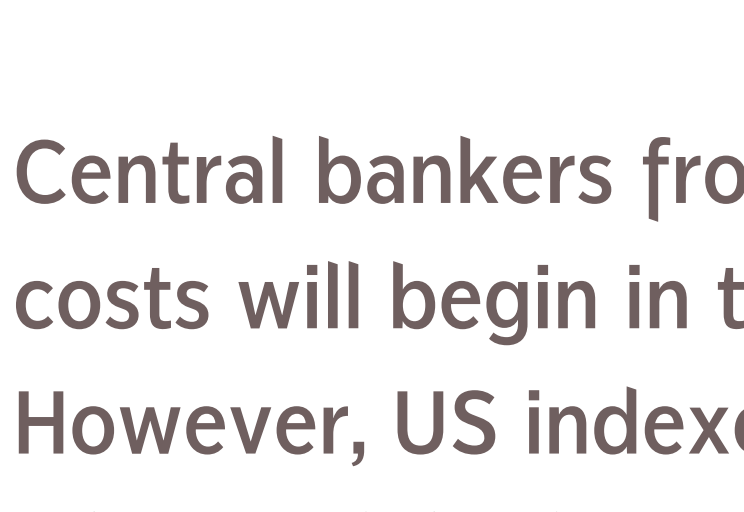


## Overview

Majority of global stock markets closed higher from last week as the Fed and the ECB signaled that rate cut might begin in coming months.



## Equity market

- Central bankers from the US and Europe signaled that cuts in borrowing costs will begin in the summer, pushing stock indices to new highs again. However, US indexes reversed course before market closed due to profit taking, while the STOXX Europe 600 index hit a new lifetime high. Asian shares rallied as investors cheered the prospect of an imminent rate easing cycle, keeping the dollar and Treasury yields under pressure. Japan's Nikkei share ended the week lower for the first time in 6 weeks due to profit-taking, and the yen strengthened amid growing expectations that the BOJ would end its negative rate policy this month.
- SET Index closed higher from last week, in-line with global markets. Electronics, ICT, Commerce and Energy outperformed, while most other sectors also closed higher from the previous week. Institutional investors and local investors were net buyers while foreign investors and proprietary trading were net sellers. Oil prices closed lower from the previous week due to concerns about global demand.



## Fixed income market

- In his congressional testimony, Fed Chair Jerome Powell reiterated that the FOMC does not expect that it will be appropriate to cut interest rates until it has gained greater confidence that inflation is moving sustainably toward its 2% target. During the Q&A session, he mentioned that the policy rate is likely at its peak for this tightening cycle and the committee may have enough data to determine whether to dial back policy tightening sometime this year.
- The ECB held its key interest rate as expected and said it is waiting for more evidence that inflation has come down before cutting rates. The central bank also updated its economic forecast and now expects inflation to average 2.3% this year and 2% next year, compared with December forecasts of 2.7% and 2.1%, respectively. It also expects economic growth of 0.6% this year compared with a December forecast of 0.8%. Euro area manufacturing PMI printed at 46.5 in February, down from 46.6 the month before mainly due to weakness in Germany and France. Service PMI rose to 50.2 from 48.4, marking the first expansion in seven months. Headline inflation rose 0.6% m/m in February following a 0.4% decline in January. On a yearly basis, headline inflation eased to 2.6% from 2.8% rise the prior month, reaching the lowest level in 3 months. In addition, core inflation cooled to 3.1% y/y from 3.3% the prior month, the lowest since March 2022. Meanwhile, the region's retail sales rose 0.1% m/m in January following an upwardly revised 0.6% drop in December. On a yearly basis, sales fell 1.0% compared with a 0.5% fall the prior month. Nevertheless, unemployment rate declined to a record low of 6.4% in January from 6.5% in December.
- China Caixin services PMI declined to 52.5 in February from 52.7 in January but remained in expansion territory for the 14<sup>th</sup> straight month. Meanwhile, exports jumped 7.1% y/y in January-February period, following a 2.3% gain in December and far surpassing market expectations. In addition, imports rose 3.5% y/y during the same period, quickening from a 0.2% rise in December and also beating expectations. This reflected increased consumer spending during the year-end and Lunar New Year holidays and signaled an improvement in local demand.
- Japan household spending tumbled 6.3% y/y in January following a 2.5% drop in December, marking the 11<sup>th</sup> consecutive month of decline. This is also the biggest decline in nearly 3 years and was partly driven by temporary vehicles shortage due to shipment halts.
- Thailand headline inflation rose 0.22% m/m in February, quickening from a 0.02% pace in January and coming slightly above expectations. On a yearly basis, headline inflation declined 0.77% on the back of a 1.11% drop the prior month, marking the 5<sup>th</sup> straight month of negative reading and the 10<sup>th</sup> month below the BOT's target. Meanwhile, core inflation softened to 0.43% y/y from 0.52% the prior month, missing expectations. Consumer confidence rose to 63.8 points in February from 62.0 the prior month, reaching the highest level in 48 months.

