

Weekly Market Report

For the period of : 24 – 28 May 2021

Overview

Global equity markets were boosted by strong economic data, and optimism on global economic recovery after lockdown measures have been easing in many countries. Thai exports grew at the fastest pace in 3 years in April.



Equity market

- Global equity markets enjoyed rallies this week as Federal Reserve officials see rising inflation is temporary and should not be a concern. Moreover, declines in new COVID-19 cases in developed countries and strong economic data helped pushing indices further.
- SET index closed higher from last week, in-line with Asian markets, mainly driven by external factors. Although the number of new COVID-19 cases remained high, massive rollout plan of vaccines via various platform was successful, boost market optimism. Domestic plays such as Commerce, Construction Services and Financial sectors outperformed, while Petrochemical and Banking sectors underperformed. Foreign and retail investors were net sellers, while institutional investors were net buyers. Crude oil price inched up this week as inventories dropped larger-than-expected.



Fixed income market

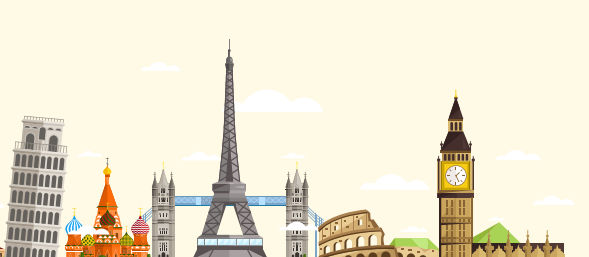
- US existing home sales dropped 2.7% m/m in April, marking the 3rd consecutive month of decline. Supply declined 20% m/m to an equivalent of 2.4-month supply at current sales pace and median prices jumped 19.1% y/y, the largest annual increase on record. In addition, pending home sales unexpectedly declined 4.4% m/m to the lowest level since May last year, constrained by rising prices and limited supply. Meanwhile, new home sales also declined 5.9% m/m in April and March's sales pace was also revised sharply downward. Supply of new homes improved to an equivalent of 4.4-month supply at current sales pace while median prices soared 20.1% y/y. Core capital goods orders increased 2.3% m/m in April on the back of 1.6% gain a month earlier. Lastly, 1Q21 GDP growth was confirmed at 6.4% annualized pace.
- Euro area Market manufacturing PMI dipped to 62.8 in May's flash reading from previous month's all-time high of 62.9 while services PMI jumped to 55.5 from 50.5. The flash composite PMI hit 62.0, up from 60.7 the previous month and the highest level on record. In addition, consumer confidence rose 3.0 points to -5.1 in May, the highest level since October 2018.
- Japan headline inflation declined 0.4% y/y in April following a 0.2% drop in March and marking the 7th straight month of negative reading. Core inflation was unchanged at -0.1% y/y, the 9th straight month of decline.
- China industrial profits rose 57% y/y in April, following a 92.3% increase the previous month. For the first four months of the year, profits jumped 106.1% compared to a year ago.
- Thailand exports growth accelerated to 13.09% y/y in April from 8.47% increase in March, beating expectation and marking the biggest gain in three years. Excluding gold, oil, and weaponry, exports soared 25.7% y/y, driven by shipments of automotive, computers, and rubber products. Meanwhile, imports jumped 29.79% y/y following 14.12% gain the prior month.

Regional Economic Information

U.S.



- The US economy grew at a 6.4% annualized rate in 1Q21, matching the previous estimate. Durable goods orders fell 1.3% m/m in April, missing market's expectation for an increase of 0.7%. However, core capital goods orders surged 2.3%.
- Existing home sales fell 2.7% to an annual rate of 5.85 million units in April, missing forecasts of a 2.0% increase to 6.09 million units, and marking the 3rd straight month of declines as housing supply continued to fall short of demand. Pending home sales fell 4.4% m/m in April.
- Initial jobless claims fell to 14-month low of 406,000 in the week ended May 22, compared with expectations of 425,000.



Europe

- Euro zone economic sentiment rose to a 3-year high of 114.5 In May from April's 110.5 as vaccination programs picked up steam and COVID-19 restrictions were eased.
- German business climate index accelerated to its 2-year high of 99.2 in May from 96.6 in April as companies viewed that the German economy is picking up speed.

Asia



- Profits at China industrial firm increased 57% y/y in April, down from 92.3% in March, due to higher commodity prices and weaker performance in the consumer goods sector.



Thailand

- The MoC reported that Thai exports increased 13.09% y/y in April, the biggest gain in 36 months. Excluding oil related products, gold and weaponry, exports surged 25.70%, reflecting strong growth in real sector. Imports jumped 29.79% y/y. The trade balance showed a surplus of USD182.48 million.

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