PHASE I	PHASE I/II	PHASE II	PHASE II/III	PHASE III
• ReiThera / Leukocare • Adimmune Corp. • Clover / GSK / Dynavax • Covaxx / UNMC / DASA • University of Queensland / CSL • Vaxine / Flinders University • West China Hospital • Walvax Biotech • Medicago Inc.	• Genexine Consortium / Binex • Inovio / Beijing Advaccine • Osaka University / AnGes • Zydus Cadila Healthcare Limited • Bharat Biotech • Biological Safety Problems • VECTOR • Instituto Finlay de Vacunas • Sanofi Pasteur / GSK • Institut Pasteur / Themis • Arcturus / Duke-NUS • Imperial College London • SpyBiotech / Serum	• Institute of Medical Biology (Chinese Academy of Medical Sciences) • Anhui Zhifei Longcom Biopharmaceutical / Chinese Academy of Sciences • Novavax /Emergent Biosolutions / Praha Vaccines • CureVac	• BioNTech / Fosun Pharma / Pfizer	• Beijing Institute / Sinopharm • Sinovac / Bio Farma • Wuhan Institute / Sinopharm • CanSino / Beijing Institute • Gamaleya Research Institute • Janssen / Beth Israel Deaconess • University of Oxford / AstraZeneca • Moderna / NIAID / Lonza

Note: Data as of 6 October 2020

Source: Milken Institute, Krungsri Research

Coronavirus vaccine trials fast-tracked to 12-18 months against normal timeline of 10 years

China (in August) and the UAE (in September) proceeded to grant 3 vaccine developers the Emergency Use Authorisation (EUA) to produce vaccines for limited use, while maintaining safety and efficacy standards. Optimistic vaccine news would support sentiment.

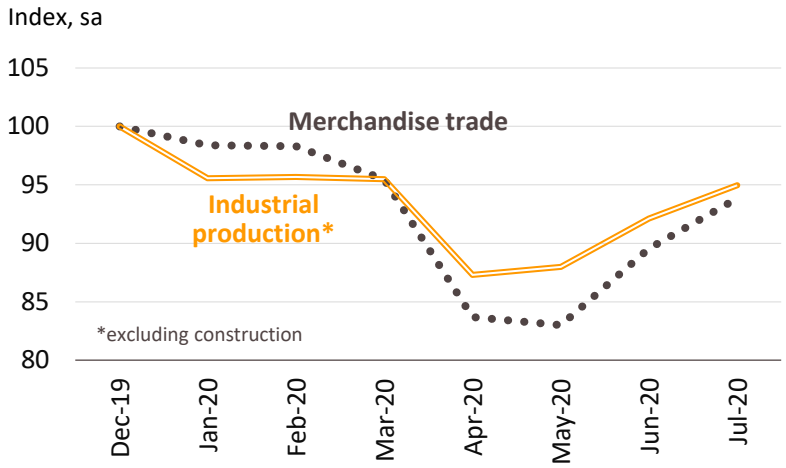


*** Farthest along:** ranked by entry into latest phase of development. Clinical phases move when it is publicly reported that the product has been dosed in a trial.

Source: Milken Institute, Krungsri Research

World trade and output are close to pre-pandemic levels but another lockdown will disrupt recovery trajectory

World trade and industrial production volume



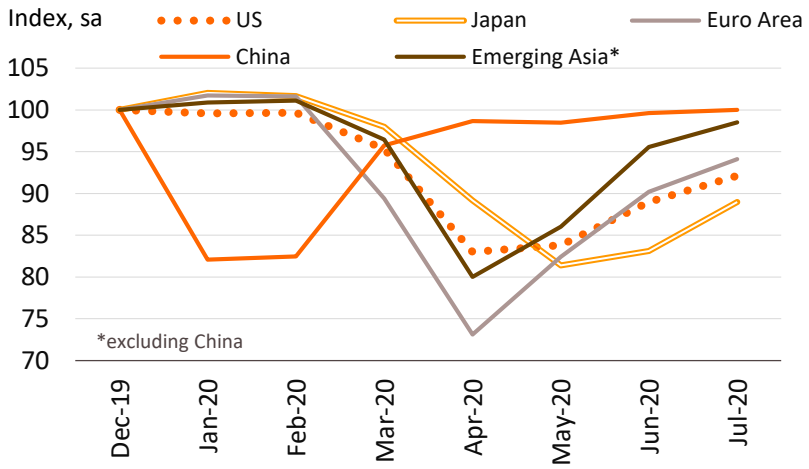
- Following the reopening in several countries, global trade and output have recovered to near pre-pandemic levels. But the outlook remains uncertain and fragile because of three visible trends.

  I. The recent rebound is largely influenced by China where there is pent-up demand, instead of a fundamental recovery.

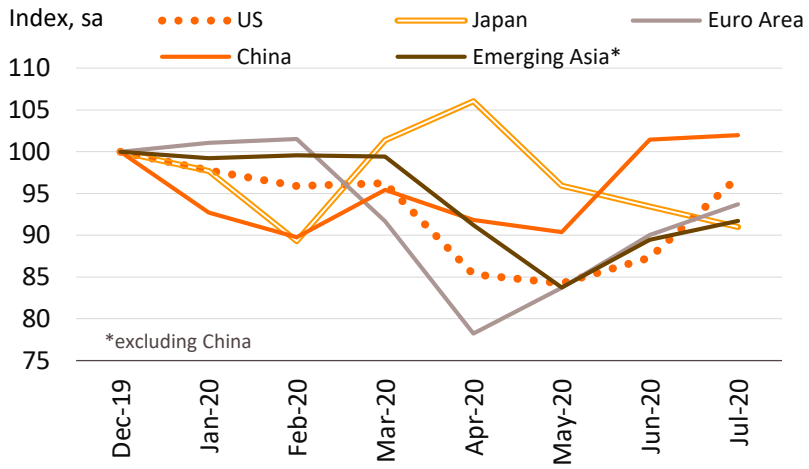
  II. There is improvement in industrial output across the board, but merchandise imports – an indicator of domestic demand – remain weak, except only for China.

  II. Some countries have started to back-pedal the reopening process, where COVID-19 cases have started to surge again.

Industrial production volume



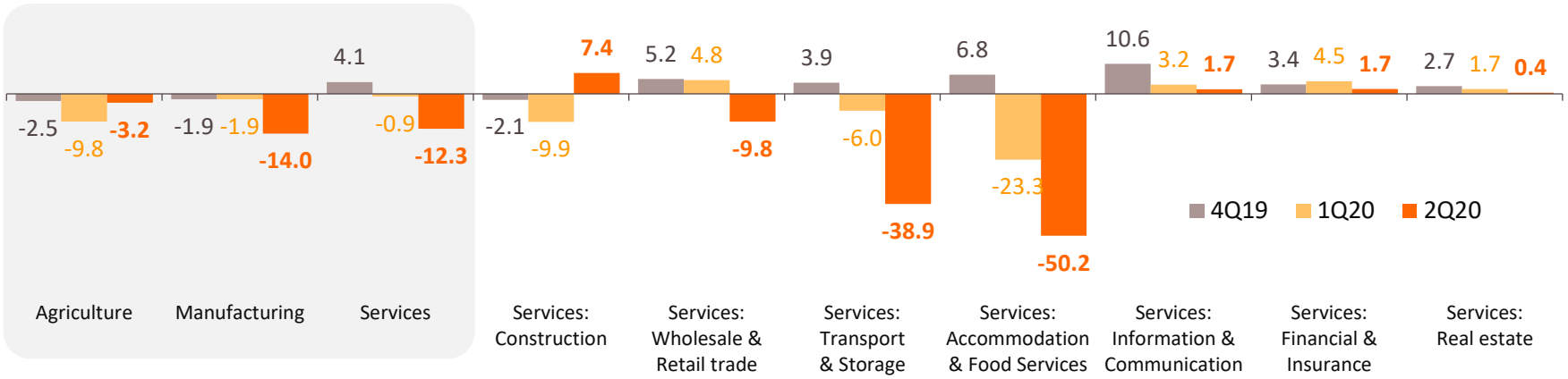
Merchandise import volume



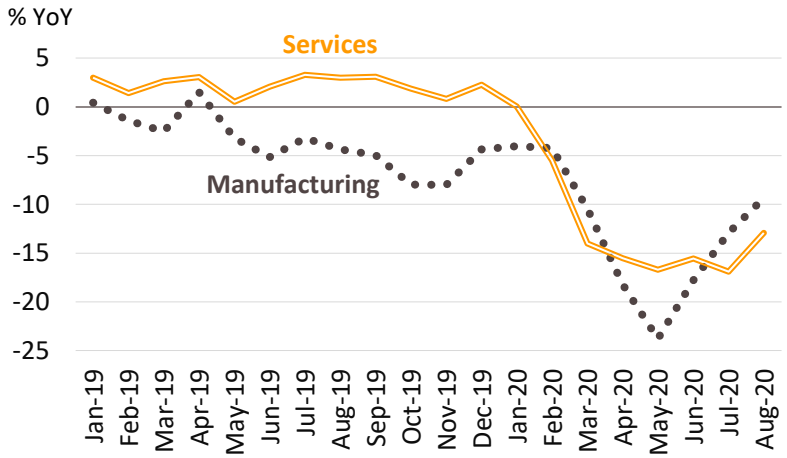
Source: Netherlands Bureau for Economic Policy Analysis, Krungsri Research

Thailand is adapting to the COVID-era and still-strict social distancing rules as business activity picks up

Supply-side GDP data (% YoY)



Change in Production Index

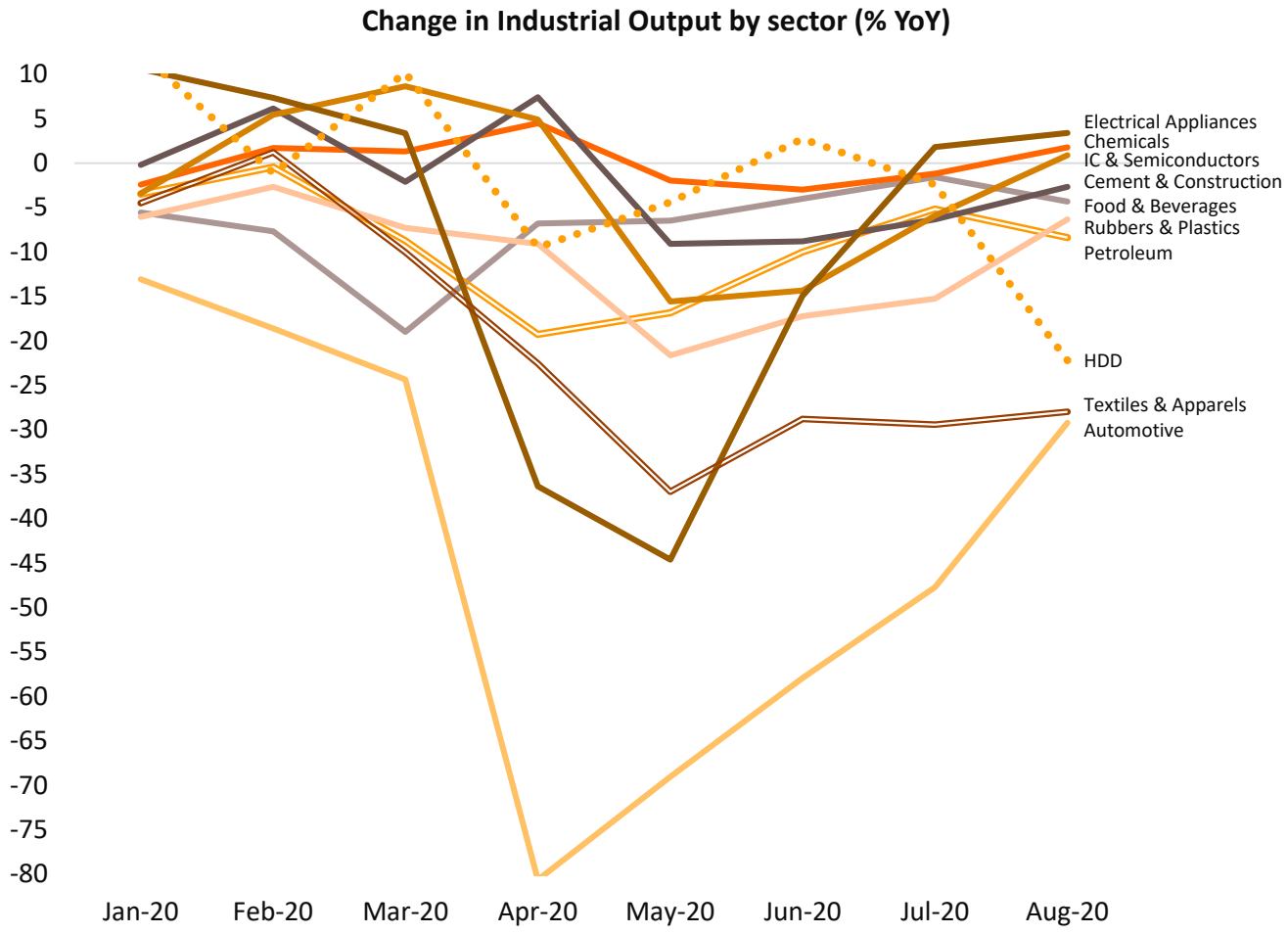


- The pandemic almost crippled business activity in Thailand in 1H20. However, most businesses are adapting to the COVID-era and still-strict social distancing rules, as suggested by leading indicators. Since bottoming-out in May when Thailand first started to ease lockdown measures, the Manufacturing Production Index continued to pick up for the third month in August, although it remained in negative territory. The Services Production Index also picked up recently but on a softer note; it seems the index has yet to transition through the worst in the current cycle.
- Looking ahead, further easing of lockdown measures, stimulative fiscal and monetary policies, and optimistic vaccine news, will lift consumer confidence and encourage spending, especially as the country approaches the year-end festive season.

