

Outlook 27 Sep – 1 Oct 2021

Smart Weekly Update

Presented by : Bodin Buddhain CISA I,CFP / Investment Strategy Manager
Investment Strategy Team : Nonnalin Thungsoonthorn / Investment Strategy Assistant Manager
: Wasawat Borwornsarepatai / Investment Strategy Manager

Highlight of the Week

- ▶ Canadian courts released Meng Wanzhou, the CFO of Huawei, to freedom ending a 3-year detention.
- ▶ China's central bank declares crypto trading, mining, digital tokens, and digital currency derivatives to be illegal, putting pressure on digital assets.
- ▶ China's central bank injected 70 billion Yuan into the financial markets on Friday, bringing the total size injected over the past 5 days to 460 billion Yuan to raise liquidity in the system.
- ▶ Evergrande has not commented on a past-due \$83 million interest payment. Furthermore, an addition \$47.5 million interest payment is scheduled for 29 September. The company has a 30-day grace period after date of payment before being declared default.
- ▶ The US Chamber of Commerce and PwC survey of 338 companies revealed 78% had a positive outlook on the economy over the next 5 years; the figure improved 20% from survey results in 2020 and now matches the 2019 level.
- ▶ Jerome Powell believes Evergrande will not impact the US economy. Congress was advised to raise the debt ceiling. The Fed Chairman lowered forecasts for US GDP growth to 4.9%, from 7.0%, while adjusting the inflation ceiling to 4.2%, from 3.4% estimated in June. No new insights given on QE tapering.

Market	Last Trade	1 Week	YTD
SET Index	1,631.15	0.34%	12.54%
SHANGHAI	3,613.07	-0.02%	4.03%
HANG SENG	24,192.16	-2.92%	-11.16%
NIKKEI 225	29,639.40	-2.82%	8.00%
STOXX Europe 600	463.29	0.31%	16.10%
S&P 500	4,455.48	0.51%	18.62%
MSCI WORLD	3,103.53	0.22%	15.37%
Alternative	Last Trade	1 Week	YTD
Thai REIT	171.05	-0.15%	-1.41%
Singapore REIT	864.63	0.17%	1.51%
Asia ex-Jap REIT	5,049.90	-0.53%	-0.60%
Global REIT	1,981.42	-0.92%	17.97%
Crude Oil (WTI)	73.98	2.79%	52.47%
Gold (Comex)	1,749.70	0.02%	-7.67%
Currency	Last Trade	1 Week	YTD
USD/THB	33.25	0.07%	11.00%
USD/JPY	110.73	0.73%	7.24%

Worldwide Watch

- ▶ The upper graph on the right of CBOE China ETF Volatility illustrates the volatility of China stocks since the beginning of this year. Volatility surged over the past 2 weeks as overall market sentiment was hurt by Evergrande. The spike in May showed markets shaken by the Chinese government's regulatory tightening. High volatility increases the risk for short-term investments.
- ▶ The lower graph on the right displays Bloomberg Analyst Consensus forecasts of several China equity indices over the next 12 months, showing an upside of 30-47% which is substantial since current valuations have fallen to very low levels. Despite downward earnings revisions, equities in China have discounted much of the negative factors. Medium/long-term upside looks attractive.



Ticker	12M %Upside	12M P/E	Est LTG EPS Agg
SSE S&T Innovation Board 50	38.28%	48.3	
CSI 300 INDEX	30.99%	13.6	27.2
HANG SENG INDEX	40.86%	11.2	8.0
MSCI CHINA	47.58%	12.9	3.7
CSI 300 CONS DISCRE INDX	42.40%	17.9	14.5
HANG SENG CHINA ENT INDX	47.09%	9.1	7.4
HSTECH	47.43%	32.8	10.0

Outlook 27 Sep – 1 Oct 2021

Smart Weekly Update

Presented by : **Bodin Buddhain CISA I,CFP / Investment Strategy Manager**
Investment Strategy Team : **Nonnalin Thungsoonthorn / Investment Strategy Assistant Manager**
: **Wasawat Borwornsarepatai / Investment Strategy Manager**

[Market Sentiment]

