

Weekly Market Report

For the period of : 1 – 5 November 2021

Overview

US major indices rallied to fresh records, driven by strong earnings and job reports. SET index closed flat from last week as Banking rallied was offset by a drop in Energy sector.



Equity market

- Majority of global markets closed higher this week, mainly due to positive surprise 3Q21 earnings results and US central bank announcement of QE tapering plan starting in November 2021 which was in-line market expectation. China markets were underperformers, while other indices were able to close in green this week.
- SET index closed flat from last week, underperformed global markets. Energy sector was underperformer due to a drop in crude oil price while Banking and Commerce were the outperformers due to Bitkub M&A announcement and improving consumer confidence index, respectively. Institutional investors were net buyers, while foreign and retail investors were net sellers. Crude price dropped from the previous week due to higher-than-expected US stockpile and news on resume of Iran negotiation to lift sanction.



Fixed income market

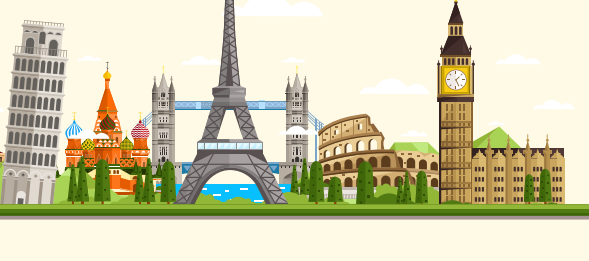
- The FOMC said it will reduce its Treasury purchase by USD10 billion and mortgage-backed securities by USD5 billion starting this month, as widely expected by the market. In addition, the officials unanimously voted to maintain the target for its benchmark policy rate at zero to 0.25%. The planned pace of tapering put the Fed on track to wrap up its asset purchase by mid-2022. As before, Fed Chairman reiterated that it is not yet a good time to raise interest rates as several measures of the labor market remain weaker than pre-pandemic levels and continued to believe factors pushing up inflation is transitory. US personal income declined 1.0% m/m in September after rising 0.2% in August, driven by the end of pandemic-related assistance programs and undershooting market expectation. In addition, personal spending dropped 0.6% following an upwardly revised 1.0% gain the month before but beating expectation. Meanwhile, core PCE rose by 0.2% m/m and 3.6% y/y in September, unchanged from the prior month.
- Euro area inflation jumped 0.8% m/m and 4.1% y/y in October, accelerating from 0.5% m/m and 3.4% y/y in September and surpassing market's expectation. This marked the highest reading since July 2008 and was driven mainly by surging energy costs. Nevertheless, core inflation also quickened to 2.1% y/y from 1.9% previously, the highest reading since December 2002. Markit manufacturing PMI dropped to 58.3 in October from 58.6 in September, the lowest level since February due mainly to supply-side constraints. In addition, services PMI fell to 54.6 from 56.4 and hence composite PMI declined to 54.2 from 56.2, the lowest reading in 6 months. Unemployment rate dropped by 0.1% to 7.4% in September. Lastly, the region's GDP grew 2.2% q/q in 3Q21 on the back of a downwardly revised 2.1% growth in 2Q21. On a year-on-year basis, the economy expanded 3.7% following a downwardly revised 14.2% growth the previous quarter.
- Japan household spending declined 1.9% y/y in September following a 3.0% decline in August. However, in month-on-month terms, spending jumped 5.0%, marking the first increase in 5 months and beating expectation. This followed a sharp decrease in nationwide coronavirus cases and the relaxation of some control measures at the end of September.
- China official manufacturing PMI declined to 49.2 in October from 49.6 in September amid falling demand and higher input prices. In contrast, Caixin manufacturing PMI edged up to 50.6 from 50.0, the highest level since June, thanks to the normalization of power supply. Meanwhile, official non-manufacturing PMI eased to 52.4 from 53.2 weighed down by strict restrictions to control new clusters of COVID-19. On the other hand, Caixin services PMI improved to 53.8 from 53.4, the second straight month of expansion.
- Thai consumer confidence jumped to 43.9 in October from 41.4 the prior month, the second consecutive month of improvement and the highest level in 5 months. Sentiment has been bolstered by an easing of coronavirus control measures and reopening of the country to international travelers.

Regional Economic Information

U.S.



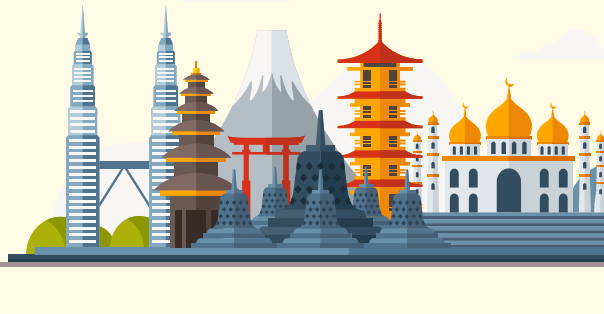
- The Federal Reserve (Fed) kept its policy rates unchanged at 0.00 - 0.25% and said that it decided to begin reducing the monthly pace of its USD120 billion asset purchases by USD15 billion -- USD10 billion in Treasuries and USD5 billion in mortgage-backed securities (MBS) --starting from November as expected. The Fed Chairman Jerome Powell said that inflation is expected to start pulling back in 2Q22 as supply chain bottlenecks will abate.
- Nonfarm payrolls increased by 531,000 in October, above market estimate of 450,000. Unemployment rate fell to 4.6% in October from 4.8% in September, while market expected unemployment rate might drop to 4.7%.
- Exports fell 3% m/m and imports increased 0.6% m/m. Trade deficit widened to USD80.9 billion from USD73.3 billion in the prior month.
- Manufacturing ISM slid to 60.8 in October from 61.1 in September.



Europe

- Euro zone composite purchasing managers' index (PMI) dropped to 54.2 in October from 56.2 in September as service PMI fell to 54.6 from 56.4 and manufacturing PMI was at 58.3 in October, the lowest level since February, compared to 58.6 in September.
- Euro zone retail sales fell 0.3% m/m and rose 2.5% y/y in September, while market expected sales may grow 0.3% m/m and gain 1.5% y/y.
- The BoE voted 7-2 to keep its policy rate at 0.1% and voted 6-3 to leave its bond purchases programme at GBP875 billion. Two committee members voted for a rate hike.
- German retail sales fell 2.5% m/m and dropped 0.9% y/y in September.

Asia



- China official PMI fell to 49.2 in October from 49.6 in September and nonmanufacturing PMI decreased to 52.4 from 53.2, while Caixin manufacturing PMI climbed to its 4-month high of 50.6 from 50.0 and Caixin services PMI inched up to 53.8 from 53.4.



Thailand

- Headline inflation jumped 0.74% m/m and surged 2.38% y/y in October, accelerating from a 1.68% y/y gain in September and above market estimates of 1.91%, mainly due to a surge in energy prices. Core inflation was unchanged from the previous month and rose 0.21% y/y, accelerating from a 0.19% increase in September but lower than market expectation.
- The University of the Thai Chamber of Commerce reported that Thai consumer confidence index climbed to a 5-month high of 43.9 in October from 41.4 in September, rising for the 2nd straight month, amid improving COVID-19 situations.

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