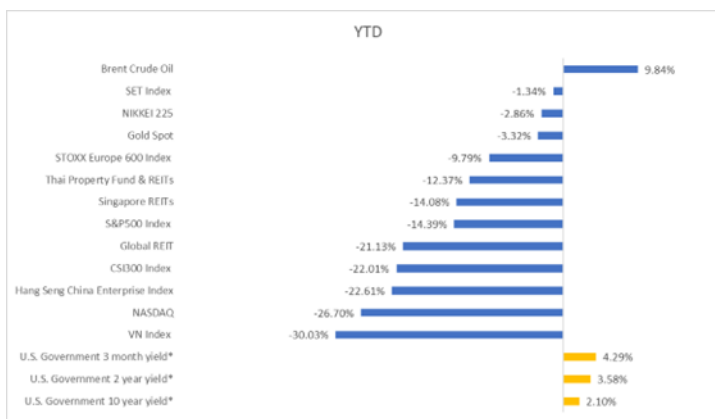
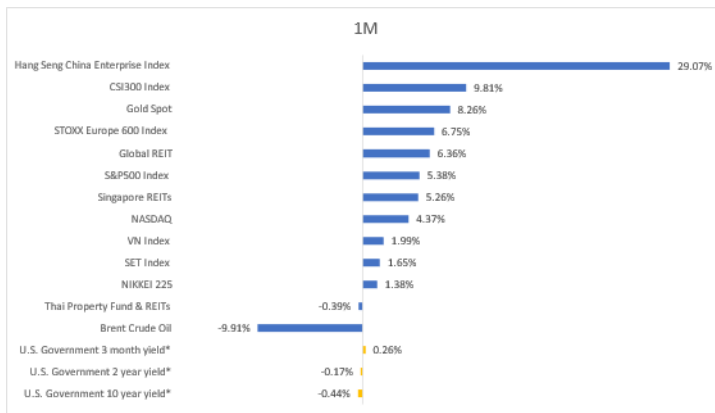


Global Markets Performance in November 2022



Note*: This shows the change in yield not price return.

Source: Bloomberg as of 30 November 2022



Market Review for November 2022

Market sentiment for stock markets improved in November after the US announced CPI for October 2022 increasing less than the previous month and Fed minutes indicated most officials supported slower interest rate hikes. Furthermore, overall S&P500 earnings in the third quarter of 2022 grew slightly in line with market expectations. Similarly, European Stocks (STOXX 600 Index) increased as earnings results were better-than-expected, led by energy sector and utilities sector. However, manufacturing and service PMI in the US and EU remained in contraction territory while CPI in U.K. and EU continued to rise.

Emerging market and Asia markets, mainly China and Hong Kong stock markets, rose drastically because of strong earnings reports of the big companies in the third quarter of 2022, Chinese

government's policies supporting a recovery of the property market, easing monetary policies such as cutting RRR (reserve requirement ratio) to keep liquidity reasonably sufficient and an investors' expectations to lift most severe Covid rules and reopen its border. Meanwhile, oil prices dropped due to a concern over weakness of European and Asia demand in the foreseeable future.

US Stock Market : S&P500 Index increased 5.4% in November but dropped -14.4% year to date (YTD). The market continued its recovery from October due to less inflationary pressure and a possibly less tight monetary policy of the Fed. US consumer-price index increased 7.7% in October YoY, down from 8.2% in September and below consensus expectations at 8.0% and US core inflation climbed 6.3% in October YoY, less than what markets expected at 6.5% and down from 6.6% in September, which was the biggest increase since August 1982 due to a decrease in prices for used cars and trucks, airline fares and health insurance premiums. These has raised the market's hope that US inflation had peaked, bringing about the Fed's less hawkish stance. Moreover, Fed minutes also illustrated that most officials supported slowing rate rises and suggested a rate rise of 0.5% at their meeting in December, after deciding to increase interest rates by 0.75% at the beginning of November. However, they projected that the terminal rate at 4.6% they forecasted in the meeting in September should be higher due to the stubbornly high inflation and the strong labor market. Macro data continued to show a resilient US economy such as retail sales which were better than expected, with growth of 1.3% MoM and the unemployment rate rising slightly to 3.7% in October but remaining in the low level.

