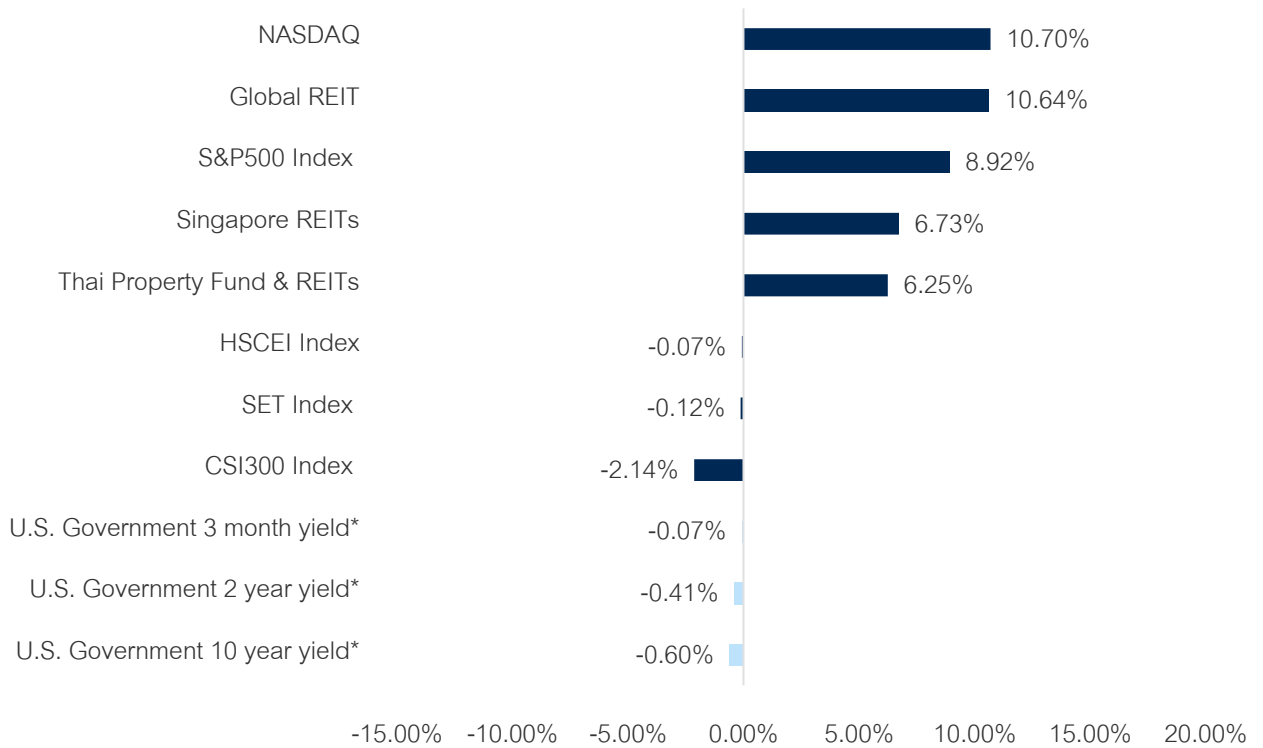
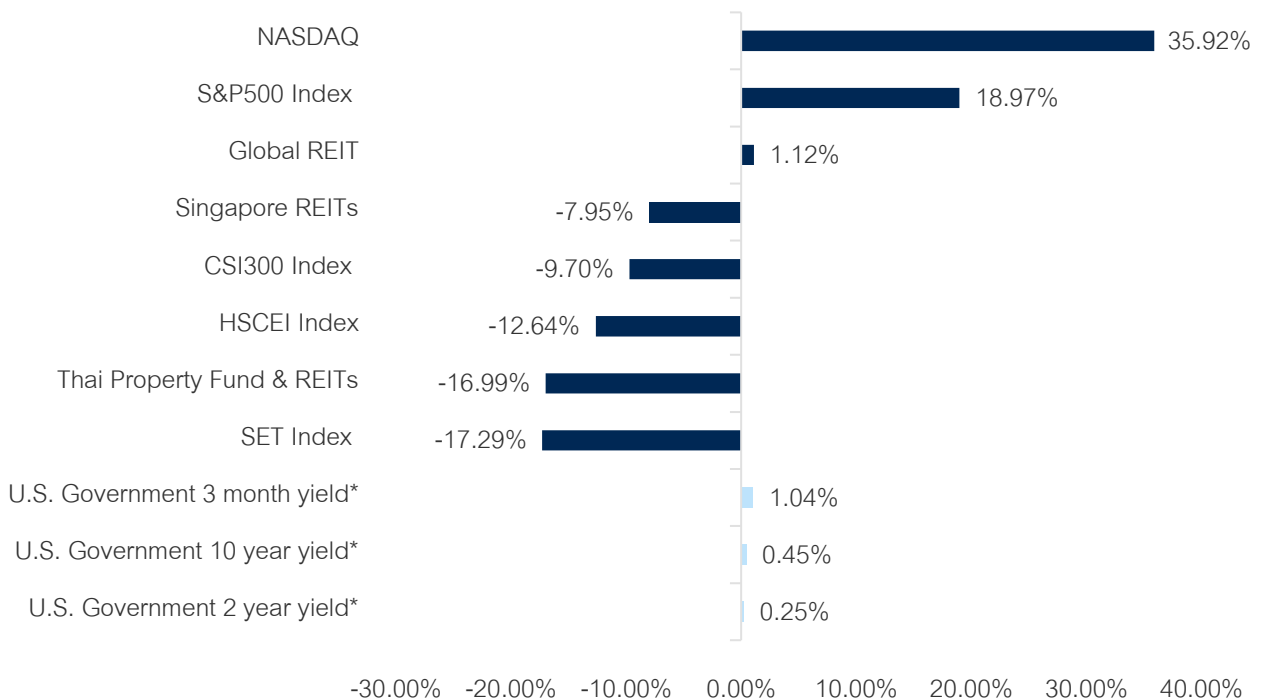


