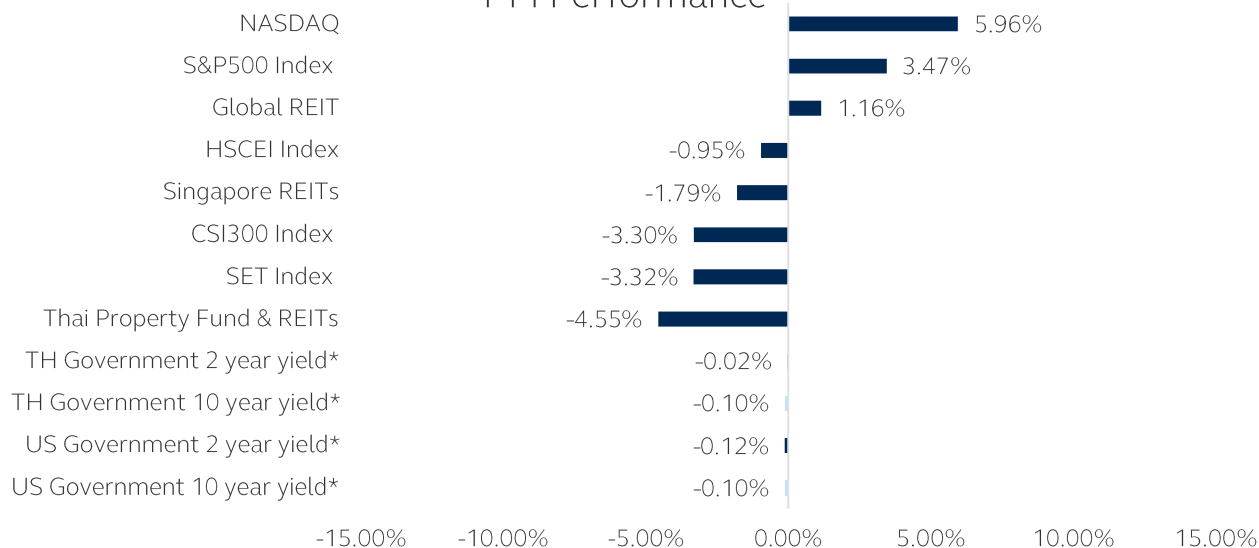
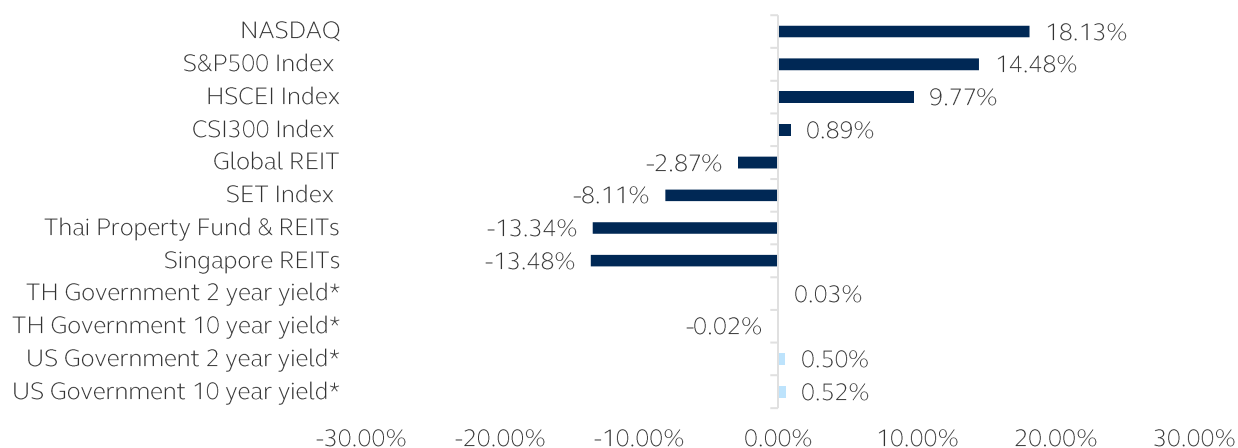


Market outlook

1-M Performance



YTD Performance



\*Information illustrated percentage of bond yield change not return.

