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Weekly Market Report For : 9 – 13 December 2024

Overview

- The overall market moved within a narrow range as investors awaited the Fed meeting.
- US CPI inflation figures for November were in line with market expectations.
- Central banks worldwide are gradually cutting interest rates.
- Brent crude oil prices increased by 5% WoW.
- South Korea's parliament voted to impeach President Yoon Suk Yeol.
- Chinese stock markets fell more than 2% after the CEWC did not offer details on new stimulus measures.

Market Brief

- Last week, the overall market traded in a narrow range as investors awaited this week's Fed meeting.
- **US**
  - November CPI inflation figures were 2.7% YoY and 0.3% MoM, in line with market expectations, increasing the likelihood of a Fed rate cut at this week's meeting to 93%, up from 86% the previous week.
  - Although the market is confident that the Fed will cut rates at this meeting, investors will be paying close attention to the tone of Chair Powell's post-meeting remarks and the updated Summary of Economic Projections (SEP), especially the dot plot, which provides insights into the rate path for 2025 and beyond.
- Central banks worldwide are gradually cutting interest rates, such as Canada cutting by 50 bps, Switzerland by 50 bps, and the ECB by 25 bps. The ECB is likely to continue cutting rates next year.
- Oil prices increased last week, despite OPEC lowering its global oil demand forecast for the fifth consecutive month. Brent crude increased by 5% WoW, supported by Europe's new sanctions on Russian oil and concerns about sanctions on Iran.
- **South Korea**
  - South Korea's parliament voted to impeach President Yoon Suk Yeol on Saturday (Dec 14) due to the declaration of martial law on the night of Dec 3. Yoon must immediately cease his duties, with the Prime Minister acting as interim president.
  - The Constitutional Court must review the case within 180 days. If six out of nine judges vote for impeachment, Yoon will be officially removed from office, and a new election must be held within 60 days.
- **China**
  - Chinese stock markets fell by over 2% on Friday, Dec 13, a lack of details about Chinese stimulus from with the Central Economic Work Conference (CEWC) meeting disappointed investors. The meeting statement only focused on broad policies.
  - At the CEWC meeting, Chinese authorities signaled a focus on proactive fiscal policies through increased budget deficits and long-term bond issuance next year, along with accommodative monetary policies by cutting policy rates and the Reserve Requirement Ratio (RRR) to stimulate consumption and support economic growth. Additionally, they emphasized maintaining stability in the real estate and stock markets and preparing for external factors such as potential US tax hikes.
  - Latest Chinese economic figures: November retail sales increased by 3% YoY, below market estimates of 4.6%, while industrial production increased by 5.4% YoY, above market expectation of 5.3%.
  - Morgan Stanley forecasts a budget deficit of 4% next year, a policy rate cut of 40 bps, and an RRR cut of 50-100 bps within next year.

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

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