## Regional Economic Information

### U.S.



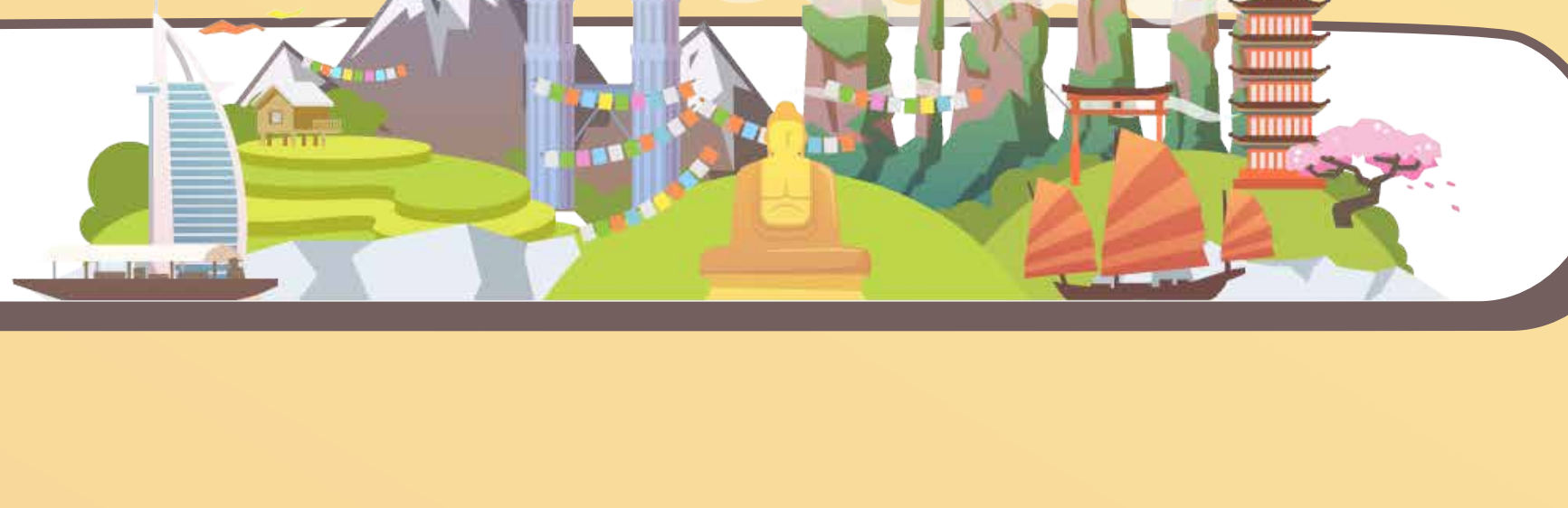
- The Federal Reserve (Fed) Chair Jerome Powell's testimony to the Congress indicated that the Fed would begin cutting rates this year if the economy evolves broadly as expected. However, he reiterated that there is no rush to cut interest rates.
- Nonfarm payrolls increased by 275,000 in February, well above market estimates of 200,000, while unemployment rate increased for the first time in 4 months to 3.9% from 3.7% in the prior month. The number of job openings decreased to 8.863 million in January from 8.889 million in December and lower than market consensus of 8.9 million.
- Service ISM dropped to 52.6 in February from 53.4 in January and lower than market estimates of 53.0.
- Exports of goods and services increased by 0.1% m/m in January, while imports grew by 1.1% m/m and resulted in a trade deficit of USD67.4 billion.



### Europe

- The ECB kept its policy rate at 4.5% and deposit rate at 4.0% as expected.
- The euro zone economy in 4Q23 was stable from the previous quarter and grew by 0.1% from the same period last year, following a 0.1% q/q contraction and 0.1% y/y growth.
- Euro zone composite purchasing managers' index (PMI) jumped to 49.2 in February from 47.9 in January as service PMI accelerated to 50.2 from 48.4. It is the first expansion in service activity in 7 months.
- Euro zone retail sales edged up 0.1% m/m in January, rebounding from a 0.6% fall in December.

### Asia



- Caixin service PMI slid to 52.5 in February from 52.7 in January. China exports jumped 7.1% y/y in January – February, accelerating from a 2.3% increase in December and well above market projections of a 1.9% growth, signaling that global trade is recovering. Imports rose 3.5% y/y in January – February, following a 0.2% gain in December and beating market estimates of a 1.5% rise, as domestic demand improved.
- Japan capital expenditures surged 16.4% y/y in 4Q23, suggesting that the Japanese economy in the last quarter of 2023 may be revised up from contraction to expansion. Japan composite PMI went down to 50.6 in February from 51.5 in January as service PMI retreated to 52.9 from 53.1. Household spending plunged 6.3% y/y in January, marking the 10<sup>th</sup> consecutive month of fall and the largest pace since February 2021, led by spending on food, fuel and utility bills.



### Thai

- Headline inflation fell by 0.77% y/y in February after a 1.11% decline in January. Core inflation increased by 0.43% y/y, decelerating from a 0.52% growth in January.
- The University of the Thai Chamber of Commerce reported that Thai consumer confidence index grew for the 7<sup>th</sup> consecutive month to 63.8 in February, the highest reading since February 2020, from 62.9 in January, boosted by government stimulus measures and rising number of foreign tourists.

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