European stock market : STOXX Europe 600 Index increased 6.8% in November but dropped -9.8% YTD. The stock market kept recovering due to the Fed's less hawkish stance and strong earning Q322 better than expected despite the fact that eurozone CPI stayed high. The October eurozone CPI went up 10.6% YoY, reaching a new high because of a rise in food prices and energy costs and some members within the Governing Council still emphasized the potential risk of high inflation. However, the preliminary Eurozone CPI for November also indicated a slight

easing in inflation down to 10% YoY. Regarding energy crisis in Europe, the risk of running out of gas has dropped recently because the temperature has been relatively mild, and its gas storage was at 93% of capacity at the end of November. Meanwhile, the eurozone composite PMI increased slightly to 47.8 from 47.3 in October and the consumer confidence in the Euro Area improved slightly by rising by 3.6 points to -23.9 in November.

China stock market: The CSI 300 Index and the Hang Seng China Enterprises Index rose 9.81% and 29.07% respectively in November but decreased 22.01%, and 22.61% in the order given YTD. Last month, China stock market soared thanks to stimulus measures of the People's Bank of China (PBOC) and the government, helping support China's economic recovery. Recently, the PBOC cut Reserve Requirement Ratio (RRR) by 25 basis points (bps) for all financial institutions and Chinese state lenders extended credit lines into the property developers to provide liquidity for the companies facing such a problem. Regarding easing Covid rules in the attempt to reopen its country, China shortened the quarantine period for inbound travelers to 5+3 (5 days of quarantine in a hotel + 3 days at home) from 7+3, and reduced the number of pre-departure PCR tests required to one from two. It also scrapped the system of suspending flights from an airline if it carried a passenger who tested positive on arrival. Besides, major cities in China such as Beijing, Shanghai, Guangzhou started to ease COVID restrictions so that people are allowed to live a normal life. In sum, these are the good signals for China to reopen next year

Thai stock market: SET Index increased +1.65% in November 2022 but dropped -1.34% YTD. The lower pick up of the Thai stock market compared to the overall global stock markets should be because of its worse-than-expected earnings in the third quarter of 2022. However, the market was supported by foreign investors having a net buy position continuously. Meanwhile, Thai economy has been recovering in the third quarter of 2022. Office of the National Economic and Social Development Council (NESDC) reported Thailand GDP in the third quarter of 2022 increasing 4% YoY slightly higher than what markets expected, while Thailand

inflation in October 2022 rose 5.98% YoY but at a slower pace for the second month.

Vietnam Stock Market: VN Index rose 1.99% in November 2022 but dropped -30.03% YTD. The market recovered in the month after State Bank of Vietnam (SBV), Ministry of Finance and State Securities Commission of Vietnam (SSCV) planned to solve problems about a property sector and a corporate debt market including raising credit quota by 2% to provide sufficient liquidity for financial markets and proposing to amend Decree 65. Furthermore, Hochiminh Stock Exchange (VNX) becoming a member of World Federation of Exchanges helped reduce a concern in that mutual funds in Thailand can invest in Vietnam funds or ETF as usual, according to the rule of SEC. Regards to economic data in November 2022, manufacturing PMI slightly dropped but remained above 50 for 13 months in a row, while inflation in October 2022 rose to 4.3% YoY, accelerating from September.

Fixed Income/Bonds : US 10-year treasury yield at the end of November 2022 decreased to about 3.6% from 4.0% after the U.S. inflation for October was below consensus expectations and the Fed's less hawkish stance resulting in a decrease in Thailand 10Y Bond Yield. Thailand 10-year bond yield dropped to 2.6% while Bank of Thailand (BoT) raised its key interest rate by 0.25% at the end of November in an attempt to contain above target inflation, but indicated that gradual rate hikes remained appropriate to support the economic recovery

Alternative Assets

REITs: The Global REITs index and the Singapore REITs index rose 6.36% and 5.26%, respectively in November following a rally on global stock market after Fed signals slowdown in rate hike. While the Thai Property Fund & REITs slightly dropped 0.39% following the SET index which increased less than global stock markets. However, YTD of among REIT markets remained negative due to continuous interest rate hikes by major central banks. As a result, the yield spread which is difference between government bond interest rate dividend narrowed.

