

# Weekly Market Report

For the period of : 31 May – 4 June 2021

## Overview

Global stock markets kept their upward momentum, thanks to strong economic data. However, some investors feared that upbeat US economic data could drive inflation an early withdrawal of Fed stimulus. In contrast, some investors were bullish and saw limited risk of early QE withdrawal.



## Equity market

- Majority of global equity markets maintained positive momentum this week on the back of strong economic data. However, investors are increasingly concern that the Federal Reserve (Fed) may start thinking about the need to talk about a tapering of stimulus. Asian emerging markets outperformed this week, followed by US and EU, while China indices underperformed due to profit taking.
- SET index closed higher from last week, outperforming global markets but was quite in-line with regional indices. Key factors were a hope on mass vaccination in June, new stimulus package and boarder reopening for international tourists. Energy, Commerce, and Transportation sectors outperformed, while Electronics, Banking and Construction material were underperformers. Foreign investors turned to net buyers, while institutional investors and retail investors were net sellers. Crude oil price rose this week, driven by increase in demand forecast and OPEC+ agreed to gradually increasing production.



## Fixed income market

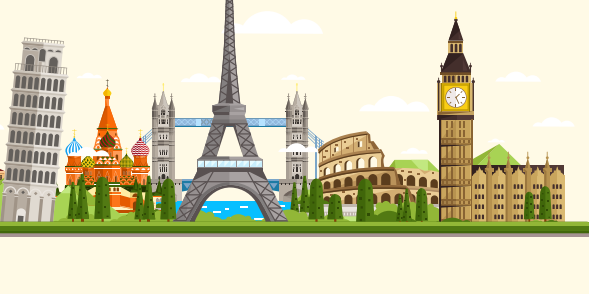
- US personal spending increased 0.5% m/m in April following an upwardly revised 4.7% jump in March. Personal income dropped 13.1% m/m after surging 20.9% the month before when a round of federal stimulus checks were paid. Meanwhile, core PCE increased 0.7% m/m and 3.1% y/y in April compared to 0.4% m/m and 1.9% y/y rise in March, the biggest monthly increase since October 2001.
- Euro area economic confidence index rose to 114.5, driven by surging optimism across all sectors especially services. Markit manufacturing PMI increased to 63.1 in May from 62.9 in April, reaching the highest reading on record, while services PMI rose to 55.2 from 50.5, the highest level since June 2018. Furthermore, headline inflation accelerated to 2.0% y/y in May from 1.6% in April, driven by higher energy costs. However, core inflation remained subdue at 0.9% y/y, up from 0.7% previously. Unemployment rate fell to 8.0% in April from 8.1% the prior month but remained above pre-pandemic level.
- Japan retail sales rose 12% y/y but tumbled 4.5% m/m in April and consumer confidence softened to 34.1 in May from 34.7 in April amid extended state of emergency. Meanwhile, household spending also rose 13.0% y/y in April, on the back of 6.2% rise previously and the second straight month of increase. Industrial production rose 2.5% m/m and rose 15.4% compared to a year ago, despite weighed down by a drop in car manufacturing due to semiconductor shortage.
- China official manufacturing PMI eased to 51.0 in May from 51.1 the month before while Caixin manufacturing PMI inched up to 52.0 from 51.9, the highest reading since last December. Meanwhile, non-manufacturing PMI climbed to 55.2 from 54.9 previously but Caixin services PMI dipped to 55.1 from a 4-month high of 56.3.
- Thai manufacturing production index rose 18.46% y/y in April following an upwardly revised 5.89% increase in March, beating expectation. Growth was led by the increase in output of automotive, beer, and air conditioning industries. Headline inflation rose 2.44% y/y in May, decelerating from 3.41% in April and missing expectation. Sequentially, headline inflation declined 0.93% m/m after rising 1.38% the month before. In contrast, core inflation quickened to 0.49% y/y from 0.30% the prior month, the highest since March 2020

## Regional Economic Infomation

### U.S.



- Nonfarm payrolls increased 559,000 in May, below market forecasts of 650,000. Unemployment rate fell to 5.8% in May from April's 6.1%. Initial jobless claims fell to 385,000 in the week ended May 29, falling below 400,000 for the first time since March 2020.
- Personal income fell 13.1% m/m in April after a record 20.9% increase in March as the government sent out stimulus checks to most American in March. Personal spending rose 0.5% m/m, compared to a 4.7% increase in March. Core personal consumption expenditures index jumped 3.1% y/y, the fastest pace in more than 28 years.
- Manufacturing ISM rose to 61.2 in May from 60.7 in April, marking the 12<sup>th</sup> consecutive month of growth in manufacturing sector. Non-manufacturing ISM jumped to a record high of 64.0 in May from April's 62.7.



### Europe

- Euro zone manufacturing purchasing managers' index (PMI) rose to a record high of 63.1 in May from 62.9 in April and service PMI hit the highest level since June 2018 of 55.2 in May from 50.5 in April, sending the composite PMI to the highest level since February 2018 of 57.1 from 53.8 in the prior month.
- Euro zone headline inflation increased 2.0% y/y in May from April's 1.6%.
- Euro zone unemployment rate fell to 8.0% in April from 8.1% in March.
- Euro zone retail sales fell 3.1% m/m in April, partly due to stricter lockdown measures in some countries. German retail sales plunged 5.5% m/m in April, compared to a 7.7% increase in March, caused by stricter restrictions to contain COVID-19 outbreak in the 2<sup>nd</sup> half of April.

### Asia



- Japan industrial production rose 2.5% m/m and surged 15.4% y/y in April, driven by capital goods output, while car production fell due to supply issues with semiconductors. Retail sales jumped 12.0% y/y in April due to low base effects. Japan manufacturing PMI fell to 53.0 in May from 53.6 in April and service PMI tumbled to 46.5 from 49.5 as the latest round of COVID-19 outbreak prompted the government to reimpose a state of emergency. Household spending jumped 13.0% y/y in April after a 6.2% increase in March, the biggest gain on record and beating market forecast for a 9.3% gain, as consumers spent more on cars, clothing and beauty services, and partly due to low base effect.
- China official manufacturing PMI slid to 51.0 in May from 51.1 in April, while non-manufacturing PMI rose to 55.2 from 54.9. Caixin manufacturing PMI edged up to 52.0 in May from 51.9 in April.



### Thailand

- The BoT reported that the Thai economy in April began to feel the pain from the 3<sup>rd</sup> wave of COVID-19 pandemic, which resulting in lower private consumption and investment compared to the previous month. However, exports continued to expand, driven by demand from trading partners.
- Headline inflation rose by 2.44% y/y in May, slowed from April's 3.41% gain, mainly due to government measures that gave discount on utility bills. Core inflation accelerated to 0.49% y/y from 0.30% in the previous month.

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