## Market Outlook

1-month return



YTD (Jan – Nov 23) return



\*Information illustrated percentage of bond yield change not return.  
 Source : Bloomberg, data as of 30 Nov 2023

In November, main stock markets rose drastically, led by Nasdaq Index, a representative of technology stocks in the US. The main reason is the Fed's stance has been less hawkish after lower-than-expected US inflation for October reported and the labor market has been cooled. As a result, the market expects that US interest rates have reached the peak already and tends to drop by 0.25% in the first half of the next year. This resulted in the outperformance of fixed income market. The US 10Y treasury yield decreased to 4.32% at the end of November. Besides, REITs also benefited from such a positive catalyst.

**Fixed income :** The US 10-year government bond yield dropped significantly by 0.60% in November thanks to lower-than-expected US inflation in October and less hawkish stance of the Fed, originated from the result of the latest Fed meeting and Fed officials' comments. Meanwhile, Thai government bond yield also decreased, aligned with the drop in US government bond yield. Foreign investors held net buy positions of Thai bond market in November, suggesting a bright outlook and Monetary Policy Committee (MPC) decided to retain the policy interest rate at 2.5% and indicated the overall Thailand's economy is in a recovery pace and inflation is in an appropriate level.

**Equity :** the U.S. stock market rose significantly by 8.92% as US inflation in October increased less than markets' expectation, resulting in a tendency of the Fed's pause in raising interest rates and the strong market sentiment throughout the month. The Fed in November kept its rates unchanged in 5.25% - 5.50% range as expected and Jerome Powell signaled that the Fed may finish increasing the rates for the time being, but the sufficiently restrictive monetary policy is necessary to bring inflation down to 2% over time. Meanwhile, European stock markets also increased dramatically by 6.45% in November. Besides benefiting from the above-mentioned the Fed's stance, important economic data tends to be stronger such as Euro Area Composite PMI rose to 47.1 more than markets' expectation of 46.9 and that in October of 46.5, suggesting European economy might have passed the worst. Furthermore, Eurozone inflation has dropped continuously to 2.9% in October and core inflation reduced to 4.2%. Consequently, ECB is expected to keep holding the interest rates for the next meeting.

**Property Fund & REITs :** Global, Singapore and Thai REITs Index increased significantly by 10.64%, 6.73% and 6.25% respectively because the market predicts the Fed's rate hikes is done and 0.25% cut possibly happens in the first half of the next year. Based on historical data, REITs tends to outperform after the US 10-year bond yield have reached the peak already.

## Asset Allocation Outlook

	UW	Slightly UW	Neutral	Slightly OW	OW
<b>Thai Fixed Income</b>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
• Short-term	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
• Medium-term	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
<b>Equities</b>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Global	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
• Thai	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>REITs</b>	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

### Viewpoints reflect a 12-month horizon

indicates a change in preference from the previous month (light blue ) to the current month (dark blue )

### Description of Asset Allocation Outlook table

- OW or Overweight : Allocate asset more than its benchmark
- Slightly OW or Slightly Overweight : Allocate asset slightly more than its benchmark
- Neutral : Allocate asset equal to its benchmark
- Slightly UW or Slightly Underweight : Allocate asset slightly less than its benchmark
- UW or Underweight : Allocate asset less than its benchmark

Our **fixed income** positioning is slightly overweight, focusing on investment grade (IG) with the good quality thanks to a high level of 10Y US treasury yield, while our **equities** positioning is neutral as recession is likely to happen in the first half of 2024, but equities tends to benefit from a peak in US interest rates. **REITs** shifts to neutral thanks to the fact that the Fed hikes have peaked and there will be a chance for the Fed to cut its rates in the first half of next year.

**Caution:** Principal Asset Allocation Plan is a service providing advice on allocating investment portfolios by diversifying investment into various financial assets according to investor's investment risk tolerance. Advisement is considered on market conditions to create or adjust balance portfolio, which will be monthly evaluated and adjusted investment mix or portfolio to ensure that the portfolio is well-diversified and consistent with investment outlooks. Due to market price changing from market conditions, the proportion of each asset may deviate from appropriate allocation. This may cause the portfolio to be at higher or lower risk than it should be. Principal Asset Allocation Plan is only advice from Principal Asset Management and investors may not receive return as expected. Investors should make sure that understand about basic investment allocation, recommended by SE C. / Investors should understand product characteristics (mutual funds), conditions of return and risk before making an investment decision.

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