Source: NESDC, Office of Industrial Economics (OIE), Bank of Thailand (BOT), Krungsri Research

Industrial activity continues to contract but is in better shape; Electrical Appliances outperform

Out of 10 major sectors, only three industries – Electrical Appliances, Chemicals, and IC & Semiconductors – avoided an output recession. Production in the other major industries continued to contract, albeit it is improving. The HDD industry was surprisingly weak as it registers a larger contraction, possibly because demand for computer equipment had surged earlier but subsequently fell because of work-from-home trend.

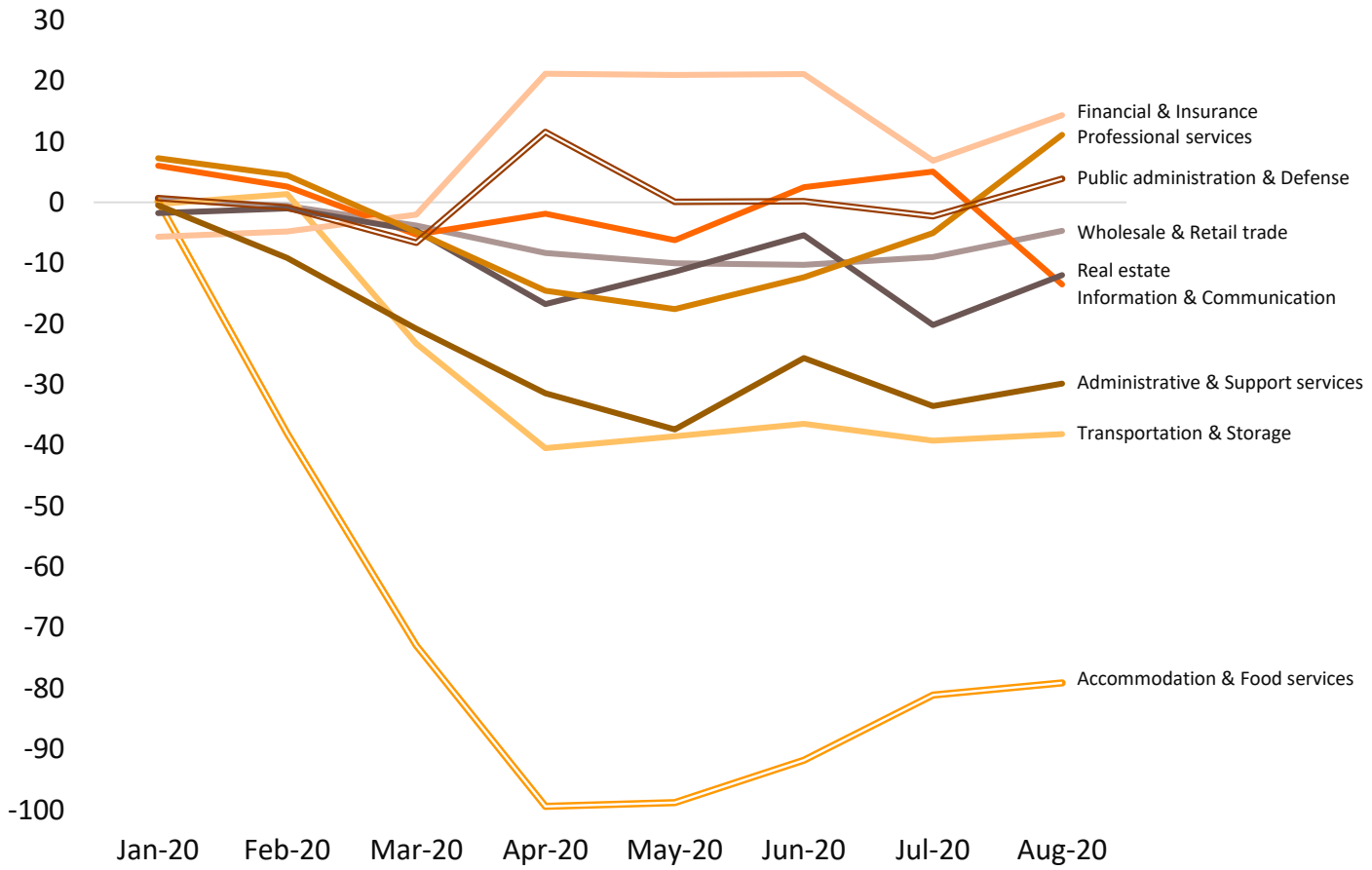


Source: OIE, Krungsri Research

Sporadic recovery in services industry

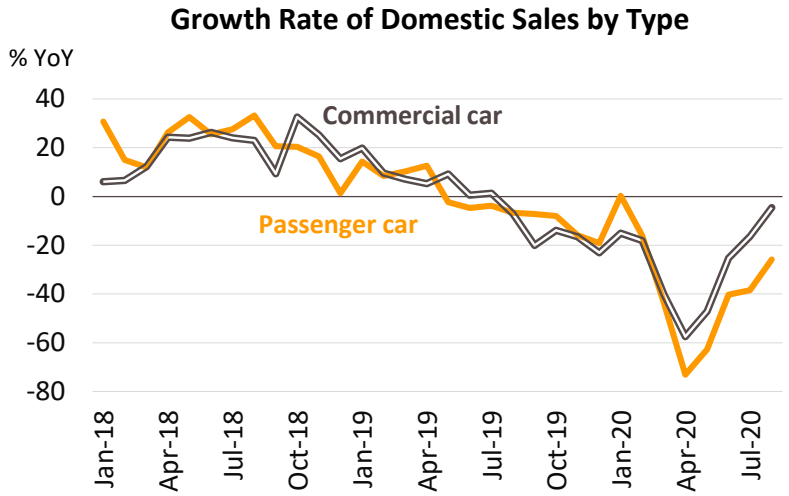
The Finance & Insurance sector has been surprisingly strong, boosted by stronger credit growth due to the debt holiday scheme. Wholesale & Retail trade is picking up and heading towards positive growth territory, boosted by successful reopening at home. Real estate market is firmer because many developers are offering attractive sales campaigns, including discounted prices, to run down inventories and maintain cash flow.

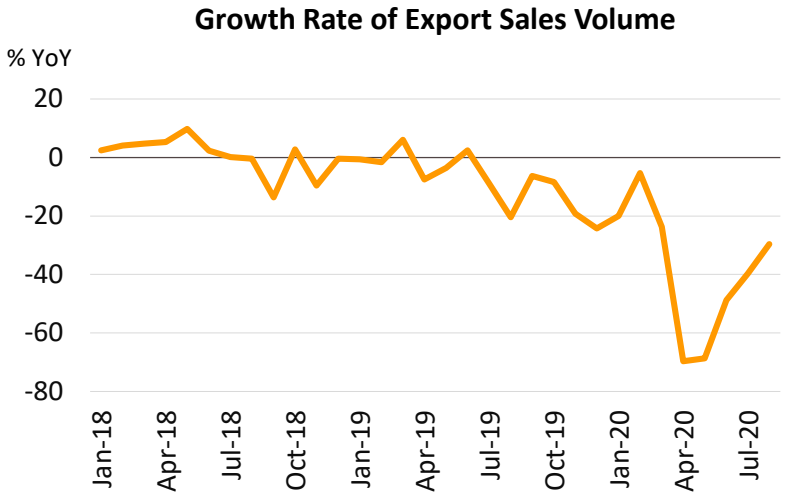
Change in Service Production Index by sector (% YoY)



Source: BOT, Krungsri Research

Automobile: The industry has transitioned through the worst in the current cycle

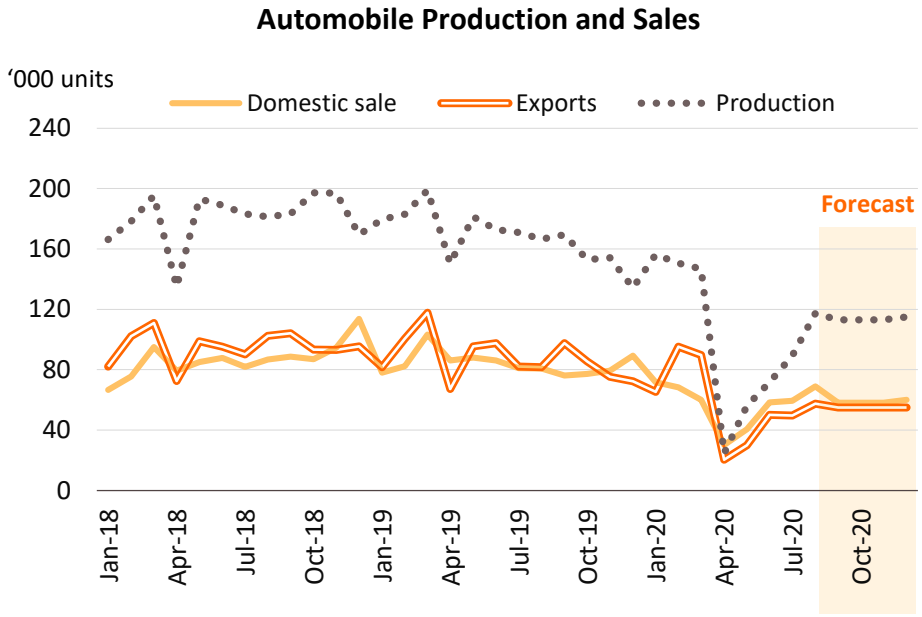




- **The worst is over for the auto industry and it is now on the path to recovery.** Total output increased by more than 100,000 in August (117,253 vehicles, down 29.5% YoY), rising for the first time since the pandemic as most manufacturers have resumed normal operation following disruptions during the lockdown. Domestic unit sales and exports continued to contract but by a smaller magnitude since May.
- **Domestic unit sales have almost returned to pre-COVID level at 68,883 in August,** supported by the Bangkok International Motor Show in July and the Big Motor Sale in August. There is stronger in sales of commercial vehicles (37,035 units) than passenger vehicles (28,687 units). This was due to the growth of online shopping and expansion in the logistics sector, as well as the launch of the All-New Isuzu D-MAX in October 2019 (but delivered in recent months), and introduction of the Hilux with minor modifications in June. Marketing campaigns and price discounts also helped to stimulate recovery and sales.
- **Exports for August came in at 57,402 vehicles, the highest since April.** Although most of Thailand's export markets continue to struggle with the COVID-19 pandemic, the relaxation of lockdowns and return to more normal conditions is helping to revive those economies.

Source: The Federation of Thai Industries (FTI), TOYOTA, Krungsri Research

Outlook is less severe than expected; we estimate a smaller drop in output this year



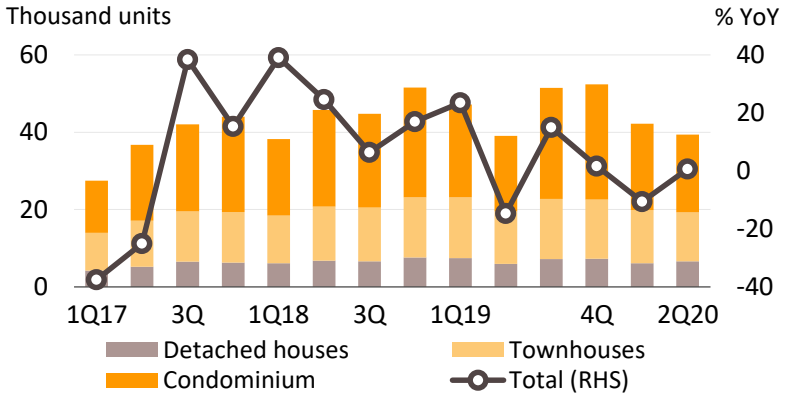


- The industry slump is less severe than expected. As a result, **Krungsri Research has revised 2020 forecast vehicle output growth from a contraction of 36-37% YoY to 32-33% YoY, or to 1.35-1.37 million vehicles.** This revision is supported by the following:
- The domestic market for autos is firmer than expected because the government had quickly contained the COVID-19 situation in the country, which shortened the lockdown period. And, economic activity has almost returned to normal in most sectors. However, this means the recession this year will not be as severe as we had projected. **Krungsri Research now forecasts the domestic auto sales would contract by 30-31% YoY (to 0.70-0.71 million vehicles) instead of 39-40%.**
- Exports should continue to decline as many export markets are still struggling with COVID-19 and uncertainty over US-China trade talks, which would hurt both the global economy and Thailand's trade partners' economies. **As such, Krungsri Research maintains exports would contract by 34-35% YoY (to 0.69-0.70 million vehicles).**

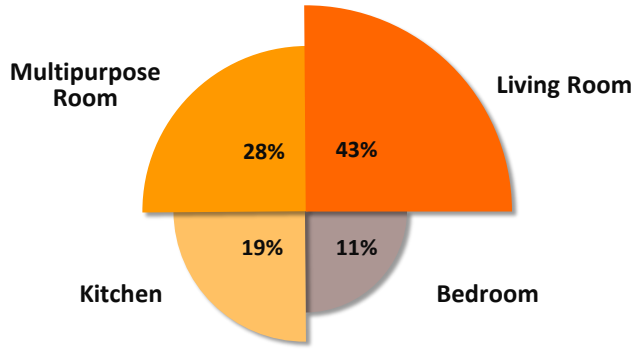
Source: FTI, Krungsri Research

Real estate for sale: *New normal* prompts changes to business plans and development portfolios

