

## Weekly Market Report For : 13 - 17 May 2024



# Overview

Treasury yields fell while stocks rallied after US data showed signs of cooling inflation, which spurred bets on a Federal Reserve rate cut in September.



## Equity market

- Global stocks rallied amid increasing expectations that the Federal Reserve will cut rates in September following the latest Consumer Price Index print which showed signs of cooling inflation.
- SET Index closed higher from the previous week, in-line global markets. Electronics, Petrochemicals, Food and Beverages, ICT, and Transportation sectors led gain, while Property, Finance, Tourism, Energy, Banking and Commerce sectors fell. Foreign investors were net buyers while institutional investors and local investors were net sellers. Oil prices rose as market expected strong demand from the US and China.



## Fixed income market

- The 10-year US Treasury yields fell as soft inflation data and a weak reading on consumer spending pushed markets to price in two Federal Reserve interest rate cuts this year.

## Regional Economic Information

### U.S.



- Headline inflation rose by 0.3% m/m and increased by 3.4% y/y in April, following a 0.4% m/m and a 3.5% y/y gain in March, and compared with market projections of a 0.4% m/m and a 3.4% y/y increase. Core inflation advanced by 0.3% m/m and grew by 3.6% y/y in April, matching with market estimates, after a 0.4% m/m and a 3.8% y/y rise in March. Producer price index (PPI) grew 2.2% y/y in April following a 1.8% rise in March.
- Retail sales were flat from the previous month in April, following a 0.6% increase in March and missing market forecasts of a 0.4% growth.
- Housing starts increased 5.7% m/m to annualized rate of 1.36 million units, while building permits fell 3.0% to 1.44 million units in April.
- Industrial production was unchanged from the previous month in April after a 0.1% increase in March.
- Initial jobless claims fell by 10,000 to 220,000 in the week ended May 11.



### Europe

- Euro zone 1Q24 GDP grew by 0.3% q/q and expanded by 0.4% y/y, unchanged from an advance estimate, after GDP in 4Q23 contracted by 0.1% and edged up 0.1% y/y.
- Euro zone industrial production increased by 0.6% m/m in March, slowing down from a 1.0% gain in February, but higher than market estimates of 0.5%.
- Euro zone economic sentiment index rose to 47.0 in May from 43.9 in April, marking the 5<sup>th</sup> straight month of increase and the highest since February 2022.

### Asia



- The PBOC maintained its 1-year MLF at 2.5% as expected. China headline inflation inched up 0.3% y/y in April after a 0.1% increase in March. Industrial production grew by 6.7% y/y in April, accelerating from a 4.5% rise in March and beating market estimates of 5.5%. Retail sales advanced by 2.3% y/y in April, easing from a 3.1% gain in March and missing market forecasts of a 3.8% increase. Fixed asset investment went up 4.2% y/y in the first 4 months, slowing down from a 4.5% growth in the first 3 months. Unemployment rate dropped to 5.0% in April from 5.2% in March. New yuan loans were at CNY730 billion in April, well below market projections of CNY1.2 trillion.
- The Japanese economy in 1Q24 contracted 0.5% q/q and shrank 2.0% y/y after showing no growth for both q/q and y/y in 4Q23. PPI increased by 0.9% y/y in April after rising at the same rate in March



### Thai

- The University of the Thai Chamber of Commerce reported that Thai consumer confidence index fell to 62.1 in April from March's 63.0, falling for the 2<sup>nd</sup> straight month due to concerns about a global economic slowdown, rising energy prices, and ongoing conflict in the Middle East.
- Thai Industries Sentiment Index fell to 90.3 in April from 92.4 in March, dragged by a slowdown in domestic demand, a drought crisis, and a concern regarding a rise in minimum wage.

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Should you have any queries, please contact Krungsri Asset Management Company Limited

0-2657-5757

krungsriasset.clientservice@krungsri.com

www.krungsriasset.com



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