

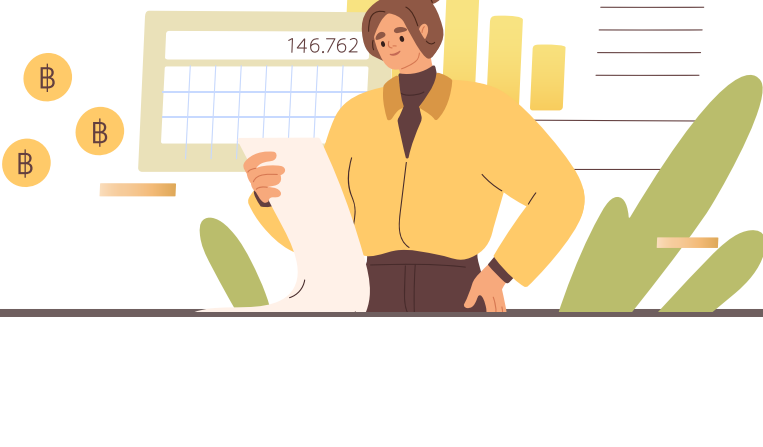
Overview

Global stock markets closed mixed due to some specific factors. A hotter-than-expected US inflation reading led to a reassessment for the path of interest rates.



Equity market

- US stocks closed lower as the latest inflation reading showed the stubbornness of price pressures, making it more likely the Federal Reserve will delay its first interest rate cut. Japan's Nikkei declined as investors speculated that the BOJ could end negative interest rates as soon as its next meeting on March 19. On the other hand, European shares clocked its 8th straight week of gains, supported by an array of upbeat corporate updates and expectations of interest rate cuts from the ECB. China indexes closed higher as inflation reading pointed to strong consumption during Lunar New Year holidays.
- SET Index was flatted from the previous week. Electronics, and Commerce underperformed, while Energy and Transportation closed higher from the previous week. Local investors were net buyers while institutional investors were net sellers. Foreign investors showed net sell of just 4.86 million baht. Oil prices rallied, boosted by sharp declines in US crude and fuel inventories, Ukraine's drone strikes on Russian refineries and an increase in energy demand forecasts.



Fixed income market

- US headline inflation rose 0.4% m/m in February, quickening from a 0.3% pace in January and marking the fastest rise in 5 months. Prices for shelter and gasoline were the main driver while food prices were unchanged. On an annual basis, headline inflation rose 3.2% compared with a 3.1% rise the month before, exceeding forecasts. Furthermore, core inflation rose 0.4% m/m and 3.8% y/y on the back of a 0.4% m/m rise and a 3.9% y/y increase the month before, also surpassing forecasts. In addition, PPI jumped 0.6% m/m in February following a 0.3% increase the prior month and marking the biggest increase since August 2023. On an annual basis, PPI rose 1.6% compared with a 1.0% increase the prior month and surpassing forecasts. On the other hand, retail sales increased 0.6% m/m in February following a revised 1.1% fall in January and missing expectations. On a yearly basis, retail sales increased 1.5% compared with a flat reading the prior month.
- Euro area industrial production unexpectedly dropped 3.2% m/m in January following a downwardly revised 1.6% increase in December, weighed down mainly by the fall in capital goods. On a yearly basis, output tumbled 6.7% after rising 0.2% the prior month.
- China headline inflation climbed 1.0% m/m in February, accelerating from a 0.3% m/m increase in January. On a year-on-year basis, headline inflation rose 0.7% compared with a 0.8% fall the prior month. This came above expectations and marked the first increase in 6 months. Drivers include increases in prices of pork and vegetables and transportation during the Lunar New Year holidays. In addition, core inflation rate printed at 0.5% m/m and 1.2% y/y compared with 0.3% m/m and 0.4% y/y the month before. On the other hand, PPI fell 2.7% y/y in February compared with a 2.5% fall in January, missing expectations.
- Japan 4Q23 GDP growth has been upwardly revised to 0.4% annualized pace from a prior estimate of a 0.4% contraction.
- The Bank of Thailand is introducing additional debt restructuring measures in an effort to reduce household debt. Starting from 1st April, the central bank will ask all lenders to offer a new restructuring program for debts classified as persistent. Under the program, borrowers will be given a chance to settle their obligations within 5 years at an interest rate not exceeding 15% compared to a standard rate of 25%.

Regional Economic Information

U.S.



- Headline inflation increased by 0.4% m/m and rose 3.2% y/y in February, following a 0.3% m/m gain and a 3.1% y/y increase in January. Core inflation went up 0.4% m/m and advanced by 3.8% y/y, compared with a 0.4% m/m rise and 3.9% y/y growth in January. Producer price index (PPI) advanced by 0.6% m/m and increased by 1.6% y/y in February, well above market estimates of a 0.3% m/m rise and 1.1% y/y growth.
- Retail sales were up 0.6% m/m in February after a 1.1% decline in January, as sales gained at building materials, motor vehicle, electronics and appliance stores.
- Industrial production inched up 0.1% m/m in February, following a 0.5% drop in January, thanks to a strong increase in manufacturing output, while utility output fell due to warmer weather.
- The University of Michigan consumer sentiment slid to the lowest level in 3 months of 76.5 in March from 76.9 in February due to lower expectations for business condition, preliminary estimates showed.
- Initial jobless claims decreased by 1,000 to 209,000 in the week ended March 9, beating market estimates for an increase to 218,000.



Europe

- Euro zone industrial production contracted 3.2% m/m and plunged 6.7% y/y in January, worse than market projections of a 1.5% drop and a 2.9% y/y decline, following a 1.6% m/m increase and a 0.2% y/y growth.

Asia



- The PBOC maintained its 1-year medium-term lending facility (MLF) at 2.50% and withdrew a CNY94 billion from the banking system to avoid excessive liquidity. New local currency loans were at CNY1.45 trillion in February. China headline inflation rose by 0.7% y/y in February, increasing for the first time since August and hitting the highest level in 11 months as spending during Lunar New Year holiday grew robustly.
- The Japanese economy in 4Q23 expanded by 0.1% q/q and grew 0.4% y/y, compared with flash data of a 0.1% q/q fall and a 0.4% y/y contraction as capital expenditure increased more than expected. Japan's largest trade union group announced a 5.28% wage increase, higher than market estimates of 3.9%, and heightened expectations that the BOJ would end its stimulus programme at its policy meeting on March 18 – 19.



Thai

- The Federation of Thai Industries reported that Thai Industries Sentiment Index (TISI) fell to 90.0 in February from 90.6 in January due to slower domestic demand caused by concerns about costs of living and household debt problems, while exports remained weak.

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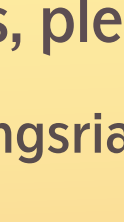
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