

Weekly Market Report

For the period of : 29 November – 3 December 2021

Overview

Signal from the US Fed Chair for a quicker taper of bond purchases despite worries around the new Omicron coronavirus variant dampened market sentiment. SET Index close lower with thin trading volume ahead of long holidays.



Equity market

- Global markets closed mixed this week. The spreading of Omicron COVID-19 variant and the elimination of “Transitory” from Fed Chairman’s speech on inflation put the negative sentiment to the markets. Moreover, Delta variant pandemic is not finished wrecking havoc in many countries. China indices outperformed, while other markets closed in red.
- SET index closed lower from the previous week, underperformed global markets. Concern on Omicron led to selloffs in many tourist- and reopening-related stocks. Transportation, Banking, and Construction material were underperformers, while ICT and Energy sectors helped stabilizing the market. Foreign and Institutional investors were net sellers, while retail investors were net buyers. Crude price dropped from last week amid concern that the resurgence of COVID-19 could dampen global economic recovery and oil demand.



Fixed income market

- The Federal Reserve Chairman Jerome Powell said during his Congressional testimony that inflation has been more persistent, and that it would be “appropriate” to discuss whether the central bank should wind up its asset purchases at a faster pace given heightened inflation risks. He also added that the FOMC will be discussing about accelerating that taper by a few months at its meeting later this month. On the other hand, he also mentioned that the recent rise in COVID-19 cases and the emergence of the Omicron strain pose downside risks to employment and economic activity and increased uncertainty for inflation. Meanwhile, US pending home sales jumped 7.5% m/m in October, beating expectation.
- Euro area consumer confidence declined 2 points to -6.8 in November, the lowest level since April, amid rising concerns over the resurgence of COVID-19 cases. Unemployment rate dropped to 7.3% in October from 7.4% the month before, the lowest reading since April 2020. Headline inflation jumped 4.9% y/y in November’s flash reading compared to 4.1% in October. This marked the highest reading on record and as driven mainly by the rise in energy prices and supply chain issues. Core inflation also quickened to 2.6% y/y from 2.0%, the highest since March 2002.
- China industrial profits growth accelerated to 24.6% y/y in October from 16.3% gain reported in September, thanks to the government’s efforts to stabilize fuel prices. Profits expanded 42.2% y/y over the first ten months compared to 44.7% in the first nine months of 2021. The official manufacturing PMI improved to 50.1 in November from 49.2 in October, growing for the first time in three months thanks to the fall in raw material prices and improving power supply situation. In contrast, Caixin manufacturing PMI unexpectedly fell to 49.9 from 50.6, reflecting weakened demand. Meanwhile, non-manufacturing PMI eased slightly to 52.3 from 52.4 and Caixin services PMI fell to 52.1 from 53.8, weighed down by lockdown measures.
- Japan retail sales rose 0.9% y/y in October following an upwardly revised 0.5% drop in September, halting 3-month streak of decline but missing expectation. Industrial production rose 1.1% m/m in October after declining 5.4% the prior month, halting 4-month streak of decline but missing expectation. Compared to the same month last year, output decreased 4.7% y/y, reflecting the ongoing impact from global supply chain disruptions. Household confidence stood at 39.2 in November, the strongest reading since May 2019, as income growth and employment perception improved.
- Thai manufacturing production rose 2.91% y/y in October following an upwardly revised 0.3% increase in September. This marked the 2nd straight month of rise in output thanks to the easing of COVID-19 restrictions. Headline inflation rose 2.71% y/y in November, accelerating from 2.38% the month before and surpassing expectation. This was also the highest reading since April as consumption recovered and government subsidy measures ended. On the month-on-month basis, inflation increased 0.28% m/m compared to 0.74% the month before. Meanwhile, core inflation increased 0.29% y/y compared to 0.21% the previous month and missing expectation.

Regional Economic Information

U.S.



- The Federal Reserve (Fed) Chairman Jerome Powell’s testimony said that it would be appropriate for the Fed to consider completing its asset purchase tapering process a few months sooner than previously planned. He said his priority was on curbing persistently elevated levels of inflation, adding that it might be appropriate to retire his description of inflation as transitory.
- Nonfarm payrolls rose by 210,000 in November, less than the 550,000 expected by market. Unemployment rate fell to 4.2% from 4.6% in a month earlier, dipping more than market estimates of 4.5%.
- Manufacturing ISM inched up to 61.1 in November from 60.8 in October.
- Initial jobless claims increased by 28,000 to 222,000 in the week ended November 27.



Europe

- Euro zone retail sales advanced 0.2% m/m and were up 1.4% y/y in October.
- Euro zone composite purchasing managers’ index (PMI) grew to 55.4 in November from 54.2 in October as service PMI climbed to 55.9 from 54.6 and manufacturing PMI inched up to 58.4 from 58.3.
- Euro zone preliminary headline inflation rate hit a record high of 4.9% y/y in November, driven by higher energy prices. Core inflation jumped 2.6% y/y, the highest rate since March 2002.
- Euro zone unemployment rate slid to 7.3% in October from 7.4% in September.
- Euro zone economic sentiment index fell to 117.5 in November from 118.6 in October as households were concerned about potential new lockdown measures due to rising COVID-19 case across the continent.

Asia



- Japan retail sales rose 0.9% y/y in October, rising for the first time in 3 months, mainly due to a spike in fuel prices. Japan industrial output rose 1.1% m/m in October, the first increase in 4 months, on the back of increased production by the automobile and machinery industries.
- China official manufacturing PMI climbed to 50.1 in November from 49.2 in October, indicating that factory activity grew for the first time since August amid easing power shortage and a sharp drop in some raw material prices, while Caixin manufacturing PMI fell to 49.9 from 50.6. Official non-manufacturing PMI slid to 52.3 from 52.4 and Caixin service PMI fell to 52.1 from 53.8. Profit at China industrial firms grew 42.2% y/y in the first 10 months, slower than a 44.7% rise in the first 9 months.



Thailand

- The BoT reported that the Thai economy in October improved from a month earlier. Private consumption increased, driven by the relaxation of lockdown measures and government stimulus measures. Exports continued to expand robustly. Number foreign tourists gradually increased.
- Headline inflation increased 0.28% m/m and grew 2.71% y/y in November led by higher energy prices. Core inflation gained 0.09% m/m and rose 0.29% y/y.

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