Gold: The spot gold price increased 8.26% in November but declined 3.32% in YTD. Last month, gold price rose on weakening dollar and a drop in bond yield as Fed Chair Jerome Powell's signal that the Fed will slow the pace of interest rate increases that plan to start it in next meeting on 14 December 2022. However, geopolitical uncertainties and global recession fears tend to support gold price as safe heaven.



Market Outlook for December 2022

Moving into December, we still prefer Emerging Markets and Asia Markets to Developed Market, especially China/Hongkong market due to China reopening hope, China's more accommodative monetary policy, and the attractive valuation. Moreover, investors should keep an eye on US inflation data in November. If the inflation still increased in slower pace, this will be a positive catalyst for US/global stock markets including Emerging Markets (due to dollar index contraction – lower chances of foreign exchange loss for investment in Emerging Markets). Vietnam stock market, classified in Frontier market, has good developments from government's possibility to provide liquidity in order to help businesses together with attractive valuation. Currently, the US 10-year Treasury yield decline to 3.5-3.6% that reached 4.2% in early November. We expect the volatility of Fed interest rate hikes remain; inflation may not drop significantly as well as Fed signaled terminal rates higher than previously expected so risk-adjusted return of fixed income is not attractive compared to equity/stock in our perspective.



Investment Strategy and Recommendation

In terms of foreign investment, we have gradually increased the weight of high-growth stocks after Fed signaled slower pace of interest rate hikes and US inflation slowed. The US stock market, accounted for 60% of MSCI ACWI index, performed worse than other markets in November because many large cap stocks

declined due to a shortage of raw materials from Russian sanctions and China's lockdown. However, in the long run, US stock markets still have potential in technology leader and strong labor market.

On China stock market, there are positive progresses on both relaxing its zero-COVID policy and economic decoupling. These also lead Asia stock market to be more attractive. Furthermore, China has much less inflationary pressure than western countries, strong domestic consumption, and more demand in yuan currency from trade partners, these make China having advantage over other countries. We expect Chinese economy may be larger than US in the next few years, lead China higher bargaining power. Therefore, increasing the weight of Chinese stocks and Asia during stock market recovery will benefit portfolio.

On Europe stock markets, although it faces a high risk of recession, its valuation is very attractive. As a result, Europe rebound last month. We suggest that the weight of European stocks should not be greatly reduced.

Thai stock market continue to rise lower than global market because reopening factor has already priced in. Next year, the positive catalysts for Thai stock market should be election, recovery in tourism and benefit from China reopening. However, export data tend to be disappointing from global economic slowdown due to Fed's interest rate hike. Furthermore, Thailand is old economy with fewer working people, more elderly people, GDP growth will be affected in the long term. So, we tend to decrease Thai stock market during the recovery of global stock market.

Note:

- Manufacturing and service PMI is Purchasing managers' indexes are economic indicators derived from monthly surveys of private sector companies for either manufacturing or service sector
- CPI is a consumer price index is a price index, the price of a weighted average market basket of consumer goods and services purchased by households (also known as inflation)

- **RRR (reserve requirement ratio)** is the portion of reservable liabilities that commercial banks must hold onto, rather than lend out or invest (term used for China's central bank, the PBoC)
- **The Fed minutes** are a detailed record of the Federal Open Market Committee (FOMC) meetings and are released three weeks after every meeting
- **Terminal rate** is the peak spot rate where the federal funds rate is expected to climb before they are trimmed back
- **YTD** refers to a period of time beginning the first day of the current calendar year or fiscal year up to the current date (to the end of month of our monthly report)
- **YoY** stands for year-over-year, which is a way of measuring how a number has changed compared to the same period a year earlier

- **MoM** stands for month-over-month, which is a way of measuring how a number has changed compared to the month earlier.
- **Fed** stands for Federal Reserve, US central bank.
- **ECB** stands for European Central Bank
- **The eurozone composite PMI** is the Index tracks business trends across both the manufacturing and service sectors
- **Zero-Covid policy** refers to policies attempting to prevent community spread of the coronavirus as soon as possible in China
- **Basis point** is one hundredth of 1 percentage point
- **REIT** stands for Real Estate Investment Trusts

Source: Investopedia, Wikipedia

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Investors should understand product characteristics (mutual funds) / Past performance of the fund is not a guarantee for future performance

