

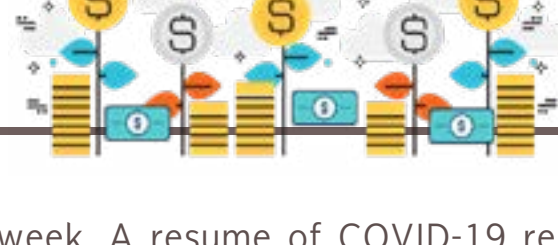
Weekly Market Report

For the period of 16 – 20 November 2020

Overview

Global stock markets mostly extended their gains in response to COVID-19 vaccine developments. China economic activities accelerated further in October. The Thai economy contracted less than expected in 3Q20.

Equity market



- Global markets kept rally momentum this week. A resume of COVID-19 relief bill negotiation in the US and the better-than-expected vaccine result from Oxford-AstraZeneca among older adults were key factors. However, the surge in new cases of COVID-19 brought down the market in the second half of the week. China and most emerging markets outperformed while US indices were laggards.
- SET index was one of the most outperformed equity indices as Thai equity market is more sensitivity to vaccine development. Foreign investors were net buyers for the second straight week, while institutional investors and retail investors were net sellers. Outperformers were big caps and cyclical stocks. Crude price increased from the previous week due to good vaccine result and OPEC+ supply cut extension.



Fixed income market

- US retail sales rose 0.3% m/m in October, slowing down from a downwardly revised 1.6% gain in September and marking the smallest gain since May. On the plus side, housing market remain robust. Housing starts jumped 4.9% m/m in October with single-family home construction jumping to the highest level since 2007. Existing home sales rose 4.3% m/m despite rising price and dwindling inventory. Building permits was unchanged at 13-1/2-year high. Furthermore, homebuilders' sentiment rose to 90 in November, breaking 35-year record.
- Euro area inflation rose 0.2% m/m but fell 0.3% y/y in October, the same rate as in September and marking the third straight month of negative annual rate. Core inflation rose 0.2% y/y, also unchanged from September.
- China industrial production grew 6.9% y/y in October, the same pace as September. Fixed asset investment grew 1.8% y/y over the first 10 months, picking up from 0.8% rise over the first 9 months. Retail sales rose 4.3% y/y following a 3.3% rise the prior month and the biggest jump this year.
- Japan exports fell 0.2% y/y in October, following a 4.9% fall the prior month and beating expectation. This was also the smallest decline in its 23 straight months of downturn. Meanwhile, import fell 13.3% y/y following a 17.2% fall in September. GDP rose at an annualized pace of 21.4% q/q in 3Q20 after stumbling 28.8% the prior quarter, beating expectation. Main drivers were pent-up demand, stronger exports, and government stimulus. On the other hand, private consumption and investment disappointed.
- Thai MPC voted unanimously to keep policy rates unchanged at 0.50% as widely expected. According to the statement, while recent development has been better than expected, accommodative monetary policy is still needed to support the fragile recovery. The committee also voiced concerns over the rapid appreciation of THB and would consider appropriate measures if necessary. In addition, it urged the government to accelerate budget disbursement and implement policies to support the recovery in the long term. GDP rose 6.5% q/q but fell 6.4% y/y in 3Q20, following 9.7% q/q and 12.2% y/y contraction in 2Q20 and surpassing forecast. This was driven by robust private consumption which was likely boosted by the government's stimulus measures. Additionally, export and investment also contracted at a slower pace compare to the prior quarter. The NESDC revised its 2020 GDP estimate to -6.0% y/y on the back of a revised exports growth of -7.5% y/y. For 2021, the agency's GDP estimate is revised to 3.5%-4.5% range and export estimate is 4.2%.

Regional Economic Information

U.S. ●

- Retail sales rose 0.3% m/m in October. Excluding automobiles, gasoline, building materials and food services, retail sales inched up 0.1% after a 0.9% increase in September.
- Housing starts jumped 4.9% m/m to an annual rate of 1.53 million units in October, while building permits remained at 1.545 million units. Existing home sales increased 4.3% m/m to an annual rate of 6.85 million units in October, the highest level in almost 15 years.
- Industrial production increased 1.1% m/m in October, compared to a decline of 0.4% in September.
- Initial jobless claims increased by 31,000 to 372,000 in the week ended November 14.



Europe ●

- UK retail sales rose 1.2% m/m and increased 5.8% y/y in October.

Asia ●

- China industrial production rose by 6.9% y/y in October, the largest increase since December. Retail sales increased 4.9% y/y, accelerating from September's 3.3% rise. Fixed asset investment grew 1.8% y/y in the first 10 months.
- Japan economy in the July – September period expanded by 5.0% from the previous quarter and grew at an annualized rate of 21.4%, marking the fastest pace of growth since the last quarter of 1968, led by growth in exports. October's exports fell 0.2% y/y after a 4.9% decline in September. October's exports fell less than expected and were the smallest decline in 23 months. Imports dropped 13.3% y/y, following a 17.4% fall in the previous month. The trade surplus increased to JPY872.9 billion in October from JPY687.8 billion in September. Core inflation, which exclude fresh food costs, fell by 0.7% y/y in October. It was the largest drop since March 2011, largest a result of the high base effect following a sales tax hike in October 2019.



Thailand ●

- The NESDC reported that the Thai economy in 3Q20 contracted by 6.4% y/y and expanded by 6.5% q/q, exceeding market's expectation of a 8.6% y/y contraction and 3.8% q/q expansion, as economic activities rebounded after the government relaxed lockdown measures. The agency expected the Thai economy to contract by 6.0% instead of -7.5% in its previous forecast.
- The BoT kept its interest rate policy at 0.5% as expected. The committee viewed that the Thai economy rebounded better than expected, but the pace of recovery would remain slow. As a result, the committee voted to keep its policy at current level to support economic recovery and to preserve the policy space.

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