

Weekly Market Report

For the period of : 22 – 26 November 2021

Overview

Global stock markets tumbled on the last working day as new COVID-19 variant discovered in South Africa fanned concerns that new lockdowns could be imposed.



Equity market

- Global markets closed in red due to concerns of inflation expectation and pace of interest rate increase. Moreover, a new COVID-19 variant – Omicron – which has been discovered in South Africa and it seems to be rapidly spreading faster than Delta variant, fanned concerns that new lockdown could be imposed. Europe markets were among the most underperformers due to the surge of COVID-19 cases and many countries are considering re-lockdown.
- SET index closed lower from last week, in-line with global equity markets. Tourism stocks were among the most underperformers due to the risk of getting impacts from new COVID-19 variant. Transportation also underperformed as AOT unexpectedly announced the extension of minimum guarantees waivers to concessionaires and extension of airlines supports by one more year, as well as concerns about new COVID-19 variant. ICT, on the other hand, outperformed due to an announcement of TRUE and DTAC merger plan. Institutional investors and Foreign investors were net sellers, while Retail investors were net buyers.
- Crude price decreased from the previous week as concerns on new COVID-19 variant would lead to stricter travel restrictions and lower crude demand. UK has banned flights from several countries in Africa.



Fixed income market

- Jerome Powell was nominated by President Joe Biden as chair of the Federal Reserve for a second term. The move was said to help ensure consistency at the central bank as the US economy grapples with lingering impact of the pandemic and rising inflation. Meanwhile, minutes from November FOMC meeting indicated that the committee would be willing to raise interest rates sooner than currently anticipated if inflation keeps rising beyond its 2% longer-run target.
- US existing home sales climbed 0.8% m/m in October but was down 5.8% from October 2020 which was the cyclical high. Nevertheless, full-year sale is expected to be the highest since 2006. Supply of existing homes for sales was down 12% y/y, representing a 2.4-month supply at current sales pace, and median price jumped 13.1% y/y. Meanwhile, new home sales rose 0.4% m/m while median sales prices jumped 18% y/y to a record level. Supply of new homes improved to the highest level in 13 years, representing a healthy 6.3-month supply at current sales pace. Personal income increased by 0.5% m/m while personal spending jumped 1.3% m/m in October, beating expectation. Core PCE rose 0.4% m/m and 4.1% y/y in October following a 0.2% m/m and 3.7% y/y rise in September. Core capital goods orders rose 0.6% m/m in October, following a 1.3% gain the month before. Lastly, GDP growth slowed to 2.1% annualized pace in 3Q21 from 6.7% in 2Q21.
- Euro area manufacturing PMI rose to 58.6 in November's flash reading from 58.3 the month before. In addition, services PMI unexpectedly rose to 56.6 from 54.6 despite the resurgence in COVID-19 cases.
- Thai ministry of public health said it would propose to the Centre for COVID-19 Situation Administration (CCSA) to further relax restrictions on access to the country from December onwards. The proposed relaxation will include Rapid Antigen tests on arrivals.

Regional Economic Information

U.S.



- The US economy in 3Q21 grew by 2.1% annual rate, slightly higher than 2.0% in the previous estimate as personal consumption increased more than initially thought. Durable goods orders fell by 0.5% m/m in October, missing market estimates of a 0.2% rise, while core capital goods orders advanced 0.6%, above forecasts of 0.5%.
- Personal spending jumped 1.3% m/m in October, following a 0.6% gain in September. Personal income rose 0.5% m/m after having fallen 1.0% in September. Core personal consumption expenditures price index advanced 4.1% y/y in October as expected.
- New home sales gained 0.5% m/m to an annual rate of 0.745 million units. Existing home sales increased by 0.8% m/m to an annual rate of 6.34 million units in October, higher than market estimates of a fall to 6.2 million units.
- Initial jobless claims fell by 69,000 to 199,000 in the week ended November 20. It was the lowest level for initial claims since November 1969.



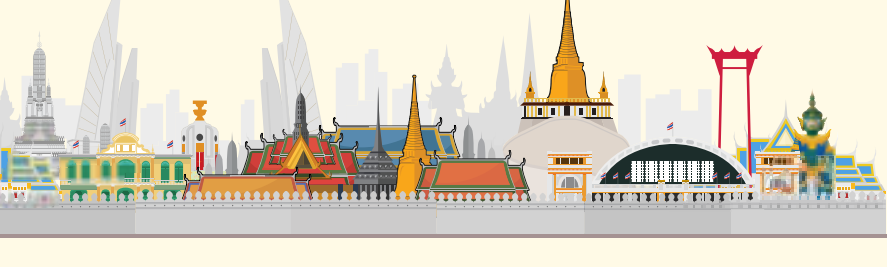
Europe

- Euro zone preliminary composite purchasing managers' index (PMI) rose to 55.8 in November from 54.2 in October as manufacturing PMI advanced to 58.6 from 58.3 and service PMI jumped to 56.6 from 54.6.
- German business climate fell to 96.5 in November from 97.7 in October.

Asia



- The PBoC kept its 1-year Loan Prime Rate (LPR) at 3.85% and 5-year LPR at 4.65%.



Thailand

- The MoC reported that exports advanced 17.4% y/y, higher than market expectation of 13.0%. Imports surged 34.6% y/y, resulting in a trade deficit of USD370.2 million.

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