

Weekly Market Report

For the period of : 20 – 24 December 2021

Overview

Global sentiment improved after early data suggested that the Omicron variant was less severe than feared. However, SET Index closed lower from the previous week as government temporarily scrapped the Test & Go scheme.



Equity market

- Majority of global markets closed higher from last week. Many research confirmed that Omicron variant symptom is less severe than Delta and Biden's decision not to use full-scale lockdown measure in the US drove the markets this week. However, the overall situation was still uncertain. European countries decided to use more intense lockdown measures and some countries, including Thailand started to bring back some traveling limitations. US and EU markets outperformed while China and some Asian countries were underperformers.
- SET index closed lower from last week, underperformed global markets. Cancellation of Test and Go policy for tourists hit many re-opening stocks in the beginning of the week. However, additional government stimulus and better global market sentiments helped stabilizing SET index at the end of the week. Tourism, ICT, and Transportation outperformed, while Construction service, Commerce and Banking sectors underperformed. Foreign investors were net buyers, while institutional and retail investors were net sellers. Crude price increased from the previous week due to less concern on Omicron and lower-than-expected US crude stockpile.



Fixed income market

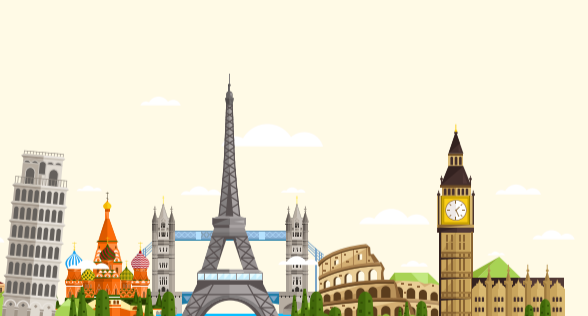
- The US GDP growth has been revised to 2.3% in 3Q21, up from the prior estimate of 2.1% but down from 6.7% pace in 2Q21. US durable goods orders rose by 2.5% m/m in November. Core PCE price index which excludes food and energy, rose 0.5% from the prior month. Personal incomes, which provide the fuel for future spending increases, rose 0.4% in November, slightly lower than the 0.5% increase in October. Consumer spending, which accounts for 70% of the US economic activity, rose 0.6% in November, a solid gain but below the 1.4% surge in October. US existing home sales rose 1.9% m/m in November, the third straight month of increase despite tight supply. Supply was 13.3% lower compared to a year ago, equivalent to 2.1 months at November's sales pace, and the median existing house price increased 13.9% y/y. New Home Sales in November were at a seasonally adjusted annual rate (SAAR) of 744 thousand. This is 12.4% above the revised October rate of 662,000.
- Euro area's consumer confidence softened 1.5 points to 8.3 in December but beat expectation.
- Japan core consumer prices rose 0.5% in November from a year earlier, marking the fastest pace of increase in nearly 2 years.
- The BoT's MPC voted unanimously to maintain the policy rate at 0.50% as expected. The committee viewed that the continued accommodative monetary policy, together with the ongoing financial and fiscal measures, would help support overall economic growth. Meanwhile, it expected GDP to expand 0.9% this year, up from 0.7% estimated in September. However, forecast for 2022 has been revised down from 3.9% to 3.4% due to headwind posted by Omicron variant. In addition, the committee expected inflation pressure to subside in the second half of next year although there remained a need to monitor developments of global inflation and cost pass-through. Headline inflation forecast has been revised up to 1.2% in 2021 and 1.7% in 2022, from 1.0% and 1.4% respectively. The Ministry of Commerce reported export value in November increased 24.7% y/y and import value increased 20.5% y/y. The trade balance registered a surplus of USD1.109 billion. The export value was a record high for November. Like the last several months, export related to COVID-19 prevention, work from home, and medical products, home appliances, food, auto and electronics increased and trended upwards from rising global demand, with the exceptions of rice, frozen pork and rubber gloves.

Regional Economic Information

U.S.



- The US economy grew by an annualized 2.3% in 3Q21, higher than 2.1% in the previous estimate, as personal consumption expenditures increased more than expected.
- Personal spending rose 0.6% m/m in November after it surged 1.4% in October, while personal income gained 0.4% m/m following a 0.5% increase in October. Core personal consumption expenditure index (core PCE) accelerated to 4.7% y/y in November from 4.2% in October.
- Durable goods orders surged 2.5% m/m in November after rising 0.1% in October.
- New home sales jumped 12.4% m/m to an annual rate of 0.744 million units in November. Existing home sales went up 1.9% m/m to an annual rate of 6.46 million units.
- Initial jobless claims were unchanged at 205,000 in the week ended December 18.



Europe

- German consumer confidence declined heading into January due to rising inflation and a surge in COVID-19 cases.

Asia



- The PBoC cut its 1-year Loan Prime Rate (LPR) by 0.05% to 3.80% to support economic growth, while the 5-year LPR was left unchanged at 4.65%.
- Japan inflation rate, excluding food and energy costs, dropped 0.6% y/y in November after a 0.7% fall in October.



Thailand

- The BoT's Monetary Policy Committee (MPC) voted unanimously to keep its policy rate at 0.5% as expected, saying that the continued accommodative monetary policy would help support the economic recovery. The central bank expected the Thai economy to grow 0.9% this year and 3.4% and 4.7% in 2022 and 2023 respectively, while headline inflation is expected to increase by 1.2%, 1.7% and 1.4% in 2021, 2022 and 2023 respectively.
- The MoC reported that exports surged 24.7% y/y in November after rising 17.4% in October. Excluding oil related, gold and weaponry, exports grew 18.9%. Imports rose 20.5% y/y following a 34.6% increase in the previous month. The trade surplus was at USD1.0187 billion.

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