

Weekly Market Report

For the period of : 4 - 8 October 2021

Overview

Global stock rebounded from last week as the US senate reached an agreement on raising debt ceiling into early December, while US nonfarm payrolls showed a much weaker than expected pace of hiring last month.



Equity market

- Majority of global markets rebounded from last week as US senate agreed to extend debt ceiling until December 3. However, investors still concerned about higher inflation expectation and China's property debt crisis. Asian developed markets (Japan and South Korea) were underperformers mainly from rises in commodity prices, while China and EU markets outperformed.
- SET index closed higher from last week, outperformed most markets. Energy sectors benefitted from rising energy prices, while re-opening plays also outperformed. Foreign investors remained net buyers, together with institutional investors, while retail investors were net sellers. Crude oil price maintained positive momentum from last week as OPEC kept its production plan amid surging demand.



Fixed income market

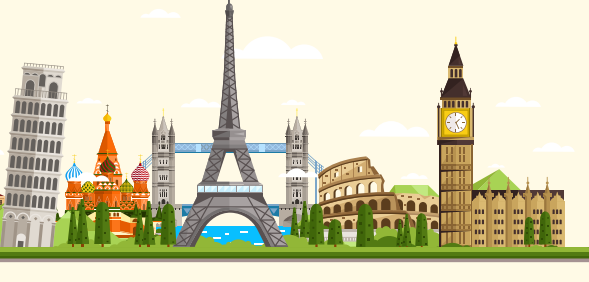
- The US Senate narrowly voted to temporarily extend US debt ceiling by USD480 billion until early December. The bill will now be sent to the House where it is expected to be approved. US personal income inched up by 0.2% m/m in August following an 1.1% increase in July, missing expectation. The uptick mainly reflected an increase in employee compensation and government benefits. Meanwhile, personal spending climbed 0.8% following a downwardly revised 0.1% decline in the prior month and missing expectation. Core PCE jumped 0.8% m/m and 3.6% y/y in August, the same rates as the month before. A rise in spending for food and beverages and other nondurable goods more than offset a decrease in spending for motor vehicles and parts.
- Euro area manufacturing PMI eased to 58.6 in September from 61.4 in August, hampered by supply constraints and softer demand. Furthermore, services PMI softened to 56.4 from 59.0 previously, reaching the lowest level in 4 months. Headline inflation printed at 3.4% y/y in September's flash reading, the highest level in 13 years and driven by surging energy prices. Retail sales rose 0.3% m/m in August after a 2.6% slump in July, missing expectation. On a yearly basis, sales were unchanged compared to 3.1% increase in the prior month.
- Japan household confidence improved 1.1 points to 37.8 in September, the strongest level since February 2020. On the other hand, household spending fell 3.0% y/y in August following a 0.7% increase in July, missing expectation. On a month-on-month basis, spending declined 3.9%, the fourth straight month of decline due to nationwide COVID-19 restrictions and inclement weather.
- China Caixin services PMI jumped to 53.4 in September from 46.7 in August thanks to the fading impact of COVID-19.
- Thai headline inflation increased 1.68% y/y and 1.59% m/m in September, accelerating from -0.02% y/y and -0.18% m/m in August and surpassing expectation. This was driven mainly by rising oil prices and higher utility charges, as government subsidy has ended. Core inflation rose 0.19% y/y compared to 0.07% the prior month. Consumer confidence rose to 41.4 in September from a record low level of 39.6 the month before, the first increases in 7 months thanks to easing COVID-19 restrictions.

Regional Economic Information

U.S.



- Nonfarm payrolls increased 194,000 in September, well below forecasts of 500,000, as renewed fears over the COVID-19 outbreak deterred more workers from reentering the labor market. Unemployment rate fell to 4.8% from 5.2% in the previous month, below market expectations of 5.1%.
- Manufacturing ISM jumped to 61.1 in September from 59.9 in August and non-manufacturing ISM rose to 61.9 from 61.7.
- US trade deficit widened to USD73.3 billion in August from USD70.3 in July as exports increased to USD214 billion from USD213 billion in the prior month and imports accelerated to USD287 billion from USD283 billion.



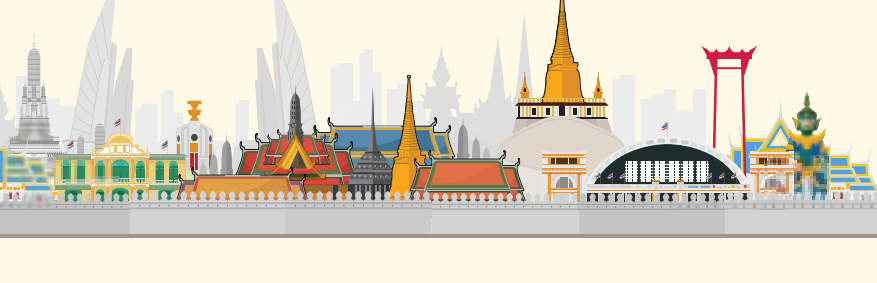
Europe

- Euro zone composite purchasing managers' index (PMI) dropped to 56.2 in September from 59.0 in August as service PMI fell to 56.4 from 59.0.
- Euro zone retail sales rose 0.3% m/m and were unchanged from the same period last year in August, below market expectation of a 0.8% monthly increase and a 0.4% y/y increase, as sales of food, beverages and tobacco fell.
- German exports fell 1.2% m/m in August, declining for the first time in 15 months and missing market forecast of a 0.5% increase, due to supply shortages. Imports surged 3.5% m/m, beating market expectations for an 1.8% gain. The trade surplus declined to a seasonally adjusted EUR13.0 billion from EUR17.7 billion a month ago.

Asia



- Japan household spending fell 3.9% m/m and dropped 3.0% y/y in August, as state of emergency curbs to combat the COVID-19 pandemic weighed on consumption.
- China Caixin service PMI jumped to 53.4 in September from 46.7 in August.



Thailand

- Headline inflation jumped 1.59% m/m and 1.68% y/y in September after it fell 0.18% m/m and slid 0.02% y/y in August as government discount on utility bills ended and energy prices rose. Core inflation increased 0.16% m/m and 0.19% y/y, accelerating from a 0.07% m/m drop but a 0.07% y/y gain in August.
- The University of Thai Chamber of Commerce reported that Thai consumer confidence index rose to 41.4 in September from 39.6 in August, the first gain in 7 months, amid improving COVID-19 situations in Thailand.

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