

# Outlook 23-27 August 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

- ▶ The Chinese Communist Party's new prevailing term, setting the tone for its economic policies seems to be 'transform'. Government economic advisors added that this means faster response, streamlining processes, and longer vision. Furthermore, President Xi is also touting 'common prosperity' as the Communist Party sets its sights on reducing income inequality between the rich and poor.
- ▶ The FOMC meeting confirmed that most committee members favor tapering to start this year. In last month's meeting, many believed the QE budget can be reduced at the end of this year as inflation is now within preferred range and employment is near target. The results of the meeting also showed a majority decision to begin reducing asset purchases this year right away.
- ▶ Malaysia Prime Minister Ismail Sambri Jaakob took a conciliatory stance in his first public address, as he tries to achieve better stability to a country which has had 3 prime ministers in the last 18 months. He also called for Parliamentarians to work together to rehabilitate a nation fatigued from political conflict that has resulted in toppling 2 governments.

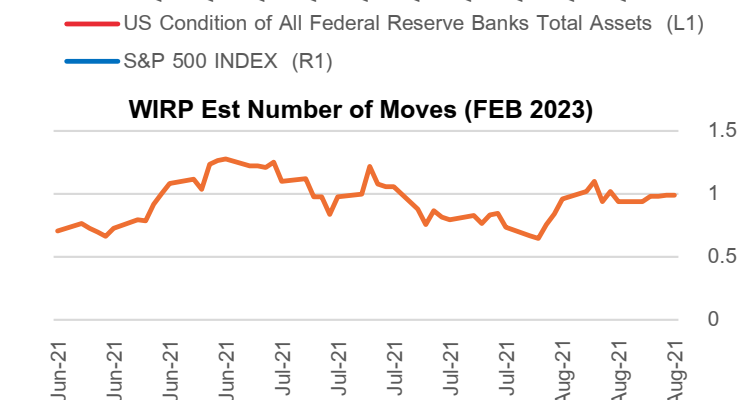
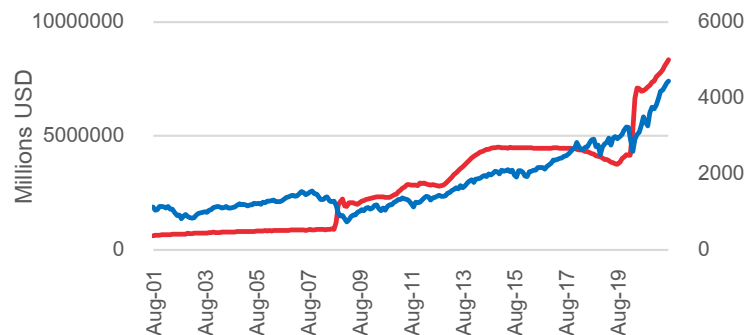
| Market           | 20-Aug    | 1 Week | YTD    |
|------------------|-----------|--------|--------|
| SET Index        | 1,553.18  | 1.63%  | 7.16%  |
| SHANGHAI         | 3,427.33  | -2.53% | -1.32% |
| HANG SENG        | 24,849.72 | -5.84% | -8.75% |
| NIKKEI 225       | 27,585.91 | -1.40% | 0.52%  |
| STOXX Europe 600 | 468.80    | -1.48% | 17.48% |
| S&P 500          | 4,441.67  | -0.59% | 18.25% |
| MSCI WORLD       | 3,080.02  | -1.44% | 14.50% |

| Alternative      | 20-Aug   | 1 Week | YTD    |
|------------------|----------|--------|--------|
| Thai REIT        | 171.68   | 1.49%  | -1.04% |
| Singapore REIT   | 869.20   | -0.85% | 2.05%  |
| Asia ex-Jap REIT | 5,150.99 | -0.92% | 1.39%  |
| Global REIT      | 2,013.72 | -0.89% | 19.89% |
| Crude Oil (WTI)  | 62.32    | -8.94% | 28.44% |
| Gold (Comex)     | 1,781.00 | 0.33%  | -6.02% |

| Currency | 20-Aug | 1 Week | YTD    |
|----------|--------|--------|--------|
| USD/THB  | 33.38  | 0.10%  | 11.44% |
| USD/JPY  | 109.78 | 0.17%  | 6.32%  |

## Worldwide Watch

- ▶ The upper graph on the right comparing the Federal Government's balance sheet (left axis) and S&P 500 (right axis) demonstrates strong correlation between liquidity and equity performance.
- ▶ The lower graph on the right shows number of expectations of a rate increase in February 2023. Markets are expecting the Fed's first move to occur in February 2023 (as the graph approaches 1)
- ▶ Latest FOMC meeting revealed that most committee members advocated cutting the QE budget. Markets will eagerly watch upcoming remarks by Fed Chairman Jerome Powell this Thursday (Thailand time).



