



Overview

Global stock market closed higher after data showed the US economy remains resilient amid cooling inflation. SET Index underperformed global market as some listed companies reported disappointing earnings.

Equity market



- Global equity markets closed higher from a week earlier due to easing concerns on recession fears, decelerating inflation, and China's reopening. US and Japan indices were outperformers, while other markets also enjoyed weekly gains.
- SET Index closed almost flat from last week and underperformed global peers. Energy, Finance and Construction material sectors underperformed, while Transportation, Banking and ICT were outperformers. Foreign and retail investors were net buyers, while institutional investors were net sellers. Oil price increased from the previous week, driven by optimism on China's reopening and easing concerns on recession.

Fixed income market



- US existing home sales dropped 1.5% m/m to a 12-year low in December. This also marked the 11th straight month of decline and the longest streak since 1999. Unsold inventory is at a 2.9-month at the current sales pace while median price of existing home increased 2.3% y/y. In contrast, new home sales rose 2.3%, the third straight month of increase supported by incentives from sellers and lower mortgage rates. Supply of new homes is at 9-month at the current sales pace while median sales prices of new home rose 7.8% y/y. The 30-year fixed mortgage rate declined to an average 6.15% this month, the lowest level since mid-September. Meanwhile, core capital goods orders slipped 0.2% m/m in December after a flat reading in November.
- Euro manufacturing PMI improved to 48.8 in January's flashing reading from 47.8 in December while services PMI rose to a six-month high of 50.7 from 49.8, beating expectation. As such, the composite index climbed to 50.2 from 49.3, the first time in expansion territory since June.
- The MPC voted unanimously to raise the policy rate by 0.25% from 1.25% to 1.50%, adding that a continuing gradual policy normalization is consistent with their growth and inflation outlook. The committee expects the Thai economy to continue to be supported by recovery in tourism and private consumption, which helps offset the slowdown in merchandise exports. Headline inflation is expected to decline whereas core inflation will remain at high level owing to demand-side pressures. Exports contracted 14.6% y/y in December on the back of a 6.0% decline the prior month, marking the third straight month of contraction. Meanwhile, imports dropped 12.0% y/y following a 5.6% increase previously. This brought full-year exports growth to 5.5% y/y and imports growth to 13.6% y/y in 2022. As for 2023, the Ministry of Commerce expects exports to grow 1-2%, weighed down by economic slowdown globally.

Regional Economic Information



U.S.

- The US economy grew an annualized 2.9% in 4Q22, easing from a 3.2% expansion in 3Q22, but beating market estimates of a 2.6% growth. For the full year of 2022, the US economy grew by 2.1% following a 5.9% growth in 2021.
- Personal income rose 0.2% m/m in December, and personal spending slid 0.2%. Core personal consumption expenditures price index (core PCE) increased 4.4% y/y in December, easing from 4.7% in November.
- Durable goods orders surged 5.6% m/m in December, rebounding from a 1.7% fall in November and well above market forecasts of a 2.5% rise, while core capital goods orders, a proxy for business spending plans, slid 0.2% m/m as expected.
- New home sales increased 2.3% m/m to an annual rate of 0.616 million units in December. Pending home sales rose 2.5% m/m in December.
- Initial jobless claims decreased by 6,000 to 186,000 in the week ended January 21, while market expected new claims might increase to 205,000.



Europe

- Euro zone preliminary composite purchasing managers' index (PMI) increased to 50.2 in January from 49.3 in December, pointing to the first expansion of economic activity since last June, as service PMI rose to 50.7 from 49.8 and manufacturing PMI climbed to 48.8 from 47.8.
- German business climate rose to 90.2 in January from 88.6 in December, the 4th straight month of increase, thanks to easing inflation and improved economic outlook.



Asia

- Japan flash service PMI jumped to 52.4 in January from 51.1 in December, while manufacturing PMI held steady at 48.9.



Thai

- The BOT's Monetary Policy Committee (MPC) voted unanimously to raise its policy rate by 0.25% to 1.50% as expected. The committee assessed that the Thai economy would continue to recover, led by tourism and private consumption. However, pressure on core inflation might be rising due to an increase in demand amid the economic recovery.
- The MoC reported that exports fell 14.6% y/y in December due to high base in a year earlier and global economic slowdown. Imports decreased 12.0% y/y, resulting in a trade deficit of USD1.03 billion. For the whole of 2022, exports grew 5.5% and imports expanded by 13.6%, resulting in a trade deficit of USD16.1 billion.

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