

Weekly Market Report

For the period of 2 – 6 November 2020

Overview

Global stocks rallied as Joe Biden inched towards taking the White House. US, euro zone and China manufacturing sector continued to expand in October.

Equity market



- Global markets rallied significantly this week. The week session opened with higher China's manufacturing PMI. Although election outcome is still inconclusive, stock markets reacted positively as Joe Biden get closer to win the election and the house of senate going to Republican emerged, reducing chance of "Blue sweep", which most investors previously feared.
- SET index slightly underperformed other markets due to concern on political tension. Big cap stocks outperformed this week, especially Energy and Banking sectors. Foreign investors were net sellers again, while institutional investors turn to net buyers and retail investors were net sellers with large sell-off on Thursday. Crude oil price increased from the previous week both from better economic data and positive sentiment of US election.



Fixed income market

- US personal income rose by 0.9% m/m in September after slipping 2.7% the month before. Personal spending increased 1.4% m/m on the back of 1% gain prior, beating expectation. Core PCE ticked up to 1.5% y/y in September from a downwardly revised 1.4% pace the prior month. Core capital goods orders rose 1.0% m/m in September on the back of upwardly revised 2.1% rise in August.
- Euro area 3Q20 GDP printed at 12.7% q/q compared to a 11.8% contraction in 2Q20, beating expectation. Markit manufacturing PMI rose to 54.8 in October from 53.7 in September, the highest reading since July 2018. In contrast, Markit services PMI dropped to 46.9 from 48.0 and composite PMI fell to 50.0 from 50.4. Furthermore, retail sales fell 2.0% m/m in September, missing expectation and reversing August's 4.2% gain. Compare to the same month last year, sales rise 2.2% y/y compared to 4.4% rise the month before.
- China official manufacturing PMI declined from a 7-month high of 51.5 in September to 51.4 in October, marking the 8th consecutive month of expansion. In addition, Caixin manufacturing PMI increased from 53.0 to 53.6, the 6th straight month of rise and the highest reading since January 2011. Meanwhile, the official non-manufacturing PMI rose from 55.9 to 56.2, marking the 3rd straight month of increase and the highest level this year. Furthermore, Caixin services PMI jumped from 54.8 to 56.8.
- Japan industrial production rose 4.0% m/m in September, the 4th consecutive month of increase. Compared to the same month last year, output was down 9.0% compared to -13.8% in August. Household spending fell 10.2% y/y in September, deepening from 6.9% decline in August. Nevertheless, spending increased 3.8% m/m, accelerating from 1.7% increase in August. Last-minute buying ahead of the sales tax hike in October lastly likely exacerbated the year-on-year fall.
- Thailand headline inflation printed at -0.50% y/y and 0.05% m/m in October, improving from -0.70% y/y and -0.11% m/m in September thanks to rising fresh food prices. On the other hand, core inflation slowed to 0.19% y/y from 0.25% previously.

Regional Economic Information

U.S.

- The Federal Reserve (Fed) kept its policy rate at 0 – 0.25% and repeated its pledge to use its "full range of tools" to support the economy, and promised not to consider raising interest rates until maximum employment had been restored and inflation was heading above its 2% target.
- Nonfarm payrolls increased by 638,000 in October and unemployment rate fell to 6.9% in October from 7.9% in September.
- Manufacturing ISM jumped to the highest level in nearly 2 years of 59.3 in October from 55.4 in September, with new orders jumping to their highest level in nearly 17 years, while non-manufacturing ISM dropped to 56.6 in October from 57.8 in September.



Europe

- Euro zone retail sales dropped 2.0% m/m in September.
- Euro zone composite purchasing managers' index (PMI) fell to 50.0 in October from 50.4 in September as service PMI fell to 46.9 from 48.0 while manufacturing PMI jumped to 54.8 in October from 53.7 in September.
- German industrial production increased 1.6% m/m in September, rising for the 5th consecutive month, but less than market's expectation.
- The BoE kept its benchmark rate at 0.1% and raised the size of its bond-buying programme by GBP150 billion to GBP895 billion, which is larger than markets' expectation by GBP50 billion.



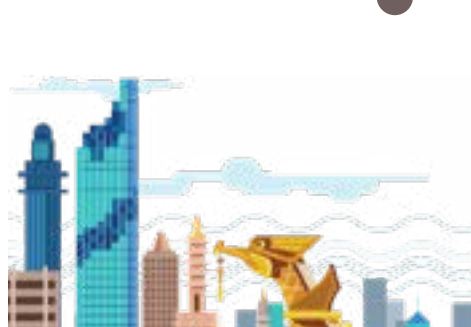
Asia

- China official manufacturing PMI slid to 51.4 in October from 51.5 in September and non-manufacturing PMI rose to 56.2 from 55.9. Caixin manufacturing PMI accelerated to 53.6 in October from 53.0 in September and Caixin service PMI jumped to 56.8 in October from 54.8 in September.
- Japan household spending plunged 10.2% y/y in September, due mainly to a last-minute surge in demand in the previous year ahead of a consumption tax hike.



Thailand

- Headline inflation fell by 0.5% y/y in October following a 0.7% decline in September. Core inflation, which excluded fresh food and energy prices, increased by 0.19% y/y after rising by 0.25% in a month earlier.



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