

Weekly Market Report

For the period of : 23 - 27 August 2021

Overview

Global market moved in tight range during the week as investors wait for the Fed chair remark at the Jackson Hole symposium. SET Index outperformed global market led by optimism on the economy after partial re-opening.



Equity market

- Majority of global markets closed higher this week. Concern on QE tapering was toned down by weaker-than-expected economic data. Controllable Delta-variant pandemic in China, full approval of Pfizer-BioNTech vaccine and potential passing of infrastructure bill by US congress also helped fueling positive sentiments. Asian markets outperformed others, while EU indices lagged.
- SET index outperformed global markets this week. Re-opening hope due to stabilizing new COVID-19 cases and deaths was key factor. Big-cap stocks were outperformers especially Banking, Transportation, and Commerce names, while export-related stocks underperformed due to stronger Baht. Foreign investors and institutional investors were net buyers, while retail investors were net sellers. Crude price improved from last week, thanks to stronger-than-expected demand from the US.



Fixed income market

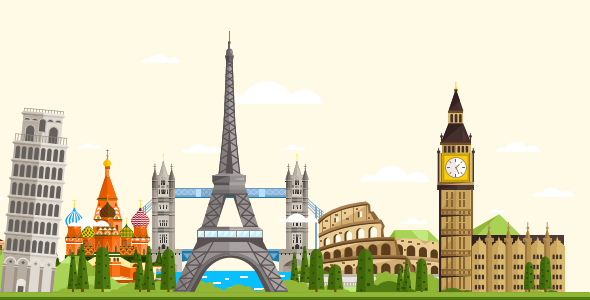
- The House narrowly passed a USD3.5 trillion budget resolution that would pave way for a vast expansion of social safety net and climate programs. US existing home sales rose 2% m/m in July, marking the second straight month of gains after a pullback in the spring. The improvement was likely supported by rising inventory which now represents 2.6-month supply at the current sales pace. Median selling prices continued to rise 17.8% y/y, skewed by more sales at the higher end of the market. In addition, new home sales increased 1% m/m, halting 3-month streak of declines. Inventory has increased to an equivalent of 6.2-month supply, the highest level in over a year. Nevertheless, supplies and labor shortages continued to weigh on outlook. Core capital goods orders were flat month over month in July on the back of an upwardly revised 1.0% increase in June, hindered by supply constraints. Lastly, 2Q21 GDP rose at a revised 6.6% annualized pace compared to 6.5% pace in previous estimate and 6.3% the prior quarter. The GDP is now 0.8% higher than it was at its peak in 4Q19.
- Euro area Markit manufacturing PMI edged down to 61.5 in August's flash reading from 62.8 in July, the lowest level in 6 months. Markit services PMI was 59.7 compared to 15-year high level of 59.8 the prior month. On the other hand, consumer confidence fell by 0.9 points to -5.3 in August, the lowest since April and missing expectation on increasing concerns over rising COVID-19 cases.
- China industrial profits increased 16.4% y/y in July compared to 20% gain in June and the slowest rise this year. After a strong recovery from COVID-19 outbreak, the recent slowdown in profit growth reflected higher costs, supply bottleneck as well as cautious consumers.
- Thai exports expanded 20.27% y/y in July on the back of 43.82% rise in June, beating expectation. Excluding oil, gold, and weaponry, exports rose 25.38% y/y thanks to global demand recovery. Meanwhile, imports jumped 45.94% y/y, slowing down from 53.75% rise the month before but surpassing expectation.

Regional Economic Information

U.S.



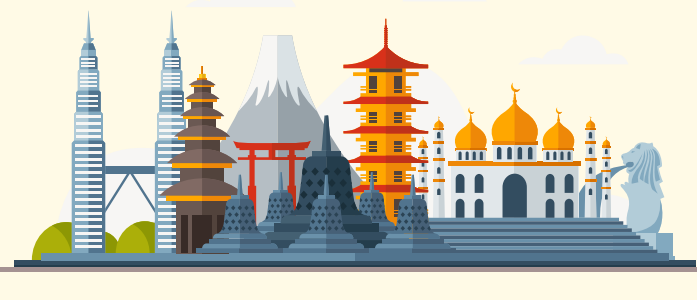
- The US economy grew an annualized 6.6% in 2Q21, slightly higher than the earlier estimate of 6.5%.
- Personal income jumped 1.1% m/m in July after a 0.2% rise in June and well above market forecast of a 0.2% increase, while personal spending grew 0.3% m/m as expected. Core personal consumption expenditure index (core PCE) rose by 3.6% y/y as expected.
- Durable goods dipped 0.1% m/m in July, above market forecast for a 0.3% decline, while core capital goods order was unchanged from the previous month.
- New home sales increased 1.0% m/m to an annual rate of 0.708 million units in July and existing home sales increased 2% m/m to an annual rate of 5.99 million units in July, well above market forecasts of 5.83 million.
- Initial jobless claims increased by 4,000 to 353,000 in the week ended August 21.



Europe

- Euro zone preliminary composite purchasing managers' index (PMI) fell to 59.5 in August from 60.2 in July as manufacturing PMI dropped to 61.5 from 62.8 and service PMI slid to 59.7 from 59.8.
- German business climate index fell to 99.4 in August from 100.7 in July as supply bottlenecks and rising number of new COVID-19 cases clouded growth outlook.

Asia



- China industrial profits increased by 57.3% y/y in the first 7 months, slowed from a 66.9% in the first 6 months.



Thailand

- The MoC reported that Thailand exports grew 20.27% y/y and imports surged 45.95% y/y in July, resulting in a trade surplus of USD183.46 million.

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