Housing Transferred in BMR



Preference for Larger Unit Size



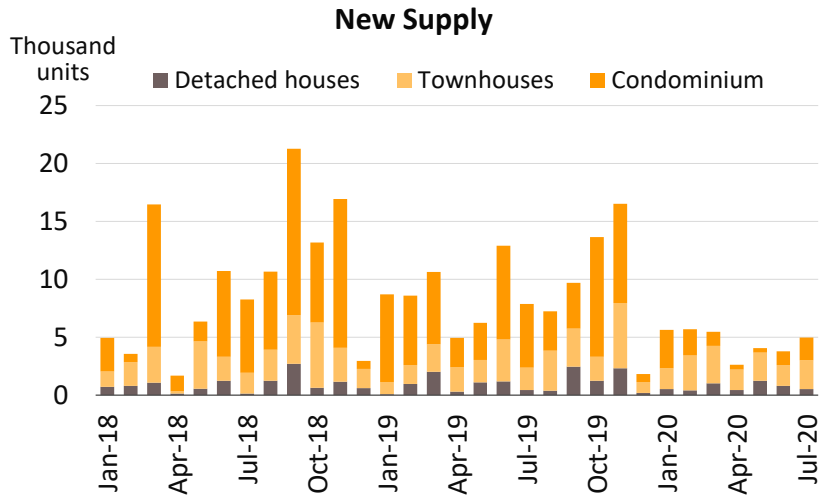
Investment plan of 10 developer in 2H20

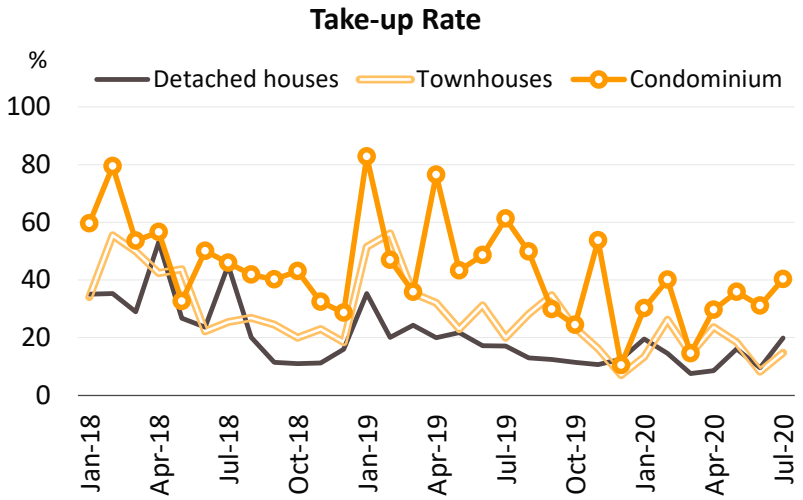
Company	2020 no. / Value of project	1H20 no. / Value of project	2H20 no. / Value of project
AP	33 Low-rise 35mn 4 Condominium 12mn	16 Low-rise 15.5mn	26 Low-rise 26mn
Sansiri	12 Low-rise 15.2mn	3 Low-rise 3,100mn	10 Low-rise 15.2mn
	6 Condominium 8,800mn		2 Condominium 5,300mn
Major Development	2 Low-rise 1,150mn 3 Condominium 9,000mn	n/a	2 Low-rise 1,150mn
Tararom	Not opening new projects	Expand the existing phase of the project	Expand the existing phase of the project
Origin Property	10 Low-rise 12.1mn 4 Condominium 7,900mn	2 Low-rise 3,300mn 2 Condominium 3,300mn	8 Low-rise 8,800mn 2 Condominium 4,600mn
SC asset	12 Low-rise 12.5mn 1 Condominium 3,500mn	5 Low-rise 5,500mn 1 Condominium 3,500mn	7 Low-rise 7,000mn
Supalai	25 Low-rise 20mn 5 Condominium 10mn	9 Low-rise 7,000mn 1 Condominium 2,000mn	16 Low-rise 13mn 4 Condominium 8,000mn
Sathaporn Estate	2 Low-rise 2,680mn 1 Condominium 1,920mn	1 Low-rise 520mn	1 Low-rise 2,160mn 1 Condominium 1,920mn
Pruksa Real Estate	24 Low-rise 22mn 6 Condominium 14mn	3 Low-rise 1,930mn 2 Condominium 3,250mn	6 Low-rise 7,621mn 1 Condominium 950mn
Perfect Property	12 Low-rise 18.6mn	n/a	3 Low-rise 5,650mn

Source: Knight Frank, Krungsri Research

- **In 2Q20, property developers successfully used a mix of marketing strategies** and price discounts to stimulate sales. That helped the 36 developers listed on the stock exchange (which have more than 70% combined market share) to grow their revenue by 4.4% YoY, even as the wider economy contracted rapidly. Transfers of title deeds increased by 0.7%, similar to 1Q20. However, net profit tumbled 54.3% YoY (Source: LPN Wisdom).
- **New consumer preferences:** Low-rise housing is becoming increasingly popular among buyers because of new requirements that the COVID-19 pandemic has imposed on society. The sudden rise in concerns about public health, the need to maintain physical distancing, and the surge in remote working and education, has increased the need for private space for all members of the family. This fed into rising demand for larger living space, which is naturally more available in multi-room low-rise housing than in smaller condominiums. This has prompted developers including Sansiri, AP (Thailand) and Origin Property to adjust their business plans to include more low-rise property developments.
- **Function of housing:** A Knight Frank customer survey that investigated demand for housing in the post-COVID-19 environment, reveals that as a result of the pandemic, buyers were working from home more often and this has driven up demand for space in living rooms (43%), multi-purpose rooms (28%) and kitchens (19%).

Developers are slowing work on new projects and shifting focus to townhouses where sales backed by real demand





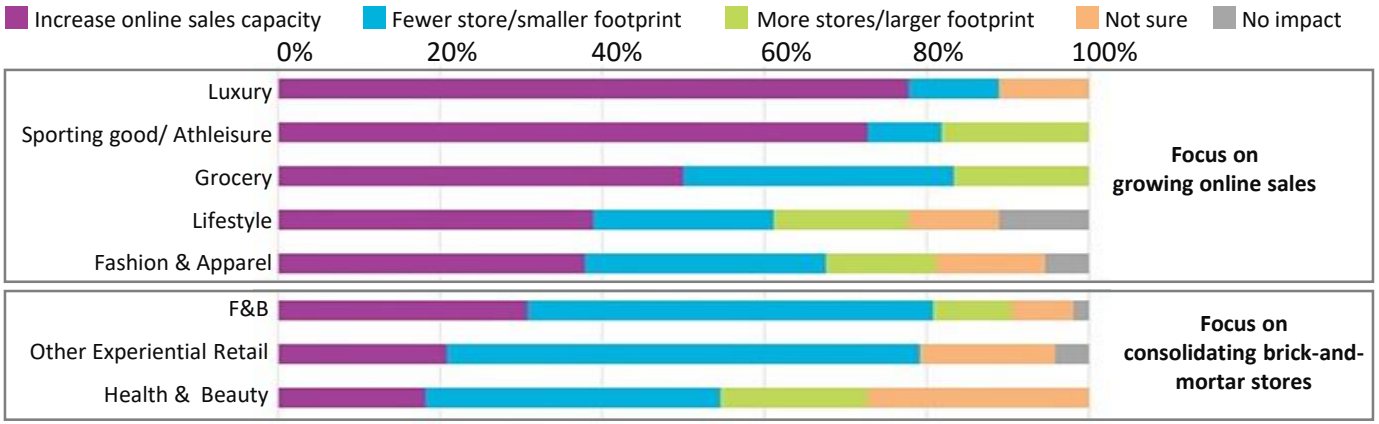
- **In 7M20, new supply in the property market crashed by 46.1% YoY to 32,297 units. The sharpest drop was seen in new condominium units which tumbled 72.5% YoY,** followed by detached housing which fell 19.4% YoY. However, the number of new townhouses for sale rose 13.4% YoY as developers looked to meet real demand, with new projects located inside the outer ring road and in areas within reach of Bangkok's extended metro system. There has been more interest in low-rise housing than detached housing which prices have surged and condominiums which offer limited living space. In many cases, escalating prices are making these somewhat poor value for money.
- **Take-up rates improved for all segments in July, but they remain below last 5-years' average.** For condominiums, the take-up rate stood at 40.3% (compared to a 5-year average of 50.7%). For detached- and townhouses, this came to 19.9% and 14.8%, respectively (against 5-year averages of 23.2% and 26.4%).
- **For the rest of 2020, supply is expected to grow relative to the sharp tightening seen in 1H20.** Developers will likely bring new projects to market again, although they will adjust their plans by slowing work on condominiums and switching to low-rise housing instead. This would be in line with the improvement in developers' confidence recorded in 2Q20. However, on the demand side, home buyers' income is being eroded by the still-weak economy and uncertainty over the recovery trajectory. High household debt is also hurting purchasing power of prospective buyers. Hence, developers have a narrower target market. In addition, foreign buyers cannot travel to the country to buy properties or complete transfers. Hence, the property market will remain very weak this year; the forecast is for a 48.0% contraction in new properties, pushing the total to a 10-year low, and a 34.8% fall in pre-sales.

Source: AREA, REIC, Krungsri Research

Real estate for rent: Retail space tenants are moving online and downsizing rental space

How will COVID-19 affect your company's sales network the rest of the year?

Classified by business type

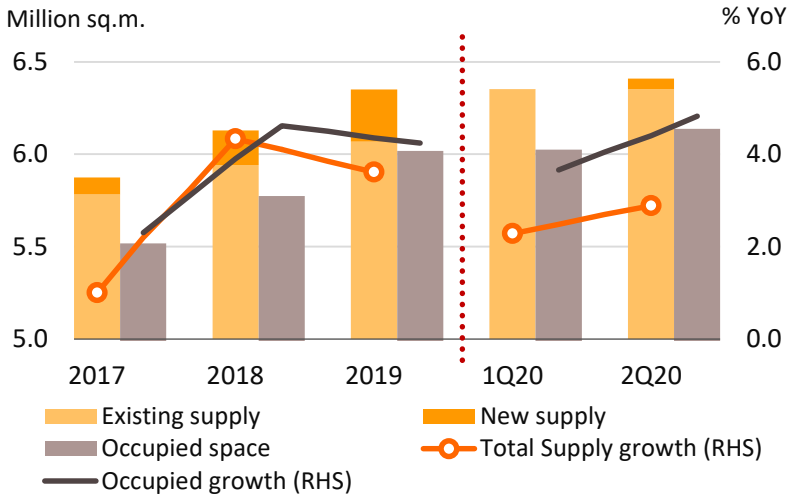


- In the aftermath of COVID-19, landlords of retail space are trying to help tenants by stimulating consumer activity through a wide range of sales and marketing strategies and offering other assistance. Some have extended rental discounts to tenants, increased the frequency of promotions, running activities inside shopping centers, and are more flexible with existing tenants' rental terms. But at the same time, retail space tenants are also revising their business plans. Retailers that occupy large rental space are shifting to online platforms, and many are now reconsidering their offline presence and may downsize physical store space or store network.
- CBRE's May survey of Asia-Pacific retailers, 'How COVID-19 will affect your retail business for the rest of the year', revealed that the lockdown has driven retailers to switch to online distribution. And as they get more familiar with the online platform, they have continued to use this channel after exiting from lockdown. The response from survey participants (businesses) can be classified into 2 groups.
  - I. **Businesses that focus on growing online sales:** These include retailers of high-value goods, sports clothes and equipment, consumer goods, lifestyle products, and fashion and apparel. Between 40% and 80% of survey respondents in these groups reported they would focus principally on building online sales in 2H20.
  - II. **Businesses that focus on branch network:** These include restaurants and other food and drink businesses, businesses that sell experiences, and health and beauty clinics. Between 30% and 60% of survey respondents in these groups said their main strategic plan would be to consolidate their branch networks.

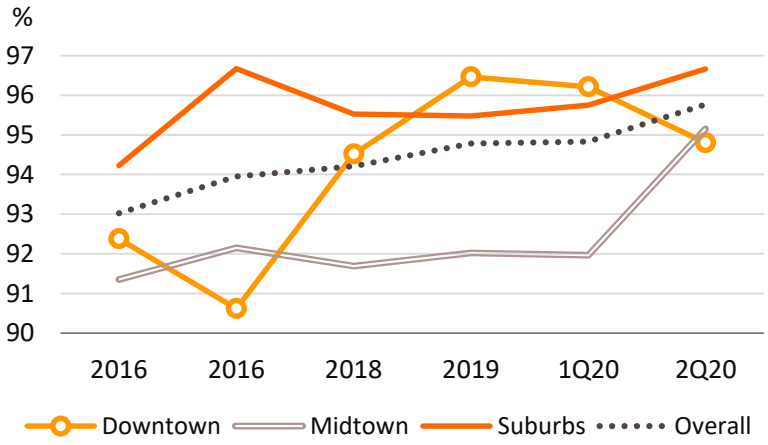
Source: CBRE, Krungsri Research

Occupancy rate will drop as some retailers have been forced to cease operations or reduce total rental space

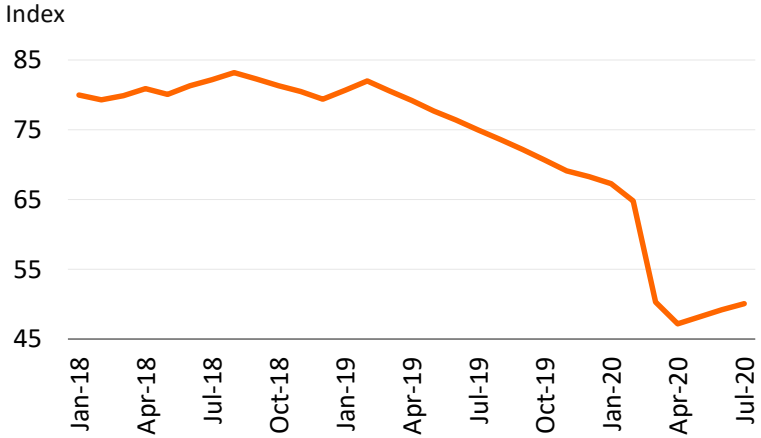
Existing and New Supply



Occupancy Rate by Area



Consumer Confidence Index: CCI

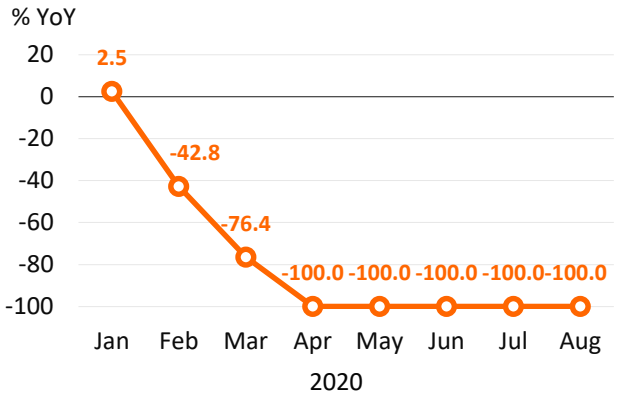


- **In 1H20, there was only 62,000 sq.m. of new retail space,** the least in the first 6 months for many years. This increased total retail space to 6.4 million sq.m. (+2.9% YoY). Meanwhile, the CCI (Consumer Confidence Index) fell to 50.1 in July, falling 24.9% YoY but rising from 49.2 in June.
- **As of 2Q20, overall occupancy rate inched up to 95.8% (+0.9% QoQ).** Only downtown occupancy rate slipped, by 1.4% QoQ. This is because operations in these areas depend more on tourist spending. For these retailers, recovery will be delayed until the country re-opens to foreign arrivals.
- **Although overall occupancy rates remain over 90%,** this is because of several assistance measures offered by landlords. Most tenants have received discounts on leases throughout 1H20. But looking ahead, struggling businesses may be forced to cease operations and give up their leases. At the same time, retailers which have achieved success selling online will start to shrink their offline operations. Hence, we expect occupancy rate for rental retail space to soften in 2H20.