- The Fear & Greed Index closed at 32, considered the Fear Zone, as markets grew increasingly Risk-Off compared to the prior week which closed at 34, dipping as low as 21 (Extreme Fear) during the week. Increased volatility and concerns stemmed from heavy selling at the beginning of the previous week as Fed Chairman Jerome Powell's commented that economic growth forecasts may be revised downwards while no additional information about the timeline on QE tapering was revealed. The latest Fed-Dot Plot which illustrates expectations for the first rate hike to start in 2022 shows that rate-hike versus un-change has tilted from 7:11 previously to 9:9 now. This means increased likelihood of a rate hike next year compared to the last Fed-Dot Plot. Nevertheless, the excessive liquidity present in the system helped markets recover despite risks, as investors accumulated stocks when prices softened. Keep an eye on how the \$3.5 trillion budget talks will unfold, as well as project details and progress on the debt ceiling. On the Evergrande situation, while still unable to service its USD-denominated debts, the company's total debt equivalent to about 2% of China's present GDP is still below Lehman Brothers' debt crisis in 2008 which was 4% of US GDP. Furthermore, the 2008 crisis rippled to a huge variety of debt instruments tied to the Lehman debt, causing losses to spread widely to possibly as much as 4x the US GDP at that time. Bloomberg Economist views that while Evergrande will need time to resolve its debt problem and liquidate assets, damage will be more well-contained than the Lehman debt crisis due to the lower complexity and repercussions on the global economy. Use this opportunity to accumulate.
- **Global equities:** Investors advised to accumulate when markets dip for 2-3 days. Increase investments in **TMBGQG, TMBGCG, T-Premium Brand, T Global ESG, T Global Value** and **TMB US Bluechip** as these are all weather funds which can be added at all times to serve as core holdings.
- **China Equities:** Watch upcoming manufacturing and services PMI data and whether/how the Chinese government will step in to assist Evergrande, or what responses are in place to deal with aftershocks if no assistance is given. Chinese equities and fixed income will face high short term risks and volatility. But the Chinese government can still dip into its vast reserves should the problem worsen significantly. Wait & See strategy advised. **TMBCOF, TMB-ES-China-A** and **TMB-ES-Startech** for short-term; valuations also attractive to set aside weightings for longer investment horizons of 1 year or more if add when prices soften.
- **SET Index** closed at 1,631 up 0.34%. Siam Commercial Bank's business restructuring breaks the traditional bank mold to unlock tremendous potential, thus positively boosting sentiment for the sector last week. Add Thai large caps at the 1,600 level. Advised to add **T-SM Cap** on weaknesses in the FTSE Mid Small.
- **[Property Fund/REITs/Alternative Investment]**
- **Thai property fund** prices declined -0.15%. Declining infection numbers and easing of lockdown measures should be positive for property fund prices (capital gains) going forwards. Dividend Yield Gap very attractive compared to foreign REITs; valuations are undemanding and only awaiting return of fund inflows ahead. Accumulate **TMBPIPF, TProplnraFlex**.
- **Singapore property fund** prices gained 0.17%. Singapore now has one of the highest vaccination rates worldwide with 82% of the population already receiving 2 shots.
- **Gold** prices held steady despite market's increased Risk-Off tendencies. Gold closed at 1,749 \$/oz. Prices may rise further in the short term, but long term upside is limited.
- **Oil** closed at 74 \$/B, underpinned by output problems in the Gulf of Mexico coupled with rising demand.

What to Watch This Week

Monday	Tuesday	Wednesday	Thursday	Friday
<ul style="list-style-type: none"> • US durable goods orders • Bank of Japan monetary policy report 	<ul style="list-style-type: none"> • US and Germany consumer confidence indices • US housing price index • Japan retail sales 	<ul style="list-style-type: none"> • Europe consumer confidence index, industrial confidence index, business confidence index • Japan industrial output 	<ul style="list-style-type: none"> • China manufacturing and services PMI • US initial jobless claims • US and Europe inflation • US and UK GDP data 	<ul style="list-style-type: none"> • Germany retail sales • US, Germany and UK manufacturing PMI data • US ISM index

DISCLAIMER

The following funds hedge against all, or almost all, of their foreign exchange risk.

- **TMBAM** : TMB European Growth
- **TFUND** : TGoldRMF-H, TGoldBullion-H

The following funds hedge against foreign exchange risk at the discretion of fund managers.

