

Weekly Market Report

For the period of : 6 – 10 September 2021

Overview

SET Index fell after a strong rebound in the previous week. Global stock markets fell as the Fed and the ECB could trim their bond purchases



Equity market

- Majority of global markets closed lower this week. Concerns about the Fed and the ECB could taper their QE, weak economic data especially China's PMI, and sign of rising inflation caused negative sentiments among global indices. China and some Asian markets outperformed, while US and EU indices lagged.
- SET index underperformed global markets this week mainly caused by technical correction after the market rose sharply last week. Overall COVID-19 situation was still under control and government started to relax some restrictions. Food, Construction, and Healthcare sectors were underperformers, while Electronics, Property and ICT helped stabilizing the market. Foreign and retail investors were net buyers, while institutional investors were net sellers. Oil price changed slightly from last week as production recovery in the Gulf of Mexico was offset by higher supply from China and higher-than-expected US crude stockpile.



Fixed income market

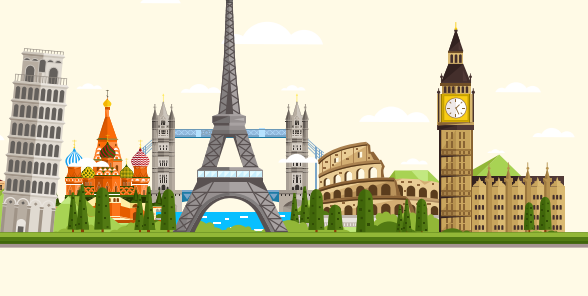
- The ECB announced that it would lower the pace of its bond purchases under the Pandemic Emergency Purchase Programme (PPE) over the coming quarters. The numerical guidance on how this would be done is expected to be provided at its December meeting. Meanwhile, the ECB upgraded its growth forecast for this year to 5% from 4.6% previously and raised inflation expectations to 2.2% this year, 1.7% next year and 1.5% in 2023, which are still below its target of 2%. Euro area's Markit services PMI was revised down to 59.0 in August from a preliminary estimate of 59.7 and July's 15-year high level of 59.8. In addition, retail sales fell 2.3% m/m in July but was still 3.1% higher than July 2020, compared to an upwardly revised 1.8% m/m and 5.4% y/y increase the prior month. The euro zone GDP rose 2.2% q/q in 2Q21 on the back of a 0.3% decline in 1Q21. Compared to 2Q20, GDP increased by 14.3% compared to a 1.2% decline in the previous quarter.
- Japan household spending declined 0.9% m/m in July following a 3.2% decline the prior month, marking the fourth straight month of decline amid an extended state of emergency. Compared to a year ago, spending grew just 0.7% y/y after a 5.1% drop the prior month. Meanwhile, GDP grew 0.5% q/q in 2Q21, recovering from a 1.1% decline in 1Q21 and exceeding expectation on higher-than-expected capital expenditure.
- China Caixin services PMI plunged to 46.7 in August from 54.9 in July, the first contraction since April 2020 amid a surge in COVID-19 cases in certain parts of the country. Exports jumped 25.6% y/y in August following a 19.3% gain in July, surpassing expectation. Imports increased 33.1% y/y on the back of 28.1% growth the previous month, also beating expectation. Headline inflation rose 0.8% y/y in August, down from 1.0% in July and missing expectation as tightened social restrictions hampered service-sector demand. In addition, core inflation rose 1.2% y/y compared to 1.3% the month before. On the other hand, producer price index jumped 9.5% y/y in August, accelerating from 9.0% in July and hitting a 13-year high due to soaring raw materials prices.
- Thai headline inflation declined 0.02% y/y and 0.18% m/m in August, compared to 0.45% y/y and -0.12% m/m in July. This marked the first year-on-year contraction in five months due to a combination of government's subsidies and weak demand. Core inflation printed at 0.07% y/y compared to 0.14% the month before, also the weakest in five months and missing expectation. Consumer confidence tumbled further to 39.6 in August from 40.9 in July, marking the sixth straight month of decline and the lowest level since October 1998.

Regional Economic Information

U.S.



- Initial jobless claims fell by 35,000 to a new pandemic-era low of 310,000 in the week ended September 4.



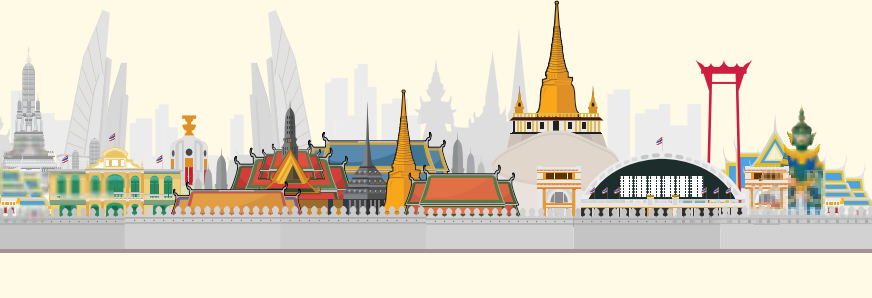
Europe

- The euro zone economy in 2Q21 grew by 2.2% q/q for a 14.3% rise, compared with earlier reports of a 2.0% q/q and 13.6% y/y growth, as consumer spending rebounded much stronger than previously estimate.
- The ECB kept its policy rate unchanged as expected. The central bank said it will slightly reduce the pace of its bond buying program over the coming quarter.
- German exports grew by 0.5% m/m in July, while imports plunged 3.8%, resulting in a trade surplus of EUR17.9 billion. German factory order rose 3.4% m/m in July, beating market forecasts of a 1.0% drop, as new orders surged at the fastest rate on record.
- UK industrial production rose 1.2% m/m in July after a 0.7% drop in June as some pipelines reopened after a period of closure for maintenance.

Asia



- Japan economy in the April – June quarter grew by 0.5% q/q and 1.9% y/y, better than the initial estimate of a 0.3% q/q and 1.3% y/y expansion, caused by better-than-initially-estimated business spending. Japan consumer spending rose 0.7% y/y in July, after a 4.3% fall in a month earlier, below market forecast for a 2.9% gain as a resurgence in COVID-19 prompt consumers to delay spending.
- China exports surged 25.6% y/y in August, up from 19.3% growth in July. Imports jumped 33.1%, up from 28.1% growth in the previous month. The trade surplus was at USD58.34 billion. China headline inflation increased 0.8% m/m in August, rising at the slowest pace in 5 months, as food prices dropped with pork prices fell at a faster rate. China new yuan loans were at CNY1.22 trillion in August, rebounding from CNY1.08 trillion in July.



Thailand

- Headline inflation fell 0.02% y/y in August, slowed from a 0.45% rise in July, due mainly to lower food prices and government subsidies on utility bills and education. Core inflation rose 0.07% y/y, following a 0.14% increase in the prior month.
- The University of the Thai Chamber of Commerce reported that Thai consumer confidence index fell to a record low of 39.6 in August from July's 40.9 dragged by stricter measures to contain the COVID-19 outbreak.
- Thai Industries Sentiment Index fell to its 16-month low of 76.8 in August caused by stricter government lockdown measures, infections at factories, lower than target vaccination rate for workers, and weak domestic purchasing power.

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