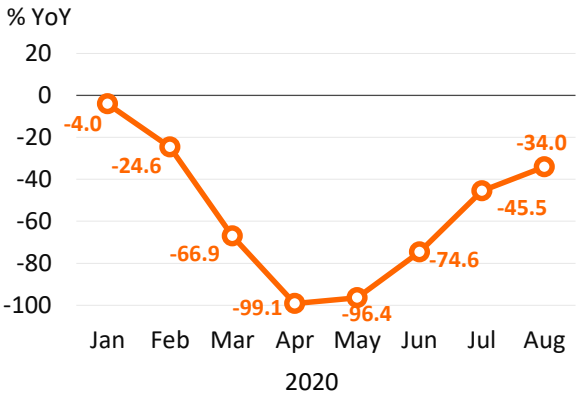
Source: CBRE, University of the Thai Chamber of Commerce (UTCC), Krungsri Research

Hotel: Takes a nosedive with zero foreign tourist arrivals for five consecutive months up to August

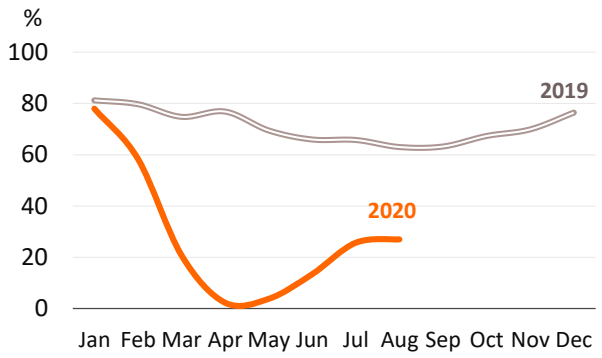
International Tourist Arrivals



Thai Tourists



Occupancy Rate



- **Thailand saw zero foreign tourist arrivals for five consecutive months (since February) due to COVID-19 international travel restrictions.** The total number of foreign tourists in the first eight months stayed at 6.7m, shrinking 75% YoY. For the full year, foreign tourist arrivals is projected to tumble 83% YoY due to both international travel restrictions and the global economic crisis.
- **Domestic tourism showing signs of bottoming out, registering smaller contraction in July (-45.5% YoY) from over 99% in April.** This was driven by the following: (i) the government had started to ease lockdown measures, such as lifting the curfew and permitting travel to other provinces; and (ii) domestic tourism stimulus measures (July-October 2020) e.g. '*We travel together*'. We project the number of Thai tourists would record a 40% contraction in 2020 due to the weak economy and concerns over the pandemic. Domestic tourism contracted by 57.2% in the first eight months of this year.
- **Nationwide occupancy rate had dropped to lowest in April and May, at 2.3% and 3.8%, respectively.** However, it improved slightly in June-August due to easing of lockdown measures, permission to commute between provinces, and the government's domestic stimulus measures. However, a sharp contraction in the number of Thai and foreign tourists dragged occupancy rate to a historical low of 28.1% in 8M20 (vs 72.1% in 8M19).

Source: Ministry of Tourism and Sports (MOTS), Krungsri Research

Thailand may extend domestic tourism measures as participation has been low & concentrated in certain areas

The government may extend the '*We travel together*' campaign to the end of the high tourist season due to weaker-than-expected response, to support a recovery in the hotel business (especially in secondary provinces). Occupancy rates remain low and there have been fewer registrations for the campaign than expected. Only 1,200,000 room nights have been redeemed from a total of 5 million room nights available (Source: TAT 28 September 2020). In addition, the government has offered additional tourism incentives (effective September 1) such as an increase in eligible stay from 5 days to 10 days and refund for air tickets to THB2,000 from THB1,000.

01

Kum Lung Jai Campaign

Government subsidized travel costs for personal trips with a total budget of THB2,400 million

Valid 1 July – 31 October 2020

To benefit 13,000 tour operators and tour guides that offer tour packages for pleasure or seminars for 2 days/ 1 night (not exceeding THB2,000)

1.2 million Village Health Volunteers and health professionals registered via online platform.

02

We travel together

Government subsidized 5 million room nights for Thais with a total budget of THB18 billion

Valid 1 July – 31 October 2020

To benefit 24,700 hotel, homestays, accommodation and 36,755 restaurants around the country.

Government fund subsidized 40% of room rate (up to THB 3,000). One person is eligible for 10 nights.

03

Tiew Pun Sook

Government subsidized 2 millions air ticket at total budget of THB 2,000 million

Valid 1 July – 31 October 2020

Benefit for domestic air operators in Thailand. Eligible for tourists who books accommodation via "We travel together" campaign.

Government provides promotional code on the government platform to receive 40% discount on air tickets.

Source: Cabinet Resolution, Krungsri Research

Special Tourist Visa (STV) eases quarantine restrictions for long-stay visitors

Special Tourist Visa for Long-Stay Visitors
(1 October 2020 – 30 September 2021)

Requirements

- Payment receipts from hotels (during quarantine)/accommodation Booking after quarantine.
- Agree to comply with measures set by MoPH, Thailand.

Proposals

- To help Thailand's tourism industry which has been affected by the COVID-19 pandemic.

Optional quarantine for visitors

- 14-day state quarantine.
- Alternative state quarantine (ASQ) / Alternative local state quarantine (ALSQ) .
- Hospital Quarantine

Visa period & Cost

- This visa permits the visitor stay in Thailand for 90 days. It can be renewed twice for up to 90 days each, maximum of 270 days.
- The STV will cost THB2,000

List of Selected ASQ and ALSQ Hotels

Hotel	ASQ / ALSQ	Number of Rooms
Anantara Riverside Bangkok Resort	ASQ	370
Avani Atrium Hotel Bangkok	ASQ	218
Conrad Bangkok Hotel	ASQ	100
Courtyard by Marriott Bangkok	ASQ	100
Golden Tulip Sovereign Hotel Bangkok	ASQ	100
Lanscaster, Bangkok	ASQ	58
Le Meridian Hotel Bangkok	ASQ	162
O2 Luxury Hotel, Bangkok	ASQ	250
Pullman Bangkok Hotel G	ASQ	196
Park Plaza Sukhumvit 18	ASQ	110
Shangri-La Hotel Bangkok	ASQ	45
Three Sukhumvit Hotel, Bangkok	ASQ	55
The Sukosol Bangkok Hotel	ASQ	72
Amari Buriram United Hotel	ALSQ	30
Anantara Mai Khao Phuket	ALSQ	36 villas
Anantara Phuket Suites & Villas	ALSQ	100
Chonburi Best Bella Pattaya Hotel	ALSQ	75
Trisara Hotel Phuket	ALSQ	15 villas

- **Depressed conditions are expected to persist in the hotel industry through 4Q20.** The STV will benefit operations which have been approved centers for Alternative State Quarantine (ASQ, in the BMR) or Alternative Local State Quarantine (ALSQ, elsewhere in the country), the majority of these 99 sites (88 in Bangkok, 8 in Phuket, 1 in Chonburi, Buriram and Prachinburi) are 4-5 star establishments in major tourist areas, with the exception of Buriram. However, operators in other areas typically rely on domestic tourists who generally make shorter trips and spend less than foreign tourists. The Tourism Authority of Thailand predicts the first segment of the domestic tourism market to recover will be upper-income consumers because of higher purchasing power. There will be slower recovery in middle- and lower-income earners (who comprise 70% of the market) because of greater uncertainty over future income and employment.
- In addition to registering as ASQ and ALSQ sites, hotels have adopted several strategies to generate alternative revenue streams, including work-from-hotel programs, food delivery services, long-stay packages, and staycation packages for locals and expats.
- Given that international travel remains restricted, we expect only a small number of foreign arrivals in 4Q20, insufficient to boost the hotel industry significantly. **As such, we project foreign tourist arrivals in Thailand to plummet 83% YoY this year and domestic tourism will contract by 40%, which would reduce occupancy rate to just 35%.**

Source: Tourism Authority of Thailand (TAT), Public Relations Department (PRD), Royal Thai Embassy, Krungsri Research

Private Hospital: Improved COVID-19 situation and stimulus measures could attract more medical tourists

The GCI Dashboard (4 October 2020)



2 **Thailand ranking - 2nd**

Recovery Rank for 184 countries/ regions

5 **COVID-19 Recovery Rating ranking - 5th**

Recovery Index 82.24 (out of 100)

Note: 100 = Best, 0 = Worst

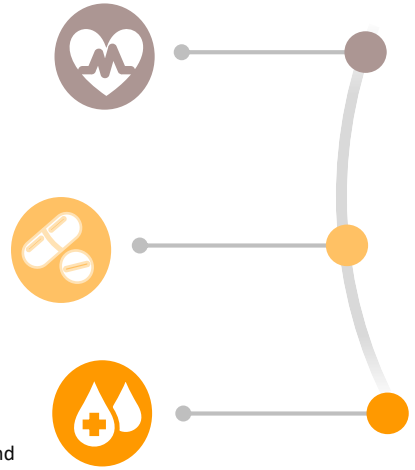
5 = Countries who have made the most progress in curtailing the spread of the pandemic and can be used as examples of best practices (Relative Rating)

1 **COVID-19 Severity Rating ranks at 1st**

Severity Index 10.53 (out of 100)

Note: 0 = Best, 100 = Worst

1 = Countries who are coping with the crisis with a low percentage of infections and resulting deaths per population (Relative Rating)

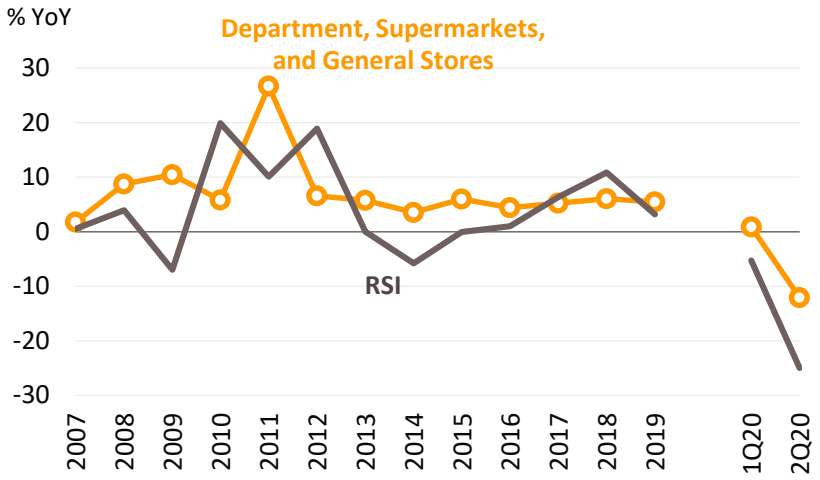


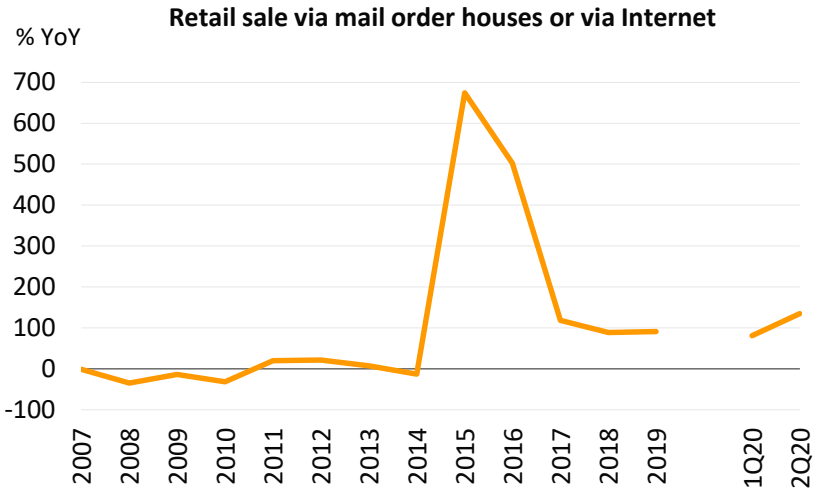
- **Thailand is ranked second in the world in COVID-19 recovery efforts.**
- **The Medical Hub Policy committee has agreed on 3 principles for receiving medical tourists after COVID-19 is contained in Thailand**.
  - The first is to establish a separate 14-day quarantine guidelines for Thai returnees and foreign medical tourists. Thais would be sent to a hospital for quarantine and foreigners would be sent to the "Alternative Hospital Quarantine". All travelers pay for own expenses.
  - The second is to promote Thailand as the "Healthcare Capital of the World". Government agencies will push the message "Beyond Healthcare, Trust Thailand" to build confidence among international medical tourists post-COVID.
  - The third is to develop medical tools in Thailand to protect medics against COVID-19 and to test for the disease. The medical tools are divided into four groups: devices for screening and detection, disease prevention and control, sorting and sterilization, and devices for treatment of diseases.
- **Thailand's Public Health Minister reported the Alternative Hospital Quarantine scheme has generated 114 million baht from 1,149 long-stay tourists**. The number included 664 patients and 485 of their travel companions. As of 3 October, 2,220 people have applied for the visa.
- **The Ministry of Interior has officially announced the STV scheme for long-stay visitors.** This is part of the nation's strategy to revive the country's tourism industry while effectively containing COVID-19 (effective September 30, 2020). The scheme is valid for 1 year and there is a chance the quarantine period may be shortened to seven days effective mid-November.