- **TMBAM** : Global Quality Growth, Global Capital Growth, Global Innovation, US500, US Blue Chip, German EQ, Japan EQ, Japan Active, Asia Active, EM EQ Index, Emerging Active Equity, China Opportunity, China A Active, India Active Equity, Global Bond, Global Income, Global Smart Bond, Asian Bond, Emerging Bond, Global Property, Global Infrastructure Equity, Asia Pacific Property Flexible, Property Income Plus, Income Allocation ,Gold Singapore
- **TFUND** : T-TSARN, TMB-T-ES-Dplus, TMB-T-ES-Iplus, T-TSB, T-CSD, T-Mixed7030, T-MultiIncome, T-STSD, T-NFPLUS, T-PPSD, T-Property, T-PropInfraFlex, T-GlobalBondRMF, T-GlobalEQRMF, T-Healthcare, T-HealthcareRMF, T-LTFD, T-NERMF, T-NFRMF, T-NGRMF, T-NMIXRMF, T-PropertyRMF, T-AsianProp, T-IncomePropAI, T-CHChallenge#1, T-EuropeEQ, T-GlobalEnergy, T-GlobalEQ, T-GlobalESG, T-GlobalValue, T-INFRA, T-JapanEQ, T-JPChallenge1, T-PREMIUM BRAND, T-GlobalBond, T-INCOMEAI, T-MAP, T-ES-GSBOND, T-ES-Gtech, T-ES-CHINA A, T-ES-GCG, T-ES-GF, T-ES-GINNO, TMB-T-ES-Aplus, T-ES-GGREEN, T-ES-ChinaA-RMF, T-ES-ChinaA-SSF, T-ES-GTech-SSF, T-ES-GCG-SSF

The following funds do not hedge against any foreign exchange risk.

- **TMBAM** : TMB Gold ,Oil Fund
- **TFUND** : TGoldRMF-UH, TGoldBullion-UH,

Since funds do not hedge against any foreign exchange risk, investors may incur a loss or gain from movement in exchange rates, or have an ending balance that is less than the original sum invested.

The following funds have investment concentration in certain business sectors, hence investors are susceptible to significant loss.

- **TMBAM** : TMB Global Property , TMB Asia Pacific Property Flexible , TMB-ES Property and Infrastructure Income Plus Flexible
- **TFUND** : T-Property, T-PropInfraFlex, T-Healthcare, T-HealthcareRMF, T-PropertyRMF, T-AsianProp, T-IncomePropAI, T-GlobalEnergy, T-INFRA, T-ES-Gtech, T-ES-GGREEN, T-ES-GTech-SSF

Investors in TMB SET50, TMB JUMBO 25, TMB Thai Equity CG, TMB Thai Mid Small Minimum Variance should possess a Suitability Score of 4 or higher, and able to accept the risk of loss of invested capital by investing in equities in exchange for the prospects of earning a higher financial return than general fixed income investments. Furthermore, the investor aims to achieve the performance of the SET50 Index, SET Total Return Index (for TMB Thai Equity CG) or FTSE Thailand Mid/Small Cap Total Return Index (for TMB Thai Mid Small Minimum Variance). These funds are not suitable for investors who need to withdraw money for use in the near future, or investors who cannot accept loss of invested capital by investing in equities.

- Investors should carefully review the information provided in each fund's prospectus and other information on the www.tmbameastspring.com website before making an investment decision.
- Investors may obtain a fund prospectus from TMBAM or officially appointed selling agents.
- Investors should carefully review the information provided in each fund's prospectus and other information on the www.thanachartfundeastspring.com website before making an investment decision.
- Investors may obtain a fund prospectus from TFUND or officially appointed selling agents.

Fund performance figures shown on this website complies with fund performance measurement standards prescribed by the Association of Investment Management Companies. Note that past performance records do not guarantee future performance.

DISCLAIMER

- Data, analysis and recommendations in this document are based on reputable sources for the purpose of sharing information and views analytically. It is not mainly aimed at soliciting a subscription and/or sale of any investment product mentioned in the document, nor construed as a consultation or advice on any of the company's investment products named or referred to in the document. Furthermore, our staff cannot confirm or endorse that the aforementioned information are complete or accurate. Regardless of circumstances, our staff cannot be held liable for any loss of income or benefits, directly or indirectly, associated with the use of the data, information, views and/or conclusions presented in this document whatsoever.
- Any views presented in this document are personal views of the publishing staff, not the official views of TMBAM, hence TMBAM do not need to agree or be held jointly liable for any matter whatsoever. This document should be used in conjunction with the fund's prospectus.
- An investment is not the same as a cash deposit; it contains investment risk. The investor may have an ending balance that is higher or lower than the original sum invested. Payment settlement for redemptions can take longer than the schedule prescribed, or redemptions orders may not always be successfully executed as ordered.
- Although a money market fund can only invest in low-risk instruments, there is still scope for loss. Investment in a money market fund is not the same as a cash deposit; it contains investment risk. The investor may not necessarily fully recover the entire sum invested.

Familiarize yourself with the product's features, terms and conditions regarding financial returns and risks, before making your investment decision