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## [ Market Sentiment ]

- The Fear & Greed Index closed at 25 with markets in the Extreme Fear zone; Risk Off tendencies increased compared to the previous week which closed at the 43 level. The VIX Index (a measure of volatility) gained slightly to close at 18.56 points. US 10-year bond yields dropped 1.70 bps over the week to 1.25%, while real yields adjusted for inflation gained 8.67 bps to -1.01%. US equities declined across all indices: S&P500, Dow Jones and NASDAQ dropped -0.55%, -1.01% and -0.70% respectively last week. Almost all S&P500 listed companies exceeded revenue growth expectations by 4.74% and earnings growth expectations by 16.60%, reporting revenue growth of 25.84% and earnings growth of 93.78% respectively, mainly amplified by a low base in Q2 last year (Base Effect) particularly for materials, industrials, and financial sectors. Tech stocks are still showing good growth which should be sustained in the medium to long term as well. Markets are in a long-term uptrend; drawdowns along the way will likely be limited to just -5% to -7%.
- **Global equities:** All eyes will be on Fed's annual economic symposium at Jackson Hole during 26-28 August; Fed Chairman Jerome Powell views on the economy to be presented 27 August at 21.00 hrs Thailand time. Markets expects messages about QE tapering. Global equities will also focus on Q2 2021 corporate earnings announcements with key companies scheduled to report this week: JD.com, Intuit, BestBuy, Medtronic, Autodesk, and Marvell. US Growth and Value stocks expected to report excellent revenue and earnings growth. **TMBGQG, TMBGCG, T-Premium Brand, T Global ESG, T Global Value** and **TMB US Bluechip** still recommended.
- China's economic figures generally continue to show strong long-term growth. The Chinese government has excellent scope to manage risks and balance between short-term growth and long-term growth. Macro fundamentals look solid but large tech stocks face negative regulatory risks. Wait & See strategy advised. **TMBCOF** offers a good short-term investment. Accumulate for the medium to long term. A-Shares looks positive as recovery of consumption translate to growth; accumulate **TMB-ES-China-A**. **TMB-ES-Startech** should directly benefit from government policies without pressure from toughened antitrust laws.
- SET Index closed at 1,553.18 points, up 1.63%; the pandemic will continue to affect domestic plays. The FTSE SET Mid Small Index rose in tandem amidst upward EPS revisions. Opportunities to add **T-SM Cap** on weaknesses in the FTSE M/S.
- **[ Property Fund/REITs/Alternative Investment ]**
- **Thai property fund** prices gained 1.49% as Thai government bond yields narrowed. Nevertheless, sentiment remains depressed by daily COVID infections reaching new highs and prolonging lockdown measures. SETPREIT drawdown stands at -35% from Q3 2019; dividend yields currently 4.43%. Accumulate **TMBPIPF**, **TPropInfraFlex** during market weakness.
- **Singapore property fund** prices weakened by 0.85%; dividend yield 5.10%. Relaxation of COVID measures on schedule
- **Gold** prices gained 0.33% to close at 1,781 \$/oz. Prices may rise further in the short term, but long term upside is limited.
- **Oil** closed at 62.32 \$/B. President Biden urged OPEC Plus to raise output further.

## What to Watch This Week

| Monday  | Tuesday   | Wednesday   | Thursday  | Friday   |
|---|---|---|---|--|
| <ul style="list-style-type: none"> <li>• UK services and manufacturing PMI (July)</li> <li>• US existing home sales (July)</li> </ul> | <ul style="list-style-type: none"> <li>• Germany 2Q/21 quarterly GDP (QoQ)</li> <li>• US new home sales (July)</li> </ul> | <ul style="list-style-type: none"> <li>• US durable goods orders (MoM, July)</li> <li>• US crude inventories</li> </ul> | <ul style="list-style-type: none"> <li>• ECB meeting</li> <li>• US 2Q/21 quarterly GDP (QoQ)</li> <li>• Fed's policy symposium at Jackson Hole</li> </ul> | <ul style="list-style-type: none"> <li>• US PCE Price Index (YoY, July)</li> <li>• US personal spending (MoM, July)</li> </ul> |

## 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](http://www.tmbameastspring.com) website before making an investment decision.
- Investors may obtain a fund prospectus from TMBAM or officially appointed selling agents.
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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.

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