

# Weekly Market Report

For the period of : 8 – 12 November 2021

## Overview

Soaring US inflation raised bets of tighter monetary policy and pulled US stock markets down, while SET Index moved in tight range and closed slightly higher from the previous week.



## Equity market

- Global markets closed mixed this week. US markets were underperformers as US inflation was higher than analysts' expectation, leading to a concern about whether the US central bank (Fed) would raise policy rate earlier than market's previous expectation. Meanwhile, China markets were outperformers as share prices rebounded and record sales during shopping festival created positive sentiment.
- SET index gained slightly from last week. Transportation sector was supported by the increase in MRT and Expressway traffic, and Health Care sector was boosted by better-than-expected 3Q21 financial results,. Electronic sector was an underperformer as DELTA was expected to be excluded from the SET50 in accordance with SET new criteria to be used in 1H22. Foreign investors and Prop Trade were net buyers while Institutional and retail investors were net sellers. Crude price slightly dropped from last week as OPEC revised down demand forecast in 4Q21 and US Department of Energy was considering announcement some policies to bring down crude price.



## Fixed income market

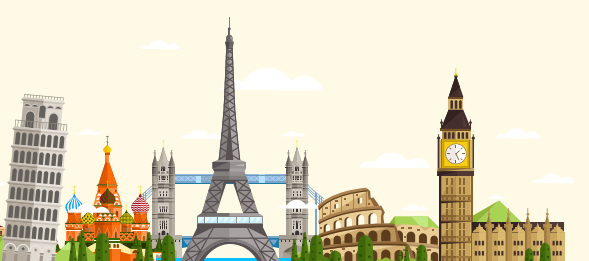
- US headline inflation jumped 0.9% m/m and 6.2% y/y in October. This was the largest monthly increase in 4 months and the fastest annual pace since 1990 as higher prices spread beyond categories associated with reopening. Furthermore, core inflation rose 0.6% m/m and 4.2% y/y, the largest annual since 1991.
- Euro area retail sales unexpectedly fell 0.3% m/m in September following an upwardly revised 1.0% growth in August and missing expectation. This reflected consumers' concerns over inflationary pressure and rising Coronavirus infections.
- China exports rose 27.1% y/y in October following a 28.1% rise in September and marking the 13<sup>th</sup> straight month of double-digit growth. Imports also increased 20.6% y/y compared to a 17.6% rise the month before, driven by the surge in coal and natural gas imports to stem shortages. Headline inflation quickened to 1.5% y/y in October from 0.7% in September while core inflation rose 1.3% compared with 1.2% the month before. Meanwhile, Producer Price Index accelerated to 13.5% y/y from 10.7% the month before, driven by the surge in coal price and reaching the highest level in 26 years.
- Thai MPC unanimously voted to maintain the policy rate at 0.50% as expected. The committee assessed that Thai economy has bottomed out in the third quarter although recovery remained fragile and uncertain. As such, the continued accommodative monetary policy would help support growth going forward. Regarding to inflation, the committee expected headline inflation to increase temporarily due to high global energy prices before declining by early next year.

## Regional Economic Information

### U.S.



- The US Congress passed a USD1 trillion infrastructure spending package.
- Headline inflation surged 6.2% y/y in October, the fastest pace since November 1990 and above market estimates of 5.8% as energy index jumped 30%. On the monthly basis, headline inflation rose 0.9% after September's 0.4% gain. Core inflation rose 0.6% m/m and surged 4.6% y/y, the biggest annual increase since August 1991.
- Initial jobless claims fell by 4,000 to 267,000 in the week ended November 6.



### Europe

- Euro zone industrial production dropped by 0.2% m/m and increased by 5.2% y/y in September.
- German exports decreased by 0.7% m/m in September for the 2<sup>nd</sup> consecutive month of decline, mainly caused by supply shortages. Imports edged up 0.1% m/m.
- The UK economy expanded by 1.3% q/q and 6.6% y/y in 3Q21, below market estimates for a 1.5% q/q and 6.8% y/y.

### Asia



- China exports grew by 27.1% y/y in October, above the median forecasts of a 24.5% growth. Imports rose by 20.6% y/y, below market estimates of a 25.0% growth. The trade surplus increased to USD84.54 billion, compared with market estimates of a fall to USD65.55 billion. China headline inflation rose 0.7% m/m and rose 1.5% y/y in October following a 0.0% m/m and 0.7% y/y growth in September, led by higher non-food prices. China banks extended CNY826.2 billion in new yuan loans in October, the lowest in a year. It is normal that China banks scale back lending in the final months of the year as they use up their annual loan quotas.



### Thailand

- The BoT's Monetary Policy Committee (MPC) vote 7-0 to put its policy rate on hold at 0.5% as expected. The committee viewed that the Thai economy had bottomed out in 3Q21 and entered the recovery phase following the relaxation of containment measures and the re-opening of the country, while downside risks diminished amid an accelerated vaccination progress.
- Thai Industries Sentiment Index (TISI) rose for a second straight month in October to a five-month high of 82.1 from September's 79.0, bolstered by an easing of coronavirus curbs, and a travel reopening.

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