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Weekly Market Report For : 25 – 29 November 2024



Overview

- US stock markets outperformed global markets in November.
- Trump's policies sent dollar higher and pull gold price lower. Concerns about Trump's tariffs put emerging markets under pressure.
- Trump picked Scott Bessent, the investor favorite, as his treasury secretary.
- Fed minutes showed economic data supported the case of further rate cuts, though at a gradual pace, depending on incoming data.
- Trump promised 25% tariff on Mexico and Canada, extra 10% tariff on China.
- China PMI showed manufacturing activity expands for the 2nd consecutive month.



Market Brief

- US shares rose more than 1% from the previous week. In November, US indexes outperformed global markets (Dow Jones +7.5%, S&P500 +5.7%, NASDAQ +6.2% and Russell 2000 +10.8%) as Trump's victory putting tax cuts and deregulation on the horizon.
- Trump's policies lift the US dollar while fear of new US tariffs hit emerging markets.

A stronger dollar sent gold price lower. Gold price fell approximately 3% in November, the biggest drop since September 2023.

- **Factors that move indexes are:**

1. Trump nominates Scott Bessent as his treasury secretary. Bessent plans '3-3-3' approach, including

- GDP growth of 3%
- a 3% budget deficit
- producing an additional 3 million barrels of oil a day

Market expected his move will support stock markets, including tax cut and deregulation. Meanwhile Bessent is expected to pursue a more gradual implementation of tariffs, which has eased some concerns that the policy will send inflation sharply higher.

2. Fed's minutes and US economic data

- Fed minutes indicated that inflation and job data supported the possibility of further rate cuts, though at a measured pace, depending on economic trends.
- Core PCE +2.8% YoY and +0.3% MoM as expected. Market raised the chances of Fed rate cuts in its December meeting to 65% from 52% in the previous week.
- 10-year US treasury yield slid to 4.2% from 4.4%.
- US GDP expanded at an annual rate of 2.8% in 3Q24 as expected, according to the second estimate, driven by strong consumer spending and exports.

3. Trump's tariffs

- Trump said he would impose a 25% tariff on all goods coming from Mexico and Canada, and an additional 10% tariff on goods from China. Trump's tariff on China is lower than what he announced during his campaign of 60% and well below market expectations of 20-30%.
- Trump's tariff threats sent those 3 countries' currencies lower. It also sparked widespread concern in the US automotive industry and shares of Ford and GM tumbled as tariff could disrupt supply chains from Mexico and Canada.
- Trump said he would impose 100% tariffs on BRICS countries if they pursue new currency alternatives to the US dollar.

4. Brent fell around 3% from the previous week due to

- Israel-Hezbollah reached ceasefire agreement,
- IEA expected excess oil supply of 1 million barrel a day or more than 1% of global oil production,
- OPEC+ postpones its meeting from December 1, to December 5. Market expects OPEC+ to delay its plan to raise oil production to February 2025 to support oil prices.

5. China manufacturing PMI marks the second straight month of expansion. China stocks rose due to

- Market anticipates more economic stimulus measures. The upcoming Central Economic Work Conference may be held earlier than expected.
- China government may set its fiscal deficit ratio higher than normal in 2025 and embrace greater stimulus to offset the negative effects of Trump's tariffs.

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Should you have any queries, please contact Krungsri Asset Management Company Limited or selling agents or mutual fund sales representatives.

0-2657-5757

krungsriasset.clientservice@krungsri.com

www.krungsriasset.com



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