

Overview

Global stock markets were up from last week, reflecting investor optimism that inflation will continue to scale back, which may convince the US central bank to slow down its pace of rate hikes.

Equity market

- Majority of global markets increased from the previous week. A slowdown of inflation prompted investors to see more reason to believe that the Fed will slow down its move toward interest rate hikes. China's reopening also boost optimism on the global economy. Almost all markets, both developed and emerging markets, enjoyed uptrends this week.
- SET Index increased from last week, in-line with global peers. Energy, Construction material and ICT sectors were outperformers, while Banking, Property and Commerce sectors were underperformers. Foreign investors were net buyers, while institutional and retail investors were net sellers. Oil price increased from the prior week, driven by hope on demand from China and weak USD.

Fixed income market

- US labor market remained robust with nonfarm payrolls increasing strongly in December. The unemployment rate also decreased by 0.1 percentage point to 3.5%. On the other hand, average hourly earnings rose 0.3% m/m and 4.6% y/y in December, cooling from 0.4% m/m and 4.8% y/y gain the month before and alleviating concerns over spiraling wage growth. Furthermore, headline inflation fell 0.1% m/m in December, the first decline in over two years, thanks to cheaper energy costs. On an annual basis, headline inflation rose 6.5%, slowing from 7.1% pace the prior month and marking the slowest pace since October 2021. Meanwhile, core CPI increased 0.3% m/m and 5.7% y/y compared to 0.2% m/m and 6.0% y/y previously. The annual rise was also the slowest pace since December 2021.
- Euro's retail sales increased 0.8% m/m in November, recovering from a downwardly revised 1.5% drop in October and beating expectation. On a yearly basis, sales dropped 2.8% following a revised 2.6% decline the prior month. Headline inflation rose 9.2% y/y in December compared to 10.1% rise in November, marking the second consecutive month of slowing down. On a month-on-month basis, inflation declined 0.3% following a 0.1% decline the month before, thanks mainly to the fall in energy prices. However, core inflation accelerated to a fresh record of 5.2% y/y from 5.0% pace the prior month. Meanwhile, the region's economic sentiment index improved for the second consecutive month to 95.8 in December, reflecting slight improvements in all sectors. In addition, unemployment rate was unchanged at a record low of 6.5% in November.
- China producer price index fell 0.7% y/y in December following a 1.3% decline the prior month. The bigger-than-expected decline in PPI reflected the impact of COVID infections on industrial demand. Meanwhile, headline inflation quickened to 1.8% y/y in December from a 1.6% pace the month before. Core inflation also picked to 0.7% y/y after staying unchanged at 0.6% for three consecutive months. For the whole of 2022, headline inflation stood at 2%, well below the official target of "around 3%".
- Japan household spending unexpectedly fell 0.9% m/m in November following a 1.1% rise in October. On a yearly basis, spending declined 1.2% compared to a 1.2% rise the prior month.
- Thai consumer confidence rose for the seventh straight month in December to a 25-month high level of 49.7 from 47.9 in November.

Regional Economic Information

U.S.

- Headline inflation dipped 0.1% m/m and rose 6.5% y/y in December, slowing from a 7.1% increase in November. Core inflation eased to 5.7% y/y from 6.0% in November.
- Initial jobless claims decreased by 1,000 to 205,000 in the week ended January 7.

Europe

- Euro zone unemployment rate held steady at its historical low of 6.5% in November.
- Industrial production rose 1.0% m/m in November after a 1.9% decline in October, led by a surge in the output for capital goods.

Asia

- Japan household spending decreased 0.9% m/m and fell 1.2% y/y in November, missing market estimates of a 0.5% m/m decline and 0.5% y/y gain.
- China exports plunged 9.9% y/y in December after falling 8.7% in a month earlier. This was the 3rd consecutive month of decline in shipments amid slowing global demand. Imports fell 7.5% y/y after a 9.8% fall in the prior month, resulting in a trade surplus of USD78 billion. China inflation rate rose 1.8% y/y in December, accelerating from November's 8-month low of 1.6%, mainly driven by a rise in food prices. China banks' new local currency loans were at CNY1.4 trillion in December, up from CNY1.21 trillion in November and above market estimates of CNY1.1 trillion.

Thai

- The University of the Thai Chamber of Commerce reported that Thai consumer confidence index rose to a 25-month high of 49.7 in December from 47.9 in November, thanks to improved economic activity and higher foreign tourist arrivals.

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