Source: PEMANDU Associates, MOTS, Local press, Krungsri Research

Modern Trade: Online shopping activity has increased

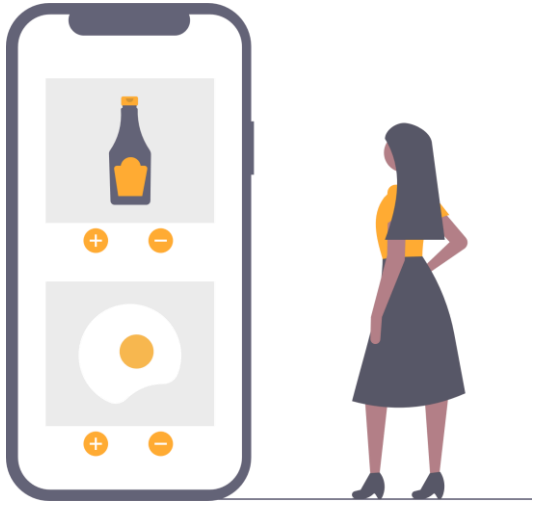
Retail Sales Index (% Growth)





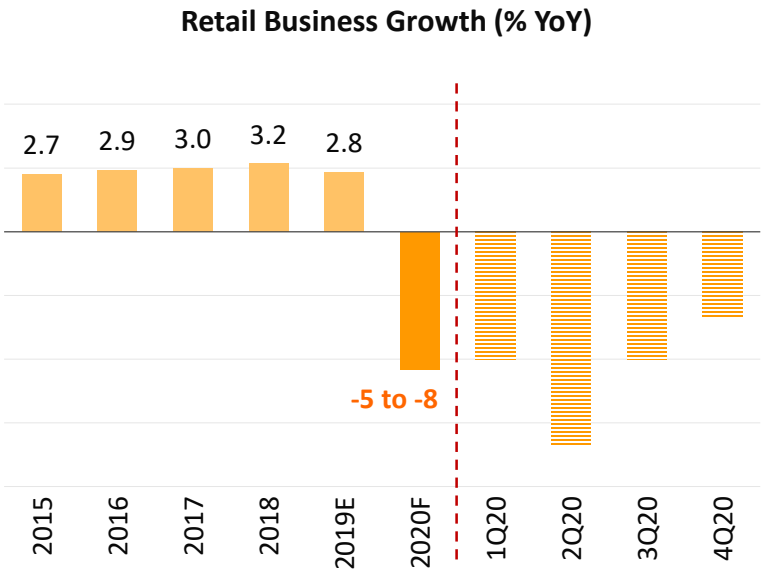
Note: Retail Sales Index (RSI) at 2002 price

- Retail Sales Index continued to shrink in 2Q20 because of the lockdown, temporary closure of department stores, and weak purchasing power.
- However, the lockdown and work-from-home policy have led to a spike in online shopping habit. The Retail Sales Index has risen and there has been a steady increase in orders through several channels (post office, TV, radio, telephone and the internet).



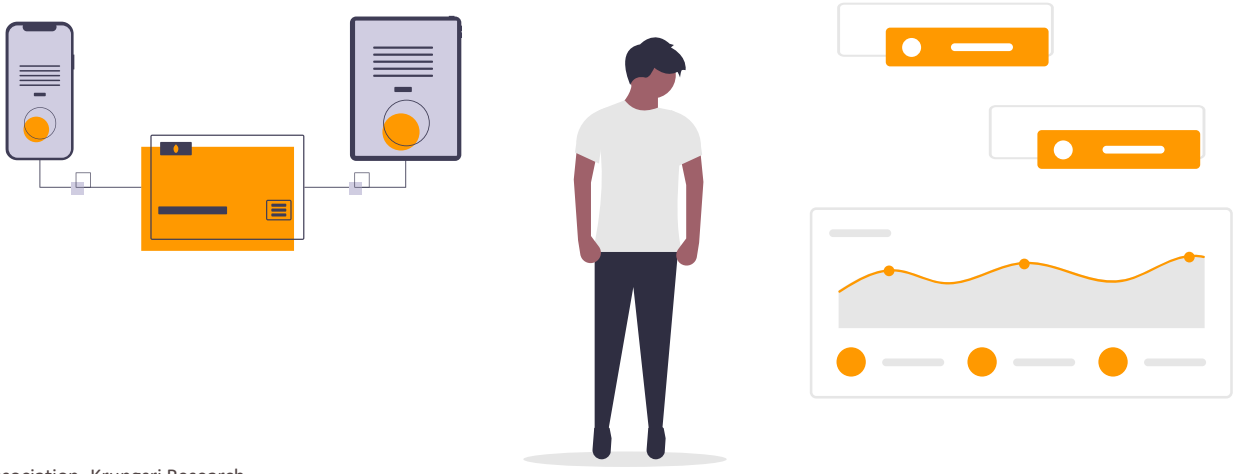
Source: BOT, Krungsri Research

Retail sales to improve driven by consumption stimulus measures and rising online purchases



Outlook

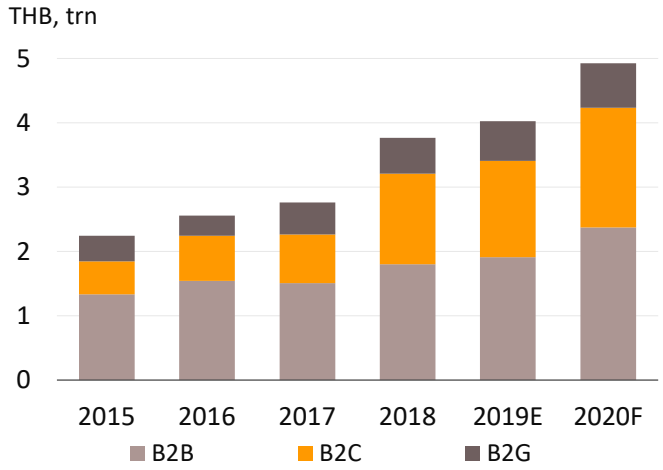
- **In the second half of 2020, sales should start to recover and register smaller YoY contractions.** This would be supported by the THB68bn the government has pumped into the economy, comprising (i) THB45bn in stimulus measures to sustain purchasing power and boost domestic spending, and (ii) THB23bn to underwrite costs of hiring new graduates which would lift consumption by those in this demographic, and there are policies to encourage tourism. These measures will lift sales at supermarkets, and discount and convenience stores.
- **Department stores will see stronger online sales, but Krungsri Research projects modern trade businesses will experience a 5-8% drop in revenue this year.**



Source: Thai Retailers Association, Krungsri Research

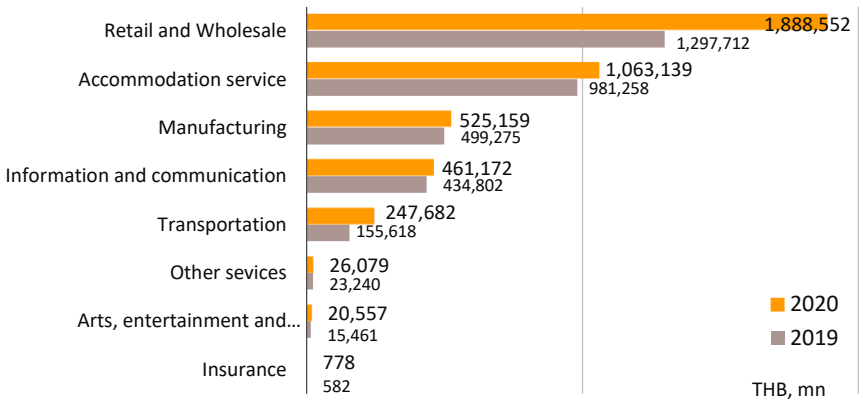
Department stores are focusing on growing online sales, which is expected to jump by 47% this year

E-commerce value in Thailand

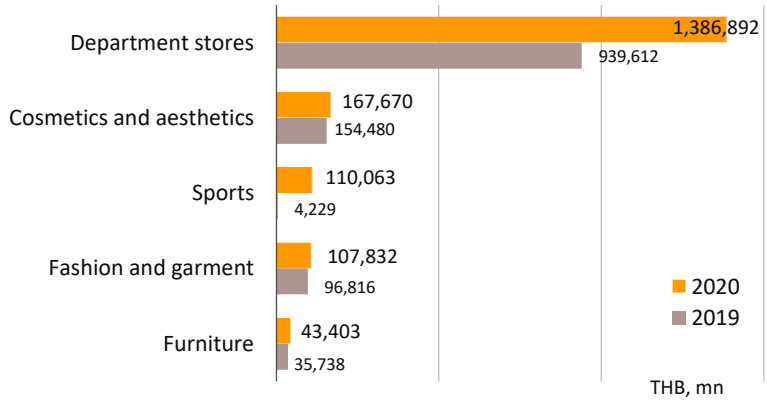


- **The *new normal* triggered by COVID-19 has given e-commerce an enormous boost, pushing 2020 online sales to THB4.9trn from THB4.02trn in 2019.** By type, the B2B (or business-to-business) e-commerce segment is the largest with a value of THB2.37trn. This is followed by B2C (business-to-customer) at THB1.86trn, and B2G (business-to-government) at THB0.69trn. Growth in the B2C segment is largely attributed to the lockdown and work-from-home trend, which has led to greater spending online.
- The COVID-19 pandemic and subsequent lockdown has led to the temporary closure of department stores and shopping centers. To get through the crisis, retailers and wholesalers had started to focus on online distribution. This caused a spike e-commerce sales of department stores.
  - E-commerce sales can be categorized by type of business activity or industry. In 2020, the largest market is retail and wholesale (THB1.89trn), followed by accommodation (THB1.06trn) and manufacturing (THB0.53trn).
  - In the retail and wholesale category, department stores registered the highest sales (THB1.39trn, up from THB0.94trn in 2019), followed by cosmetics, food supplements, perfume and beauty products, and fashion, apparel, gemstones and jewelry.

E-commerce Value by Industry



E-commerce Value by Sector (Top 5 ranking)



Source: Electronic Transactions Development Agency (ETDA), Krungsri Research

Thailand: Four segments in E-commerce landscape

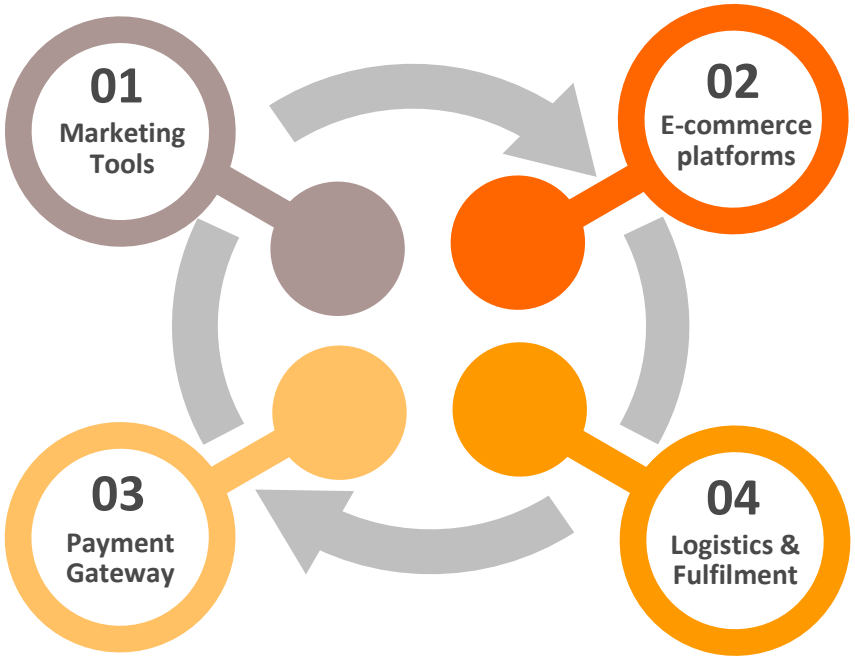
Marketing Tools: It takes a good strategy and time to build brand recognition. They include developing and executing strategic plans for advertising, promotion, and good customer management to promote or publicize the brand.

These are all critical elements to build a successful brand. Therefore, the choice of marketing tools is important for the manufacturer.

Payment: Cashless system via banks and private service providers which are divided into two platforms:

- **Payment Gateway:** Payment system and financial management (manual control) such as *Omise* (an online payment platform that allows businesses to seamlessly and securely accept payments), transactions over the internet through website stores, 2C2P, and internet banking.
- **E-Wallet:** includes
  - **Mobile Banking:** KMA (Krungsri), SCBeasy, Kplus, Krungthai NEXT, KMA, Thanachart Connect, TMB Touch, UOB Mighty Thailand, Bualuang mBanking
  - **Pure Wallet:** True money wallet, rabbit line pay
  - **E-commerce wallet:** LAZADA Wallet

Source: Priceza, Krungsri Research



E-commerce platforms: These are homes to a large number of buyers and sellers, which allows platform operators to track consumer behavior and preferences. Operators can then use this information to produce private brands which cost less but are able to meet consumer needs. The most popular sales channels in Thailand include:

- **Social media:** Line, Facebook and Instagram
- **E-marketplaces:** Lazada, Shopee and JD Central
- **E-tailers/brands.com:** Central, Tesco Lotus, King Power, JIB, TVD, etc.

