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Weekly Market Report For : 17 – 21 June 2024



Overview

- S&P 500 index broke 5,500 points, and Nvidia surpassed Microsoft and Apple to become the world's most valuable company.
- The BOE kept its policy rate on hold at 5.25%, while market lower their bets on rate cut in August.
- European shares rebounded as concerns about French politic eased. The snap parliament election set to begin on coming Sunday.
- The PBOC hinted at its policy overhaul, which will allow to trade government bonds in the secondary market, as officials try to boost economy.
- Thailand reported the first trade surplus in 5 months.
- The Ministry of Finance rushed to adjust the conditions of the ThaiESG fund instead of bringing back LTF.



Market Brief

- Last week, S&P500 index hovered above 5,500 points level for the first time ever on mid-week. Though Wall Street's bull market stalled on the last 2 days, the index managed to close 0.6% higher and posting a 3-week win streak, driven by AI stocks.
- Nvidia became the world's most valuable company, surpassing Microsoft and Apple. The shares surged 180% YTD and more than tripled in value over the past year.
- Analysts have lifted their price targets for TSMC to be in-line with Nvidia, citing surging AI-related demand. JP Morgan expected AI to contribute 35% of total TSMC's sales by 2028.
- Citigroup raised S&P 500 index target to 5,600 from 5,100 previously, thanks to continue strength in the so-called Magnificent 7 stocks and it expected other companies will show earnings growth too.
- U.S. reported mixed economic data i.e. consumption weakened while manufacturing and services activities continued to expand.
 - May's retail sales edged up 0.1% m/m and grew 2.3% y/y, slowing down from the previous month and below market estimates of 0.3% m/m and 2.8% y/y growth.
 - Industrial production grew 0.9% m/m and increased 0.4% y/y, beating market's expectations.
 - Both manufacturing and service PMIs continued to point to an expansion in manufacturing and service activities, and reflecting strong economic growth.
- The BOE maintained its policy rate at 5.25% as expected, even though inflation has returned to its target level of 2%. Market raised expectations that the Bank will cut rate in August's meeting as trend of inflation is going downward and job market becomes more balanced.
- European shares rebounded after political risks in France eased, as French far-right leader Marine Le Pen said she will not seek President Emmanuel Macron's resignation if her party triumphs in the snap parliamentary election set to begin on June 30.
- The PBOC set to overhaul its monetary tools which should be the biggest upgrading since 2014. The authority may start trading government bonds in the secondary markets to inject money to aid the economy.
- The PBOC will consider moving to using a single short-term rate to guide markets. Additionally, it is also considering narrowing the interest rate corridor within which market rates are allowed to fluctuate.
- China reported mixed economic data in May. Consumption grew more than expected, while industrial production and fixed asset investment continued to slowdown, especially investment in property sector, which dropped sharply. Moreover, new house prices and existing house prices continued falling.
- The PBOC kept its 1-year and 5-year loan prime rate (LPR) unchanged. The central signaled that there is more room to ease monetary policy. Investors have been waiting for some guidelines from China Politburo meeting which will be held in early July.
- SET index fell below 1,300 points to hit its lowest level in more than 5 years, mainly due to concerns about domestic political turmoil. The index rebounded on the last trading day of the week.
- Thailand's exports grew by 7.2% to USD26.219 billion in May, the highest exports value in 14 months. The trade account showed a surplus for the first time in 5 months and exports grew for the second straight month as exports of agricultural and agro-industrial products increased by 19.4%. For the first 5 months, exports expanded by 2.6%.
- The Ministry of Finance has been planning to adjust rules and regulations of Thai ESG fund instead of bringing back LTF. The investment amount will be raised to not exceed THB300,000 and holding period will be trimmed to 7 years, applied for year 2024 – 2026. All details will be followed.

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0-2657-5757

krungsriasset.clientservice@krungsri.com

www.krungsriasset.com



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