

Weekly Market Report

For the period of : 7 - 11 June 2021

Overview

Global stock markets rose and US government bonds held around the lowest level since March after US reported a stronger than expected inflation as investors assessed that the Fed will not adjusted its monetary policies.



Equity market

- Global equity markets rallied this week. Despite US CPI data were higher-than-expected, Fed officials maintained their view that inflation is temporary and there was a low risk of QE talk in the next meeting, resulting in lower 10-year bond yield and surges in global equity. S&P500 rose to all-time high on Thursday. EU markets also closed higher, while China stocks closed in red.
- SET index closed higher from last week, outperforming most global markets. Expectation for economic reopening remain a key driver in bullish movement of the market this week. The approval of THB500 billion COVID-loan decree and Phuket Sandbox confirmation added positive momentum to reopening-theme stocks. Transportation, Banking, and Commerce sectors outperformed, while Electronics, Petrochemical and Automotive sectors were underperformers. Foreign investors and institutional investors were net buyers, while retail investors were net sellers. Crude oil price increased from last week due to better demand expectation after India's COVID-19 cases dropped from peak.



Fixed income market

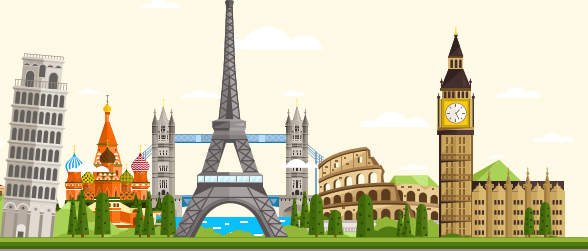
- US headline inflation rose 0.6% m/m and 5.0% y/y in May following a 0.8% m/m and 4.2% y/y gain in April, beating expectation and marking the largest annual gain since August 2008. Core CPI also beat forecast, rising 0.7% m/m and 3.8% y/y on the back of 0.9% m/m and 3.0% y/y gain previously.
- Euro area retail sales declined 3.1% m/m in April on the back of a revised 3.3% increase the month before, missing expectation on a decline in sales of non-food products. Compared to a year earlier, sales rose 23.9% y/y compared to 13.1% the prior month. Lastly, the region's 1Q21 GDP contracted 0.3% q/q compared with the previous estimates of a 0.6% contraction.
- Japan GDP shrank by 1.0% q/q or -3.9% annualized pace in 1Q21 compared with the previous estimates of a 5.1% contraction. The smaller decline was mainly due to a smaller fall in public and capital spending, which offset a larger fall in private consumption.
- China exports surged 27.9% y/y in May, slowing from 32.3% pace in April. Imports soared 51.1% y/y following a 43.1% rise previously and the fastest pace since March 2010. Headline inflation increased 1.3% y/y in May compared to 0.9% y/y in April, the biggest annual increase in 8 months. However, this was below market's expectation and the government's official target of around 3%. Meanwhile, producer price index increased 9.0% y/y in May, the fastest gain since September 2008, driven by significant increases in prices of crude oil, iron ore, and non-ferrous metals.
- Thai consumer confidence declined to 44.7 in May from 46.0 the month before, reaching the lowest level since the survey began in 1998. Sentiment was weighed down by concerns about political stability and COVID-19 outbreak.

Regional Economic Information

U.S.



- Headline inflation rose 0.6% m/m in May, higher than market's estimates for a 0.4% increase. On the year-on-year basis, headline inflation soared 5.0%, the fastest increase since August 2551 and faster than market's expectation of 4.7%. Core inflation gained 0.7% m/m for a 3.8% y/y rise. This marked the biggest year-over-year gain in 29 years and higher than consensus forecast for 3.5%.
- Exports of goods and services rose 1.1% m/m in April, while imports fell 1.4%. The trade deficit narrowed to USD68.9 billion from USD75 billion in the prior month.
- Initial jobless claims fell to 376,000 in the week ended June 5, from 385,000 in the prior week.



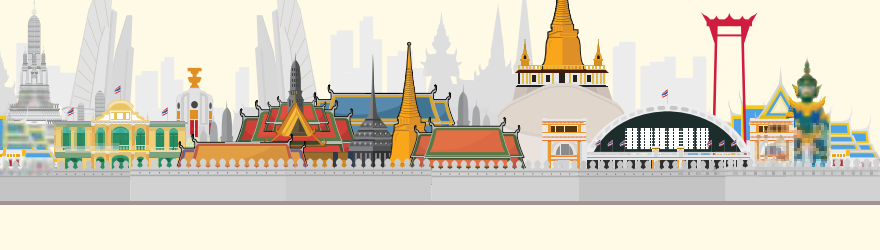
Europe

- Euro zone economy in 1Q21 contracted by 0.3% q/q for a 1.3% y/y decline, better than the previous estimate of a 0.6% q/q contraction and a 1.8% y/y decline.
- The ECB voted unanimously to keep its benchmark policy rate unchanged as expected. The ECB expected to keep its policy rate at current or lower levels until the inflation outlook robustly get close to 2%.
- German exports rose 0.3% m/m in April after a rise of 1.3% in March, while imports fell 1.7% after an increase of 7.1% in the prior month. The trade surplus grew to EUR15.9 billion from EUR14 billion in March. German factory orders fell 0.2% m/m in May, following a 3.9% increase in March.
- UK industrial production fell 1.3% in April after a 1.8% gain in March, largely because of plant closures.

Asia



- China headline inflation rose 1.3% y/y but fell 0.2% m/m in May. The producer price index surged 9.0% y/y in May, the highest level in 13 years. China exports grew 27.9% y/y in May, down from a 32.3% growth in April, and rising for the 11th consecutive month. Imports surged 51.5% y/y in May, up from 43.1% in April. Imports rose for the 8th straight month and the fastest pace since January 2011. The trade surplus stood at USD45.5 billion in May, compared with USD42.9 billion in the prior month. New local currency loans were at CNY1.5 trillion in May, grew from CNY1.47 trillion in April.
- Japan economy shrank by 1.0% q/q and contracted by an annualized 3.9% in 1Q21, not as bad as the previous estimate of a 1.3% q/q decline for an annual rate of 5.1% contraction.



Thailand

- The University of the Thai Chamber of Commerce's consumer confidence index fell to a record low of 44.7 in May from 46.0 in April due to concerns about the impacts of the third wave of COVID-19 pandemics.
- The Thai Industries Sentiment Index fell to 11-month low of 82.3 in May from 84.3 in April as the country have been hit by the third wave of COVID-19 outbreak.

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