Logistics & Fulfilment:

- **3PL or Third-Party Logistics:** Thailand Post, Kerry, Flash express
- **3PL Export** (Experts on International logistics): DHL, SME Shipping
- **Fulfillment** (Online vendor services for stock management system, packing and delivery per customer order): Siam Outlet, Meowlogis, Shipyours
- **Shipping Aggregator:** Shippop, Easyparcel, Smartship
- **On Demand:** Grab, Lineman, Lalamove
- **Parcel Locker** (Locker units that allows customer to pick up parcels at any time, with touchless points): Kerry, Lockbox, box24corp

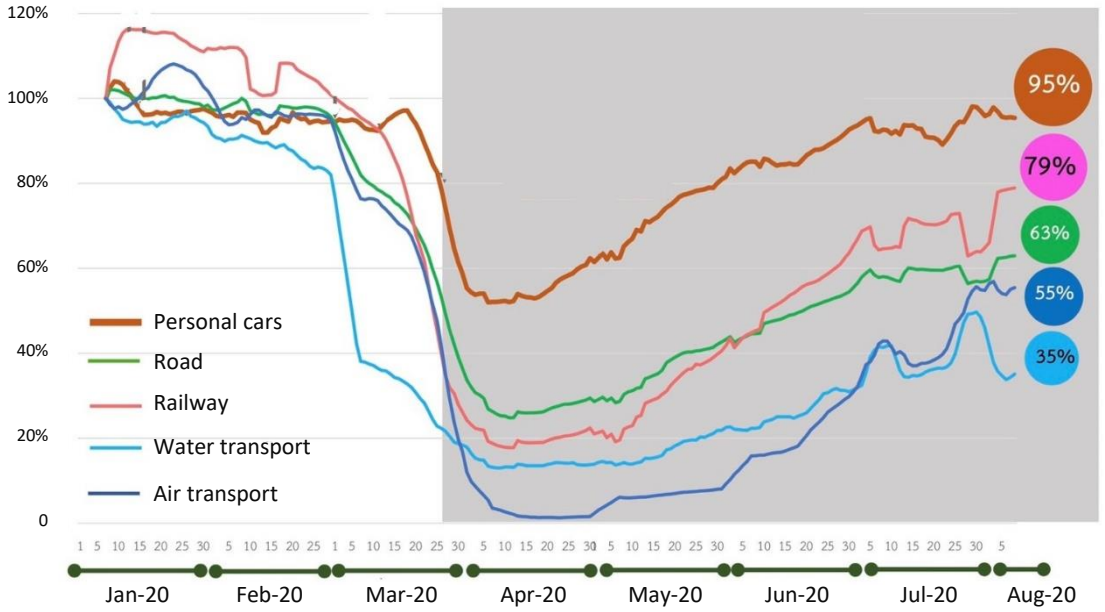
Transportation: Domestic travel picks up, boosted by easing pandemic situation and extra holidays

Situation

Following the reopening and return to more normal economic conditions, domestic travel has surged, in sharp contrast to activity in April.

- Travel on all types of public transportation has returned to 66% of the level at the start of the year, although rail travel has recovered quicker than travel by road, water or air.
- Travel by private car is back to 95% of the level at the beginning of the year.
- Public transportation via road is at 63% and rail transportation at 79% of the levels at the beginning of the year.
- Air travel is at 55% of the level at the beginning of the year.
- Travel by boat remains weak and has returned to only 35% of its earlier volume.

Transport volume (% compared to the beginning of 2020)



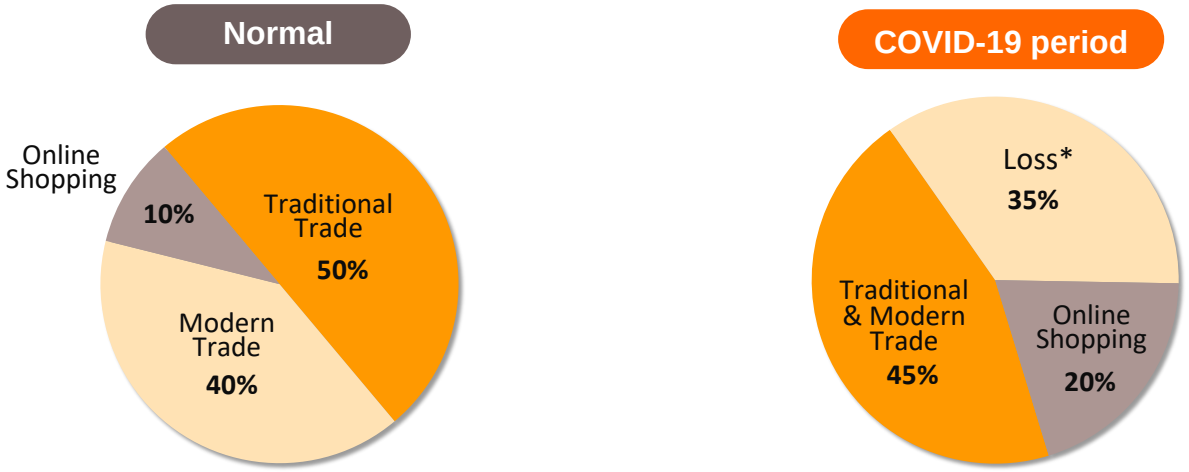
Source: National Research Council of Thailand (NRCT), Krungsri Research

Factors driving the near-term outlook

- **Domestic tourism stimulus measures** helped to influence consumer travel behavior over the long holidays, with some individuals choosing to enjoy a staycation and others deciding to travel by car rather than public transport. This resulted in fewer-than-expected passengers using public buses and coaches.
- **Companies have been adapting their business models.** For example: (i) Car hire companies are cutting prices, running special promotions, offering additional options free of charge, and marketing their services as a safer alternative to public transport; and (ii) operators of bus lines have started to rent out their vehicles to run transport and delivery services at promotional prices. And to build a stronger customer base over the long term, they are developing their membership services.

Increased online shopping activity has created new opportunities for delivery companies

Change in % share of Freight/Consumer Goods Transportation



*Note: **'Loss'** in the pie chart refers to the reduction in packages shipped due to the fall in spending in shops.

- Before the COVID-19 pandemic peaked and the lockdown, goods shipment had been rising as households stocked up on essentials. But during the lockdown, consumers were unable to travel freely and were more cautious with spending, with caused retail sales and consumer spending to tumble. The volume of goods shipped from retailers (both modern trade and traditional outlets) dropped from 90% of all goods shipped to just 45%. The share of goods sold by online distributors reached 20%, twice the pre-lockdown level of 10%. At the same time, most delivery companies had adjusted their business plans and expanded into delivering small packages bought on e-commerce platforms, though they targeted the C2C segment.
- Once the government reopened the economy, it was possible for people to revert to their normal purchasing behaviors. Therefore, the share of shipped goods that originated from online sales doubled during the lockdown.
  - The segment of the logistics industry that serves demand from e-commerce grew by over 60% during the COVID-19 period (Ministry of Commerce), but the logistics market as a whole expanded by over 200%.
  - Shipment of consumer goods by traditional retailers has returned to growth.

Source: Thai Transportation & Logistics Association (TTLA), Krungsri Research

Airlines travel has picked up again but there is lingering pandemic impact

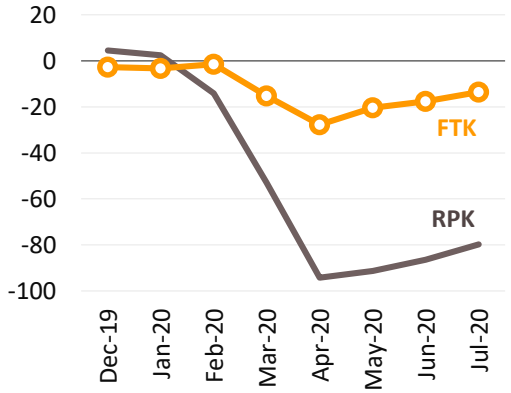
Global situation

- **Passenger traffic** (RPK: Revenue Passenger-Kilometres) fell by 79.8% YoY in July 2020. Globally, traffic is anticipated to recover slowly due to weak consumer confidence and the unpredictable pandemic situation.
- **Freight traffic** (FTK: Freight Tonne-Kilometres) fell by 13.5% YoY in July but rose by 4.1ppt from the previous month. The pace of recovery of the air cargo industry has been steady since April. The reduction in passenger flights and consequent crunch in cargo capacity might lead to higher utilization in all-freighters and cargo-only operations.
- Global capacity contracted by 70.1% YoY in July. It has eased as an increasing number of airlines have resumed operations, especially in countries where lockdowns and travel restrictions have been relaxed to allow leisure travel during the summer season.

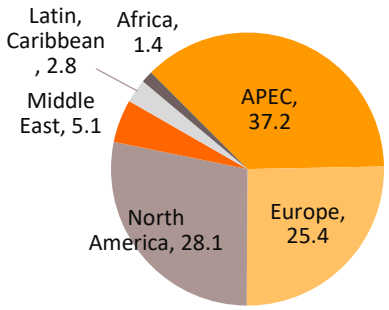
Thailand situation

- **Passenger traffic:**
  - ***International flights:*** These fell by 35.0% YoY in 1Q20 and by 99.4% YoY in 2Q20. International flights tumbled in April after the Civil Aviation Authority of Thailand (CAAT) temporarily closed Thai airspace to commercial flights. Hence, the number of international flights continued to shrink until July.
  - ***Domestic flights:*** These fell by 21.6% YoY in 1Q20 and by 90.2% YoY in 2Q20. The domestic airline industry was first affected by the pandemic when the government introduced the emergency decree on March 26 which restricted travel between provinces. Most airlines had grounded their planes since April. However, with the relaxation of lockdown measures since May, airlines have resumed flight for some routes. As of July, the number of flights had recovered to -56.4% YoY.
- **Freight traffic:** Because most air freight is carried in the hull of passenger aircrafts, the volume of goods shipped by air dropped to its lowest level in Q2. This is also in line with flight movements during the period, as both Thais and non-Thais rushed to return to the country in March before the lockdown.

Global Air Passenger Traffic Revenue & Freight Traffic (% YoY)



% Share of capacity By Region



Note: Capacity in term of seat

Source: IATA, UNWTO, ICAO, OAG, CAAT, Krungsri Research

Traffic 2020		Domestic	International	Total
Passenger	Q1	-21.6%	-35.0%	-28.8%
	Q2	-90.2%	-99.4%	-95.0%
	Jul	-56.4%	-99.2%	-79.6%
Freight	Q1	-28.2%	-7.6%	-8.9%
	Q2	-87.0%	-51.0%	-52.8%
	Jul	-69.6%	-46.6%	-47.7%
Flight	Q1	-9.3%	-25.1%	-16.8%
	Q2	-84.6%	-92.5%	-88.4%
	Jul	-94.0%	-99.2%	-96.7%

Note: % YoY growth

IATA says world passenger traffic will return to pre-pandemic level by 2023; others see a delayed recovery

Global situation

- ICAO released an analysis of the COVID-19 impact on world scheduled air passenger traffic in 2020 compared to 2019 (as of 23 September 2020).
- ***Total world passenger traffic (International and domestic) would decline by between 57% and 61% in 2020.***
  - **International:** There will be a drop if 1,375 to 1,447 million passengers, compared to the baseline.
  - **Domestic:** The drop would be between 1,413 and 1,485 million passengers, compared to the baseline.
- Airlines estimate gross passenger operating revenues could tumble by between USD375 bn and USD395 bn.
  - **International:** Potential losses could reach USD249bn to USD262bn.
  - **Domestic:** Potential losses could reach USD126bn to USD133bn.
- ACI estimates Airports would lose USD104.5bn gross revenues in 2020 compared to 2019
- IATA estimates Airlines would register a 54.7% drop of revenue passenger kilometers (RPKs, both international and domestic) in 2020 compared to 2019.

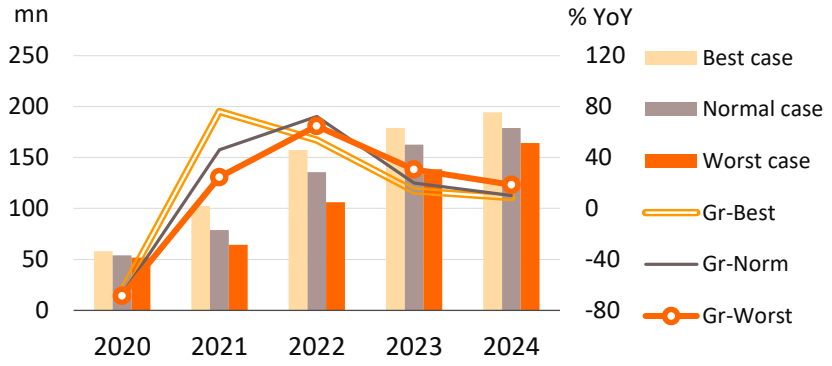
Thailand situation

- As of 4 October, the CAAT has yet to reopen Thai airspace to foreign commercial flights. The absence of international travelers will continue to haunt airline revenues.
- The CAAT estimates that in 2020, revenue for the 9 Thai airlines will plummet from THB312 bn to only THB82.8 bn (-73.5% YoY).
- The AOT forecasts revenue for 2020 financial year (October 2019-September 2020) will drop by 50.7% YoY and losses will continue into the 2021 financial year (forecast to drop by 42.2% YoY) before bouncing back by 188.1% in 2022.
- The CAAT sees passenger travel returning to 2019 level by 2023, though this is dependent on:
  - Travel bubble arrangements with low-risk countries.
  - The time it takes to develop an effective vaccine.
  - Medicines for the treatment of COVID-19 becoming widespread.

Overall Air Transport Traffic Change in 2020 (% YoY)

Region	Passenger number	Airport revenue
Afica	-64.4%	-59.8%
Asia/Pacific	-55.1%	-54.9%
Europe	-64.5%	-65.4%
Latin America/Caribbean	-61.3%	-61.9%
Middle East	-59.6%	-60.6%
North America	-60.4%	-60.5%
Total	**-59.6%**	**-60.8%**

Thailand Air Passenger Traffic in 2020-2024



Source: ICAO, ACI, CAAT, Krungsri Research

Domestic routes are only at 50% of capacity

Airlines	Number of domestic flights (Current vs Full operations)	International
Bangkok Airways	6 (Operated) / 12 (Suspended)	Closed until Oct 2020
Thai Air Asia	32 / 4	Closed until Sep 2020
Nok Air	22 / 12	Closed until Oct 2020
Thai Lion Air	14 / 4	Closed until Sep 2020
Thai VietJet Air	7 / 7	Closed from May 2020 until further notice
Thai Smile	11 / 1	Closed until Sep 2020
Thai Airways	N/A	Closed until Oct 2020

- The airline industry has been devastated by the COVID-19 pandemic. The situation was worsened by the closure of a large number of domestic and foreign routes. Although domestic travel restrictions have been lifted, domestic flights have not returned to pre-pandemic levels. Currently, only about half of the routes have reopened. This is pressuring airlines' cash flow and costs. Airlines need to get the latter under control rapidly, although they are also now calling on the government for greater assistance to tide them through the crisis.

