

# Weekly Market Report

For the period of : 13 – 17 September 2021

## Overview

SET index underperformed global markets, dragged by a sharp drop of a low-free float stock and selling-off of some reopening stocks. Economic data from major economies remained strong, except China which slowed sharply as government imposed strict restrictions to contain COVID-19 pandemic.



## Equity market

- Global markets closed mixed this week as strong US retail sale give a boost while concerns about US tax hike, stagflation, and credit risk of Evergrande - a large property company in China – drag sentiment. China markets were the most hit, followed by some EU indices while US and Asian markets were outperformers.
- SET index underperformed most of global markets this week, dragged by a sharp drop of a low-free float stock and selling-off of some reopening stocks. Healthcare, Commerce, and Tourism sectors were outperformers, while Electronics and Baking sectors underperformed. Foreign and institutional investors were net buyers, while retail investors were net sellers. Crude oil price increased from last week due to a delay of production recovery in Gulf of Mexico and concerns that Hurricane Nicholas may disrupt oil production in Texas.



## Fixed income market

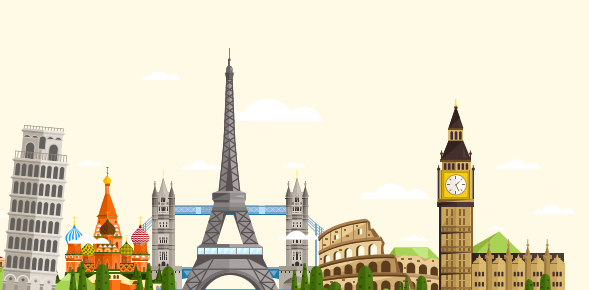
- US PPI rose 0.7% m/m and 8.3% y/y in August, compared to 1% m/m and 7.8% y/y pace in July. Similarly, core PPI increased 0.3% m/m and 6.3% y/y compared to 0.9% m/m and 6.1% y/y the prior month. The increases reflected supply shortages, bottlenecks and logistic disruptions faced by producers in the wake of the pandemic. Meanwhile, headline inflation rose 0.3% m/m and 3.5% y/y in August, compared to 0.5% m/m and 5.4% y/y in July. Core CPI rose 0.1% m/m and 4.0% y/y, moderating from 0.3% m/m and 4.3% y/y rise the month before. This marked the smallest monthly gain since February, hampered by the decline in prices of used vehicles, airfares, and accommodations. Retail sales increased 0.7% m/m in August while July's figure has been downwardly revised to a 1.8% contraction. Compared to a year ago, retail sales are 15.1% higher.
- Euro area industrial production jumped 1.5% m/m in July after dipping 0.1% in June, boosted by output of non-durable consumer goods and capital goods. On a year-on-year basis, output rose 7.7% following a revised 10.1% the month before.
- Japan exports rose 26.2% y/y in August on the back of 37% increase in July. This was the 6<sup>th</sup> straight month of double-digit growth in exports despite the drag from auto sectors caused by chip shortages. Imports surged 44.7% y/y following a 28.5% gain the month before, driven largely by imports of oil, gas, and coal.
- China fixed asset investment increased 8.9% y/y during the first eight months of 2021, down from 10.3% growth during the first seven months. Industrial production increased 5.3% following a 6.4% rise in July. Retail sales rose 2.5% y/y in August, decelerating sharply from 8.5% pace in July and missing expectation. The slower growth could be attributed to both the government's travel restrictions as well as higher base in August last year.
- Thai PDMO announced that funding need for fiscal year 2022 would be around THB2.31 trillion. This translated to between THB1.1 trillion to THB1.3 trillion in LB supply compared to THB846 billion in fiscal year 2021.

## Regional Economic Information

### U.S.



- Headline inflation rose 0.3% /m in August after gaining 0.5% in July. Core inflation edged up 0.1% m/m after a 0.3% gain in July, the smallest gain in 6 months, suggesting that inflation had probably peaked.
- Retail sales climbed 0.7% m/m in August following a 1.8% decline in July. Excluding autos, sales jumped 1.8%, the largest gain in 5 months.
- Initial jobless claims increased by 20,000 to 332,000 in the week ended September 11.



### Europe

- Euro zone industrial production rose 1.5% m/m in July after it fell for 2 consecutive month and beating market expectations of a 0.6% growth.
- UK retail sales fell 0.9% m/m in August following a 2.8% decline in July and below market forecasts of a 0.5% increase. Sales dropped for the 4<sup>th</sup> straight month and recorded the longest period of declines in at least 25 years, caused by the resurgence of COVID-19 outbreak and supply bottleneck.

### Asia



- Japan export rose 26% y/y in August, slowing from a 37% surge and below market forecast of 34%, as supply chain disruptions hit manufacturing sector. Imports surged 45% y/y, logging a trade deficit of JPY635 billion.
- China industrial production increased 5.3% y/y in August, after a 6.4% gain in July. Retail sales rose just 2.5%, easing sharply from an 8.5% gain in the prior month and rising at the slowest rate since August 2020. Fixed asset investment grew by 8.9% y/y in the first 8 months after a 10.3% increase in the first 7 months.

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