Source : Bloomberg, data as of 30 June 2024

Overall global stock markets increased for the second month consecutively, led by US stock market after the Fed signaled 1 – 2 cuts are on the table this year and US inflation dropped for the second month in a row. However, EU stock market declined -1.3% as political uncertainties have increased after right-wing parties triumph in EU vote in the beginning of June 2024. China stock market also dropped because of worse-than-expected economic data and first foreign outflow happening since January 2024. Korea stock market rose drastically by 6.1% thanks to a high demand for semiconductors and an advance of AI (Artificial Intelligence) helping boost the revenues of semiconductor companies. Regarding fixed income market, US and TH government yield declined, aligned with what the Fed indicated in the June meeting and slower-than-expected US inflation.

**Fixed income** : US 10- and 2-year bond yield dropped as the Fed pointed out that 1 – 2 cuts are still on the table in the latest meeting especially in Dot Plot. Besides, Jerome Powell indicated during an interview that slower-than-expected US inflation in May was not normally considered in this meeting, showing that the opinion of Fed officials did not take the latest inflation into account. Moreover, TH bond yield also decreased, aligned with what happened in the US

**Global stock markets** : The U.S. stock markets in June continued soaring. S&P 500 Index rose by 3.5% and NASDAQ Index increased by 6.0% driven by the Fed signaling 1 – 2 cuts are possible this year and slower-than-expected US inflation for the second month in a row. Additionally, strong earnings of technology stocks in Q1 and an advance of AI (Artificial Intelligence) caused technology stocks increase significantly. However, as valuation (Forward P/E) is high above an average of 5 years, investors should invest in quality stocks as a major part of core portfolio. As for EU stock market, STOXX Europe 600 declined -1.3% because of heated politics. Right-wing parties in many countries such as France, Italy, Belgium and Germany won in EU vote because of a concern about high cost of living and the immigration crisis in Europe. As a result, the politics in Europe tend to be intensified particularly in France, where protesters mobilized against the far-right parties. Meanwhile, China stock market declined -3.3% and Hongkong stock market dropped by -1.0% as economic data like retail sales, industrial production index and new home sales have not yet provided a clear sign of economic recovery. Besides, global funds sold \$6.8 billion of onshore shares in June, which is the first monthly outflow since January and China earnings estimates have been cut by analysts continuously. However, investors should keep an eye on the third plenum, China's big policy meeting in 15 – 18 July 2024 in terms of whether there will be more fiscal stimulus announced or not.

**Thai stock market** : In June, SET index dropped by -3.3%. Uncertain politics and outflow of foreign investors play important roles in the decrease. However, the valuation (Forward P/E) is still attractive, the fiscal budget is being disbursed and the recovery of tourism and export will support the economy and the overall sentiment of the stock market during the second half of this year. Regarding monetary policies, Bank of Thailand (BoT) kept the rate unchanged at 2.5% due to increasing inflation resulted from a drop in fuel subsidies.

**Property funds/REITs** : Thai property funds and REITs continued to decreased by 4.6% because of existing political risks.



## Asset Allocation Outlook

	UW	Slightly UW	Neutral	Slightly OW	OW
Thai Fixed Income	○	○	○	●	○
• Short-term	○	○	○	●	○
• Medium-term	○	○	○	●	○
Equities	○	○	●	○	○
• Global	○	○	●	○	○
• Thai	○	○	○	●	○
REITs	○	○	○	●	○

### 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 remains slightly overweight, focusing on investment grade (IG) with the good quality especially after US inflation showed a sign of slowdown consecutively for 2 months, encouraging the Fed to cut in the foreseeable future. Meanwhile, our **equities** positioning is neutral although the market reached the new record high, the valuation is quite expensive and political uncertainties in Europe have intensified. Therefore, investors should stay invested with caution. Our **REITs** positioning is slightly overweight, preferring mainly global REITs thanks to a tendency to cut rates of the Fed.

**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 SEC. / Investors should understand product characteristics (mutual funds), conditions of return and risk before making an investment decision.

### Reported by

- Suppachark Erbprasartsook – Head of Investment Strategy
- Thaned Lertpetchpun – Investment Strategist
- Mintra Juntavitchaprapa – Investment Strategist
- Monsichar Utitchalanont – Investment Strategist