Source: CAAT, Krungsri Research

Government measures to ease financial burden of Thai airlines and mitigate risk of drastic cost-cuts

Airlines are calling on the government to help to maintain liquidity in the industry. They are requesting for soft loans, a suspension of airport fees and charges, and to extend the reduction of excise duty for jet fuel. The government is still considering the requests.

Soft loan

The Finance Ministry is considering the request by 7 airlines for THB24bn in soft loans (at 2% p.a. for 60 months). The soft loan would help to ease concerns about liquidity in the Thai airline industry. (Thai Air Asia, Air Asia X, Nok Air, Thai Viet Jet Air, Thai Lion Air, Thai Smile, and Bangkok Airways).



Exemption and reduction of fees

The Finance Ministry has agreed to a reduction in takeoff and landing fees, as well as parking fee until March 2022.



Extending reductions in excise on jet fuel

The Excise Department has agreed to extend decision to reduce excise duty for jet fuel by 6 months for low-cost airlines, which should help to reduce costs for the operators.



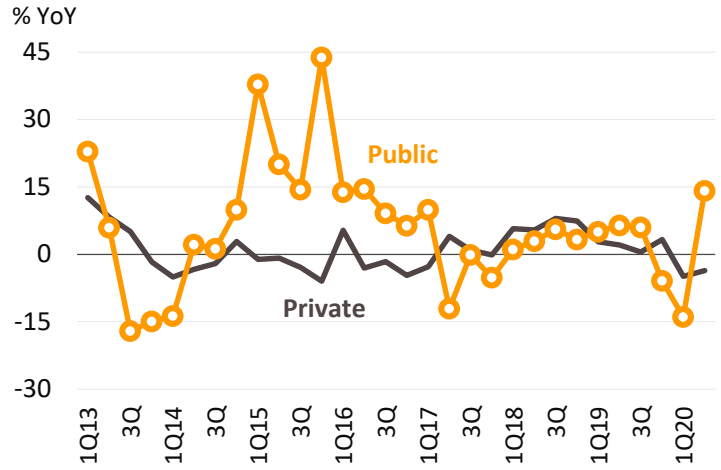
Other support measures include:

- The CAAT has extended the expiry date for airlines to transport cargo in passenger compartments from 30 September 2020 to 31 March 2021.
- The period of assistance (collection of charges pursuant to the law on air transportation, applicable to all concessionaires and airlines operating at six AOT-managed airports) has been extended from 31 December 2020 to 31 March 2022.
- Exemption from aircraft parking charges have been extended.
  - Authorities also deferred the expiry of the period during which aircraft landing and parking charges would be reduced by 50% (applicable to domestic and international flights).

Source: Local press, Krungsri Research

Construction: Public construction recovers but private construction activity remains weak

Construction Investment Movement



- In 2Q20, total construction spending in Thailand was driven by 14.1% YoY increase in public construction spending (after a contraction in 1Q20) due to accelerated expenditure after the announcement of the 2020 Budgetary Expenditure Act, especially on large ongoing projects under the Ministry of Transport. The move to reallocate part of the budget to fund COVID-19 aid efforts affected only a few road construction and small projects which had not been awarded. However, strict measures to contain COVID-19 has affected some construction projects.
- Meanwhile, private construction spending continued to shrink by 3.6% YoY following delays in new projects, particularly in the housing sector due to sluggish purchasing power due to COVID-19 and stricter LTV measures (effective April 2019). Construction of commercial buildings and factories continued to shrink as demand for investment slowed down amid the economic recession. In 7M20, construction permits (by built-up area) for high-rise housing, industries and hotels contracted by 76%, 39.9% and 22.9% YoY, respectively. This suggests private construction activity will remain weak ahead.

Visible Impact on Construction Projects in 2Q20

Migrant workers crisis
- **Losses:** 300K
- **Returning homes:** 200K
- **Expired visa (closed border checkpoints):** 50K-80k

→ The average number of migrant workers per project had dropped from 700 to 500, which caused delays in construction projects. 90% of migrant workers are from Myanmar and Cambodia. (source: Thai Condominium Association)

Delays in infrastructure projects, e.g. MRT Orange Line (East section), due to fewer foreign workers. They had been either affected by COVID-19 restrictions or expired work permits.

Shortage of machineries and equipment → Mostly imported from China and Europe but logistic system was halted.

Disrupted by social distancing requirement →
- Works on megaprojects had accelerated during the day, e.g. East Section of Orange Line (Thailand Cultural Center-Minburi), Pink Line (Kae Line-Minburi), Yellow Line (Ladpao-Samlong).
- Construction work on some projects had been halted, especially works that had to be done at night such as repairing major infrastructure, or some construction material had to be delivered at night, e.g. girder.

Source: NESDC, BOT, Thansettakij, Krungsri Research

Revenues will grow at slower pace in 2020 amid intense competition

Current Strategies of Contractors to deal with the crisis

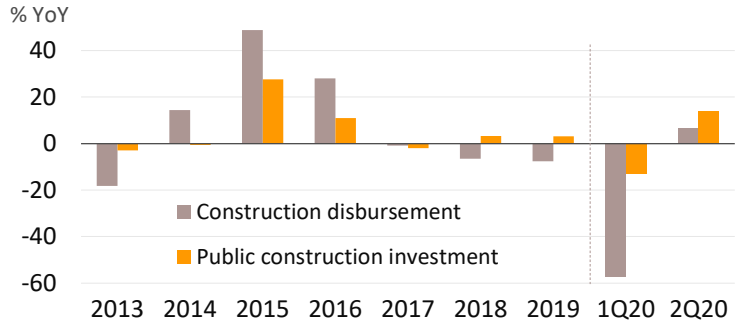
Large Contractors

- Offer lower construction cost amid price competition
- Use strong bargaining power to reduce raw material cost from suppliers
- Focus more on the revenue from system management e.g. mass transit operations
- Seek backlog from CLMV infrastructure projects esp. water energy projects in Laos.
- Leverage machine utilization and use prefabricated building materials to compensate for labor shortage

SME

- Subcontract with large contractors for government projects
- Extend construction periods for possibly delayed projects
- Find order of construction for building renovation

Construction Disbursement vs. Public Construction Investment



Construction Industry Outlook 2020

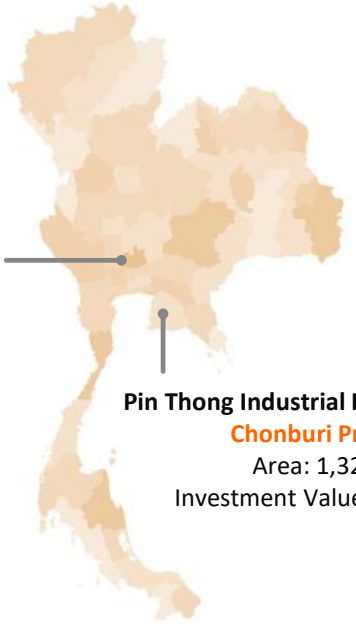
% YoY	2018	2019	1H20	*2020F*
Public	3.2	3.1	-0.7	**3.0 – 4.0**
Private	6.6	2.1	-4.2	**(-3.0) – (-4.0)**
Total	4.7	2.7	-2.2	**0.0 – 1.0**

- **Strategies of construction contractors for the rest of 2020:** Some large players will continue to focus on pricing strategies to compete for orders and strengthen relations with housing developers. They would need to negotiation lower prices for construction materials to protect profit margins. Some key contractors are focusing on maintaining revenues from the management of mass transportation systems and CLMV infrastructure projects. SME players will seek subcontract work from large contractors for small infrastructure projects (e.g. road/bridge repair), and renovation projects, especially for commercial buildings. Consequently, overall construction spending would expand by 0.0-1.0% this year.
- **Public construction spending will drive recovery in 2H20,** following the acceleration of budget expenditures. There has been an 11.4% increase in budget disbursement for construction projects in 3Q20 (GFMIS). The bulk will be for ongoing mass transit projects and dual-track projects. Meanwhile, new mega-projects will start in 4Q20 with system design and the demolition of public utility structures. Public construction spending is expected to grow by 3.0-4.0% in 2020.
- **Private construction will remain sluggish due to weak demand.** Lower construction costs might encourage some developers to proceed with projects, especially condominium projects, along the extended mass transit route. Construction of commercial buildings and factories should recover faster than housing projects because infrastructure projects would accelerate in 2H20. However, private construction spending is likely to shrink by 3.0-4.0% this year.

Source: Contractor's analyst meeting (2Q20), Government Fiscal Management Information System (GFMIS), NESDB, Krungsri Research

Industrial Estate: Land sales have dropped along with construction of industrial and factory space

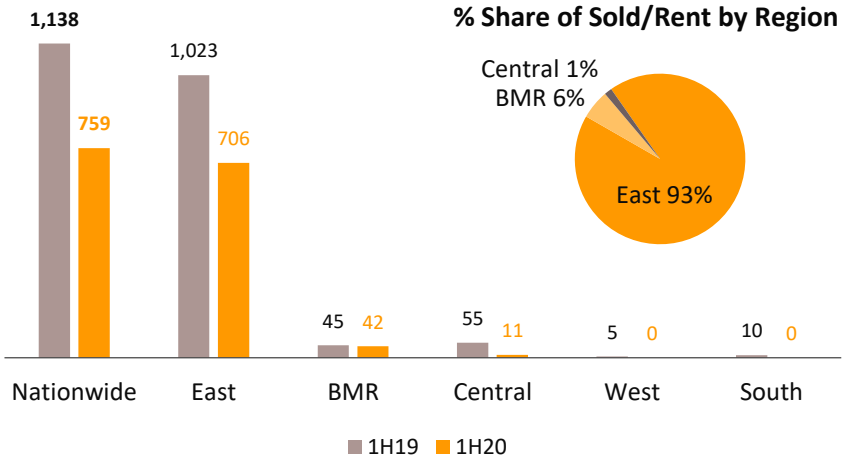
New Industrial Estates (1H20)



World Food Valley Thailand Industrial Estate
Ang Thong Province
Area: 1,392 rai
Investment Value: THB4.2 bn

Pin Thong Industrial Estate (project 6)
Chonburi Province
Area: 1,322 rai
Investment Value: THB2.6 bn

Sale/Rental of Industrial Estate Space by Region
(Rai)



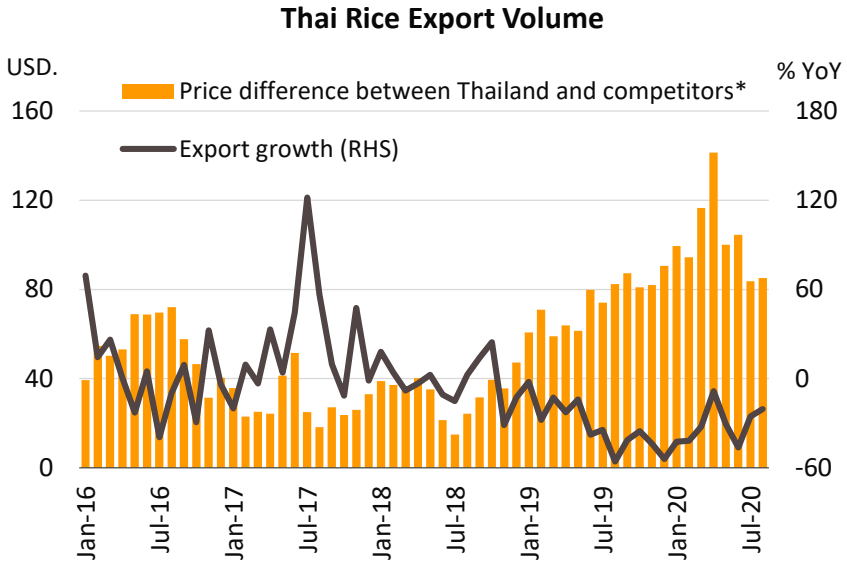
% Share of Sold/Rent by Region

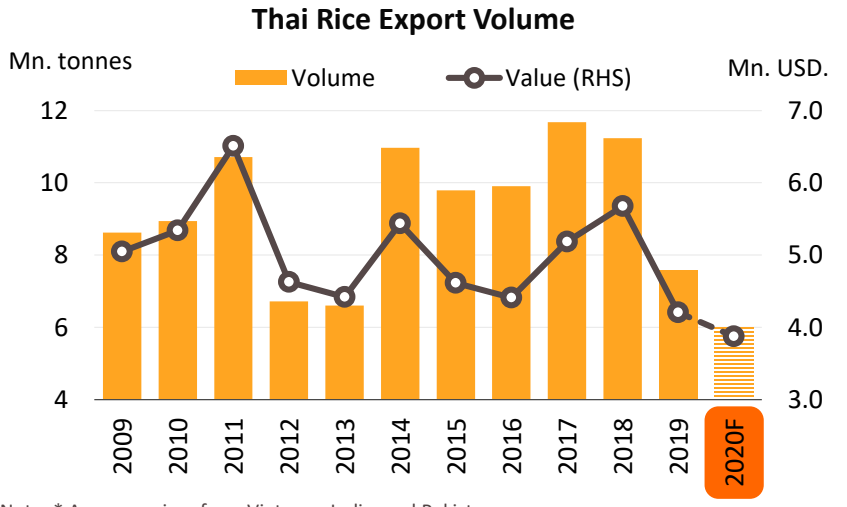
Note: No data available for North and North East

- **In 1H20, there were two new industrial estates:** (i) Pin Thong Industrial Estate (project 6) in Chonburi, which has an area of 1,322 rai, and (ii) World Food Valley Thailand Industrial Estate in Ang Thong, which has an area of 1,392 rai. The latter was set up to support the development of Thailand's food processing industry and to become the first comprehensive center of innovation for the industry in Thailand and the region. These two new sites took the total number of industrial estates to 61 in 1H20, with a total footprint of 165,000 rai spread across 17 provinces.
- **Sale and lease of land in industrial estates reached 759 rai in the period, falling 33.3% YoY.** This was on the back of the 39.9% YoY drop in the construction of new factories and industrial units. The latter was partly due to the national lockdown which caused businesses to postpone transfers and sale of land. The eastern region (home of the EEC) remains the liveliest market, and sales and leases there reached 706 rai (down 31.0%), with 93% of the transactions completed in 1H20.
- **Following poor 1H20 performance, sale and lease of industrial estate land should pick up in 2H20 with the improving COVID-19 situation and relaxation of lockdown measures.** However, the ongoing US-China trade war is encouraging some manufacturers to relocate production facilities to Thailand and some might have signed contracts and paid deposits.

