

Overview

Global stock markets closed higher from the previous week amid signs that inflation is easing – giving policymakers room to slow the pace of interest rate hike.

Equity market

- Majority of global markets increased from the previous week. Falling inflation data raised hope that the central banks could opt to lower the pace of rate increases, while strong job data weighed on US indices. China and most Asian markets outperformed on investor hopes for China's reopening.
- SET Index increased from last week, outperformed global peers, led by Commerce, Banking and Healthcare sectors, while Electronics and Energy sectors were the main detractors. Foreign investors were net buyers while institutional and retail investors were net sellers. Oil price dropped from the prior week due to concerns about economic recession.

Fixed income market

- According to the minutes of the FOMC meeting in December, Fed officials remained resolved in bringing down inflation and cautioned against premature easing. US pending home sales tumbled 4% m/m in November, reaching the lowest level since 2001 and marking the sixth consecutive month of decline.
- Euro Markit manufacturing PMI improved to 47.8 in December from 47.1 in November but remained in contraction territory for the sixth straight month. In addition, services PMI rose to 49.8 from 48.5, the fifth month in contraction but also the highest since August 2022. As a result, the composite PMI improved to 49.3 from 47.8 the previous month.
- Japan household confidence strengthened to 30.3 in December from 28.6 the prior month.
- China official manufacturing PMI declined to 47.0 in December from 48.0 in November, the lowest level since February 2020. In addition, non-manufacturing PMI slid to 41.6 from 46.7, also marking the lowest since February 2020 and the third month in contraction. As a result, the official composite PMI declined to 42.6 from 47.1. Similarly, Caixin manufacturing PMI fell to 49.0 from 49.4, reaching the lowest level since September. In contrast, Caixin services PMI recovered to 48.0 from a six-month low of 46.7 but remained in contraction for the fourth straight month. The weakness in PMI data reflected the impact of surging COVID cases following the removal of government restrictions in early December as well as weakening external demand.
- Thai headline inflation printed at -0.06% m/m and 5.89% y/y in December compared to -0.13% m/m and 5.55% y/y pace in November. Main contributors for higher year-on-year inflation are higher prices of fuels, electricity, and cooking gas. Meanwhile, core inflation quickened slightly to 3.23% y/y from 3.22% previously. For the whole of 2022, headline inflation rose 6.1%, the fastest pace since 1998, while core inflation rose 2.5% y/y.

Regional Economic Information

U.S.

- Nonfarm payrolls rose by 223,000 in December, beating market estimates for a 200,000 increase, and unemployment rate fell to 3.5% from 3.6% in a month earlier, while market expected unemployment rate would be at 3.7%.
- Non-manufacturing ISM plunged to 49.6 in December from 56.5 in November, well below market forecasts of 55.0, and manufacturing ISM fell to 48.4 from 49.0.
- Exports fell 2% m/m and imports dropped 6.5% m/m in November, resulting in a trade deficit of USD61.5 billion, the lowest since September 2020.

Europe

- Euro zone preliminary headline inflation dropped 0.03% m/m and rose 9.2% y/y in December, lower than market forecasts of 9.7% and easing from 10.1% y/y in November.
- Euro zone composite purchasing managers' index (PMI) rose to 49.3 in December from 47.8 in November, as service PMI jumped to 49.8 from 48.5 and manufacturing PMI rose to 47.8 from 47.1.
- Euro zone retail sales grew 0.8% m/m in November, compared to a 1.5% decline in October.
- Euro zone economic sentiment accelerated to 95.8 in December from 93.7 in November.

Asia

- Japan manufacturing PMI dipped to 48.9 in December from 49.0 in November, while service PMI advanced to 51.1 from 50.3.
- China official manufacturing PMI dropped to 47.0 in December from 48.0 in November and Caixin manufacturing PMI fell to 49.0 from 49.4. Official non-manufacturing PMI plunged to 41.6 from 46.7, while Caixin service PMI jumped to 48.0 from 46.7.

Thai

- Headline inflation dipped 0.06% m/m and rose 5.89% y/y in December, while core inflation grew 0.06% m/m and increased 3.23% y/y. For 2022, headline inflation increased 6.08%, a 24-year high, while core inflation rose 2.51%.

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