

# Weekly Market Report

## For the period of : 25 – 27 July 2022

### Overview

The US economy contracted for the second straight quarter, while the euro zone economy grew more than expected in 2Q22. The Fed raised interest rate 0.75% as expected.



### Equity market

- Global equity markets closed mixed this week. EU and some Asian markets inched up, while China and U.S. indices lagged. IMF revised down global GDP causing negative sentiment in the market and investors are waiting for the FOMC meeting on 28 Jul 2022, which market expected a 0.75% increase.
- SET Index closed higher from the previous week and outperformed most of peers. Banking and Electronic sectors were key outperformers, while other sectors changed slightly as there was only 3-day trading window this week. Foreign and institutional investors were net buyers, while retail investors were net sellers. Crude price changed slightly from last week.



### Fixed income market

- US new home sales fell 8.1% to the lowest level since April 2020 of 590,000 seasonally adjusted annual rate in June. US consumer confidence fell to 95.7 in July, lower than the consensus estimate of 97.0.
- The BOJ Minutes relayed “members agreed that they will not hesitate to add easing if necessary” and “members agreed that the BOJ must closely monitor the impact of financial and Forex market movements on the economy and prices”.
- Thailand's customs-based exports rose by a more than expected 11.9% y/y in June, helped by increased global demand as well as a weak baht. Imports climbed 24.5% y/y, with a trade deficit of USD1.53 billion.



### Regional Economic Information

#### U.S.



- The Federal Reserve raised its policy rates by 0.75% to 2.25-2.50% as expected, and said a similar move was possible again in the next meeting.
- The US economy contracted at an annualized 0.9% in 2Q22, well below market forecasts for a 0.40% growth, after a 1.6% contraction in 1Q22. The decline was partly due to a huge drag from inventories, while employment and consumer spending showed continued expansion.
- Personal spending rose 0.9% m/m in June, beating market estimates of a 0.9% increase and following a 0.3% gain in May, while personal income grew 0.6% m/m. Core personal consumption expenditure price index (core PCE) increased by 4.8% y/y in June after rising 4.7% in May.
- Durable goods orders increased by 1.9% m/m in June, beating market forecasts for a 0.50% fall in a sign that business spending remain strong. Core capital goods orders advanced 0.50% m/m.
- New home sales plunged 8.1% m/m to an annual rate of 0.59 million units in June, well below market expectations of 0.66 million units. Pending home sales fell 8.6% m/m in June, much worse than market forecasts for a 1.5% drop, due to rising house prices and mortgage rates.
- Initial jobless claims decreased by 5,000 to 253,000 in the week ended July 23.



#### Europe

- The euro zone economy in 2Q22 expanded 0.7% q/q, following a 0.5% growth in 1Q22 and beating market forecasts of a 0.2% growth, thanks to the easing of COVID-19 restrictions and the summer tourism season in southern countries. Compared to the same period last year, the euro zone economy grew 4.0%.
- The euro zone preliminary estimates headline inflation rose to a new record high of 8.9% y/y in July from 8.6% June.
- Euro zone economic sentiment index fell to 99 in July from 103.5 in June.
- German business morale fell to the lowest level in more than 2 years of 88.6 in July from June's 92.2 due to concerns about high energy prices and gas shortages.

#### Asia



- China industrial profits increased by 1% y/y in the first half of the year amid re-imposing COVID-19 restrictions.
- Japan retail sales went up 1.5% y/y in June, following a 3.6% rise in May, well below market forecasts of 2.8%. However, industrial production grew 8.9% m/m in June, rebounding from a 7.5% fall in May and beating market of a 3.7% rise., as China eased COVID-19 curbs.



#### Thailand

- The BOT reported that the Thai economy improved from the previous month in June, thanks to the increase in number of foreign tourists and private investment expanded in line with the recovery of manufacturing sector, while private consumption slightly decreased after accelerating in the preceding periods.

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