Source: REIC, Krungsri Research

Rice: Exports will tumble due to higher prices, changing consumer taste, and China's efforts to run down stock





Note: * Average prices from Vietnam, India, and Pakistan

Source: MOC, FAO, Trademap, Krungsri Research

- **2020 rise exports is projected to fall by 20-24% to 5.8-6 million tonnes.** This would be attributable to: (i) relatively higher export prices than competitors (drought, disease, and insufficient water for irrigation have reduced yields in Thailand, but rice-producing countries such as India are seeing higher yields); (ii) changing taste in export markets towards soft white rice (main competitor in this market is Vietnam); and (iii) China's move to run down their sizeable rice inventory (China was formerly a major importer of Thai rice).

Top 10 Rice Markets lost by Thailand

Benin (-84.8%)
-809,195 Tonnes

Philippines (-81.2%)
-239,372 Tonnes

Cameroon (-50.9%)
-160,525 Tonnes

Malaysia (-70.5%)
-158,342 Tonnes

China (-44.1%)
-123,397 Tonnes

Kenya (-67.0%)
-70,511 Tonnes

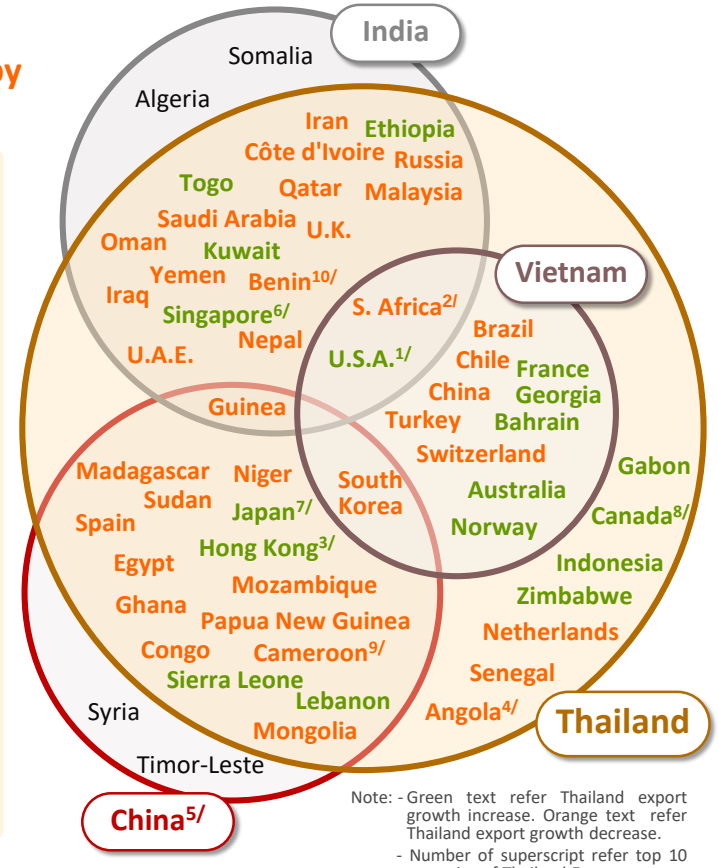
S. Africa (-13.8%)
-63,002 Tonnes

Senegal (-39.2%)
-62,844 Tonnes

Yemen (-38.9%)
-44,844 Tonnes

Congo (-53.5%)
-33,250 Tonnes

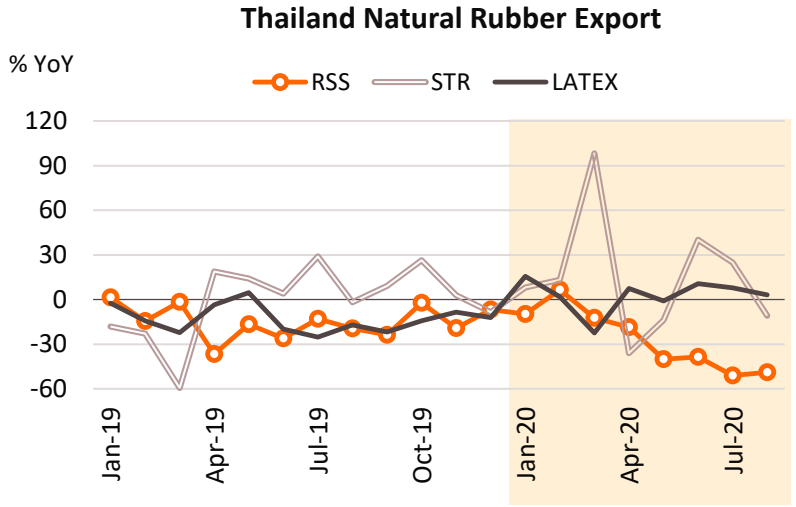
Others (89 Countries)
-3.5 Mn. Tonnes



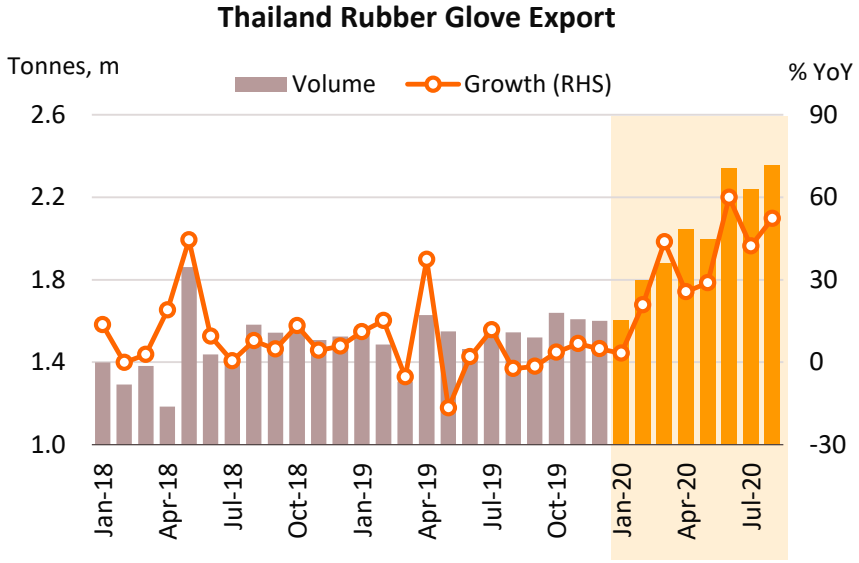
Note: - Green text refer Thailand export growth increase. Orange text refer Thailand export growth decrease.
- Number of superscript refer top 10 countries of Thailand Export.

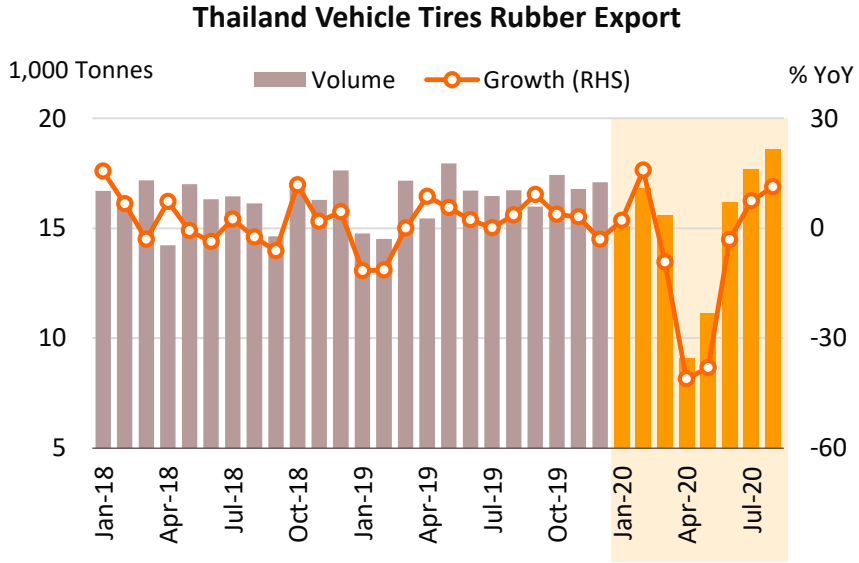
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Rubber: Exports of ribbed smoked sheet and technically specified rubber slumped but latex shipment has risen



- In the last 8 months, the COVID-19 pandemic has disrupted downstream industries in overseas markets, which led to weaker exports of ribbed smoked sheet and technically specified rubber. The situation was worsened by excess supply in China. However, exports of latex benefited from the spike in demand for latex gloves and other medical equipment, which helped to boost exports revenues for Thailand, Malaysia, China and Indonesia. Until the pandemic is successfully contained, demand for latex will continue to rise.
- **Latex gloves:** In August, exports rose 52.3% YoY to a new high of over 2.3 million tonnes, compared to a monthly average of 1.5 million tonnes. That has encouraged many producers to invest in additional manufacturing capacity. Although we project rising demand for latex gloves through to 2025, manufacturers need to consider the entry of new players, especially those from the medical industry.
- **Tires:** Demand should recover following the reopening of most business sectors, and because of preference to travel in private vehicles (rather than public transportation) to maintain social distancing.

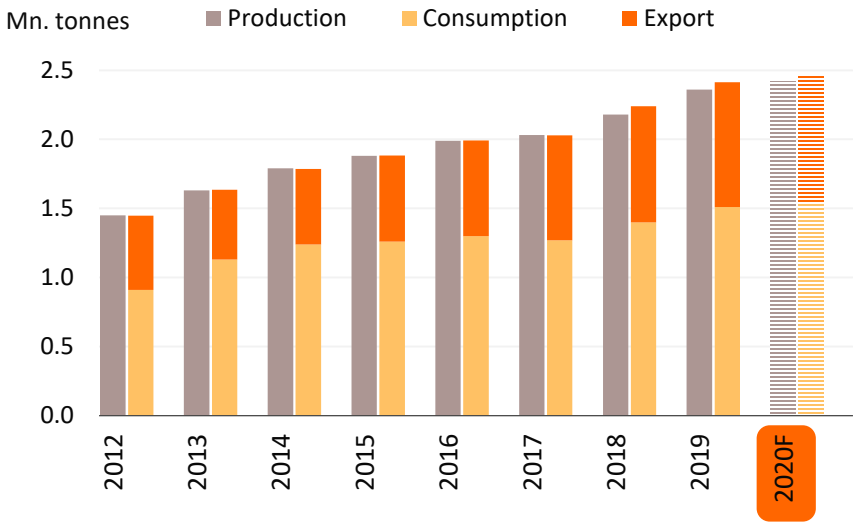




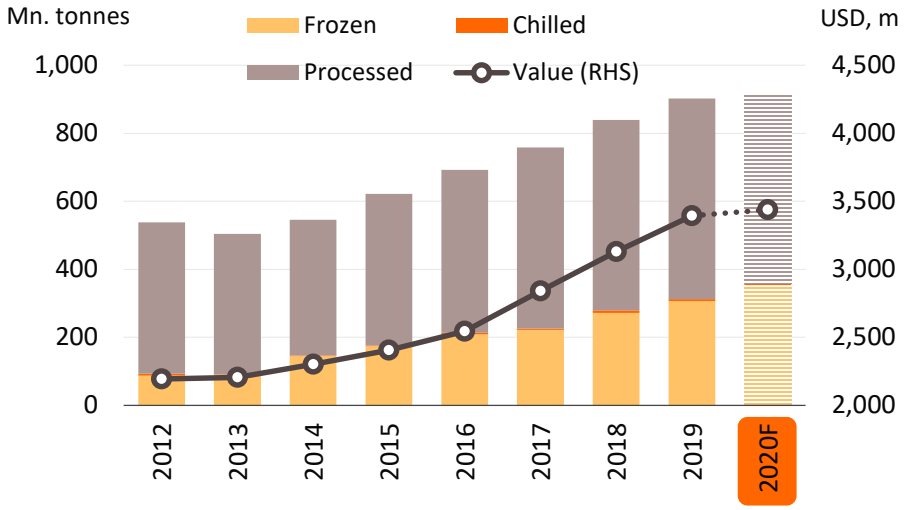
Source: MOC, Krungsri Research

Chicken: Sales of frozen chicken spiked due to food safety claims and it is considered a direct substitute for pork

Thai Chicken Industry Forecast



Thailand Chicken Product Exports Forecast



- **Domestic consumption of chicken is forecast to rise by 2.9% in 2020.** This would be driven by an improving situation in 2H20, and following the reopening of most economic activities, consumer spending power will improve.
- **Exports of chicken products are expected to grow by 1.0-2.0% this year,** driven by greater demand for Thai chicken. The COVID-19 pandemic has disrupted chicken production and processing in some countries, the bird flu continues to infect flocks in major producing nations including the US, China and the EU, and the African Swine Flu remains a problem, especially in China. Thai chicken meat production would also benefit from their high industry standards and claims that Thai chicken products are free of bio-contaminants. These have encouraged some countries (Singapore, Australia and the Philippines) to reduce imports from countries affected by disease outbreaks and buy from Thailand. In terms of individual product groups, exports of frozen chicken should rise by 15.5% YoY to 350,000 tonnes, which would help to offset the 5.7% drop in sales of processed chicken after the EU (main export market) tightened screening requirements for salmonella.

Source: OAE, MOC, DIT, Krungsri Research

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