

# Outlook 18 – 22 Oct 2021

# Smart Weekly Update

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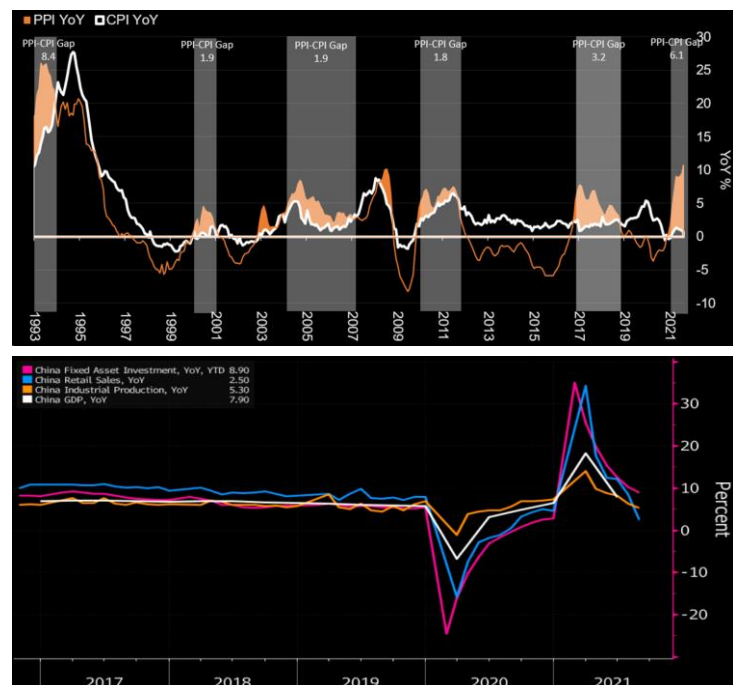
## Highlight of the Week

- The banking sector's earnings results, led by Morgan Stanley, Bank of America, and Citi exceeded expectations. Bank of America and Wells Fargo showed strong credit card spending and better than expected margins. On the investment banking side, Morgan Stanley reported the best quarterly results ever while Goldman Sachs achieved EPS of \$14.93 per share, surpassing forecasts of \$10.14 per share.
- The FOMC meeting for September illustrated that Fed committee members overall agreed that it is time to taper QE starting around mid-November or mid December. Members were also increasingly concerned about inflation.
- It is expected that the Fed would complete QE tapering by mid 2022 by reducing the QE budget by US\$15 billion a month, comprising cuts of \$10 billion to government bonds and \$5 billion to MBS. Forecasts of short-term inflation has been raised, but the Fed remains convinced that the recent rise is a "temporary" surge.

Market	Last Trade	1 Week	YTD
SET Index	1,638.34	-0.1%	13.04%
SHANGHAI	3,572.37	-0.55%	2.86%
HANG SENG	25,330.96	1.99%	-6.98%
NIKKEI 225	28,140.28	0.33%	2.54%
STOXX Europe 600	469.39	2.65%	17.63%
S&P 500	4,471.37	1.82%	19.04%
MSCI WORLD	3,109.47	2.16%	15.59%
Alternative	Last Trade	1 Week	YTD
Thai REIT	175.40	0.78%	1.10%
Singapore REIT	866.73	2.00%	1.76%
Asia ex-Jap REIT	5,122.05	2.40%	0.82%
Global REIT	2,018.83	3.56%	20.19%
Crude Oil (WTI)	82.28	3.69%	69.58%
Gold (Comex)	1,767.20	0.62%	-6.75%
Currency	Last Trade	1 Week	YTD
USD/THB	33.31	-1.61%	11.22%
USD/JPY	114.22	1.76%	10.62%

## Worldwide Watch

- The upper graph on the right shows the PPI-CPI gap in China that has now expanded to the widest level in 20 years at 6.1%. PPI surged as energy prices shot up and demand recovered sharply. However, CPI did not follow suit as manufacturers were unable to pass on the added costs into prices of finished goods amidst high competition in the marketplace.
- The lower graph on the right show key China economic indicators, led by investments in fixed assets, retail sales, industrial production, and GDP on a quarterly basis. Bloomberg forecasts that China's Q3 GDP growth will soften to 5.2% YoY, following 7.9% YoY achieved in Q2.



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## [ Market Sentiment ]

- The Fear & Greed Index closed at 51, considered the Neutral Zone with Risk-On appetite rising from the prior week's level of 34 as US corporate earnings for Q3 21 were released led by strong earnings announcements by banks. Markets are also underpinned by excessive liquidity which helped indices recover as buying support whenever prices dip. Keep an eye on how the \$3.5 trillion budget spending negotiations will eventually conclude, how details of projects will turn out, and how the debt ceiling will be handled going forwards. Also monitor Q3 21 corporate earnings results; due out this week are Netflix, J&J, Tesla, ASML, P&G and IBM. 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 across 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 economists view 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 on market weaknesses. Add 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 invested at all times as core holdings.
- **China Equities:** Manufacturers' PMI data contracted for the first time since February 2020 as a consequence of power shortages nationwide. Short term risks and volatility for both China equities and fixed income remain high. In addition, the US may resume trade wars with China again after China's inability to import the amount agreed in Phase 1 of their trade agreement. Nevertheless, the Chinese government can tap vast reserves should the problem worsen significantly. President Biden and President Xi Jinping are scheduled to meet later this year. 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.
- Look for opportunities to add Thai large cap stocks when the market hits the 1,600 level. Add **T-SM Cap** on weaknesses in the FTSE Mid Small.
- **[ Property Fund/REITs/Alternative Investment ]**
- **Thai property fund** prices gained 0.78% over the past week. Improving 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 factors to attract fund inflows. Accumulate **TMBPIPE**, **TPropInfraFlex**.
- **Singapore property fund** prices gained 2.00%. COVID-19 infections must be closely monitored following the recent surge. Border re-opening plans may need to be postponed.
- **Gold** closed at 1,767 \$/oz. Prices may rise further in the short term, but long term upside is limited because real yields are trending upwards.
- **Oil** closed at 82.28 \$/B, underpinned by rising demand as the winter season approaches and supplies are constrained.

## What to Watch This Week

Monday	Tuesday	Wednesday	Thursday	Friday
<ul style="list-style-type: none"> <li>• China GDP (YoY) (Q3)</li> <li>• China industrial output (YoY) (Sep)</li> </ul>	<ul style="list-style-type: none"> <li>• Bank of England Governor Bailey's speech</li> <li>• New building permits (US) (Sep)</li> </ul>	<ul style="list-style-type: none"> <li>• PBOC prime rate (YoY) (Sep)</li> <li>• Eurozone inflation (CPI) (YoY) (Sep)</li> </ul>	<ul style="list-style-type: none"> <li>• US initial jobless claims (Sep)</li> <li>• US existing home sales (Sep)</li> </ul>	<ul style="list-style-type: none"> <li>• Germany manufacturer's (Oct)</li> <li>• UK retail sales (MoM) (Sep)</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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- 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.

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