



Overview

- US stocks closed higher on slowing inflation, better-than-expected banking results and Israel-Hamas ceasefire agreement.
- Major US banks announced their 4Q24 earnings, showing increased revenue and higher profits.
- China's GDP grew by 5% in 2024, boosted by economic stimulus measures and exports. However, other economic figures reflect that China's economic recovery remains uneven.
- Israel and Hamas agreed a Gaza ceasefire and hostage release deal.
- WTI and Brent crude oil prices rose for the fourth straight week as the US imposed new sanction on Russian oils raise concerns about global oil supply.



Market Brief

- The US stock market was volatile last week, with the stock market rebounded in the mid-week as inflation figures came in lower than expected, raising hopes for an earlier rate cut. This led to a drop in bond yields by more than 15 bps to 4.62%. Additionally, better-than-expected earnings from major banks and the ceasefire negotiations between Israel and Hamas boosted market sentiment.
- Last week, Dow Jones +3.7%, S&P 500 +2.9% and NASDAQ +2.5%.
- **US**
 - Inflation fears eased as core CPI and PPI came below expectations.
 - Core CPI +3.2% YoY, lower than market estimates of 3.3%. On monthly basis, core PCI +0.2%, below market forecasts of 0.3%. Headline CPI +2.9% YoY and +0.4% MoM, matching market projections.
 - Inflation eased as accommodation fee declined, medical care increased at a slower pace, and shelter edged up just 0.3%.
 - PPI increased 0.2% MOM, below 0.4% in November, and lower than forecasts of 0.4%.
 - Retail sales increased 0.4% MoM in December. Meanwhile, sales excluding food services, auto dealers, building materials stores and gasoline stations, which are used to calculate GDP, rose 0.7%, the most in three months.
 - US bank earnings in 4Q24
 - Goldman Sachs revenue grew 23% YoY to USD13.87 billion. Profit rose more than double to USD4.11 billion, driven by trading revenue and investment banking fee.
 - Morgan Stanley revenue rose 26% YoY to USD16.22 billion. Its quarterly profit more than doubled to USD3.74 billion, citing that the firm's equities trading business that shone brightest in the quarter, producing a 51% jump in revenue to USD3.3 billion.
 - JP Morgan Chase revenue was up 10% to USD43.74 billion as interest income was at USD43.74 billion and net income surged 50% to USD14 billion. The bank executives said the bank would increase share buybacks.
 - Citigroup revenue increased 12% to USD19.58 billion. Net income was at USD2.86 billion, an improvement from a net loss of USD1.84 billion a year ago. The bank reported growth across several different business units. Investment banking was a bright spot, with revenue jumping 35% YoY. The bank also announced a USD20 billion share buyback program.
 - Scott Bessent, the nominee for Treasury Secretary, said Trump's policies will not cause inflation. He reiterated his support for extending Trump's 2017 tax cuts and job acts. He said he was open to eliminating the debt ceiling, but emphasized his resolve to get the national debt and the widening deficit under control. He emphasized that the US dollar should remain the world's reserve currency and he see no reason for the US to have a central bank digital currency.
- **China**
 - Both exports and imports grew more than expected in December. Exports surged by 10.7% YoY, accelerating from a 6.7% rise in the previous month and surpassing market forecasts of 7.3%. Imports increased 1% YoY, reversing from two months of falling. Shipment to the US surged to a 2-year high as some manufacturers front-loaded orders in anticipation of further tariffs, notably from the US under the second administration of Donald Trump.
 - China GDP grew by 5.0% in 2024, higher than market estimates. The full year growth was supported by 5.4% YoY expansion in 4Q24, boosted by stimulus measures and exports.
 - Other economic indicators reflect that China's recovery remains uneven. Industrial production in December increased by 6.2% YoY, while retail sales rose by 3.7% YoY, exceeding the expected 3.6%. However, the urban unemployment rate increased to 5.1%, marking the first rise since August. In addition, property sales continued to contract from a year earlier.
- After 15 months of war, Israel and Hamas agreed a Gaza ceasefire and hostage release deal.
- WTI crude oil price rose 1.1% WoW and Brent gained 1.3% WoW. Oil prices rose for a fourth straight week as the US Treasury Department imposed new sanctions on Russia, adding further pressure on global oil supply concerns.

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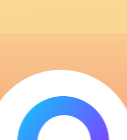
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