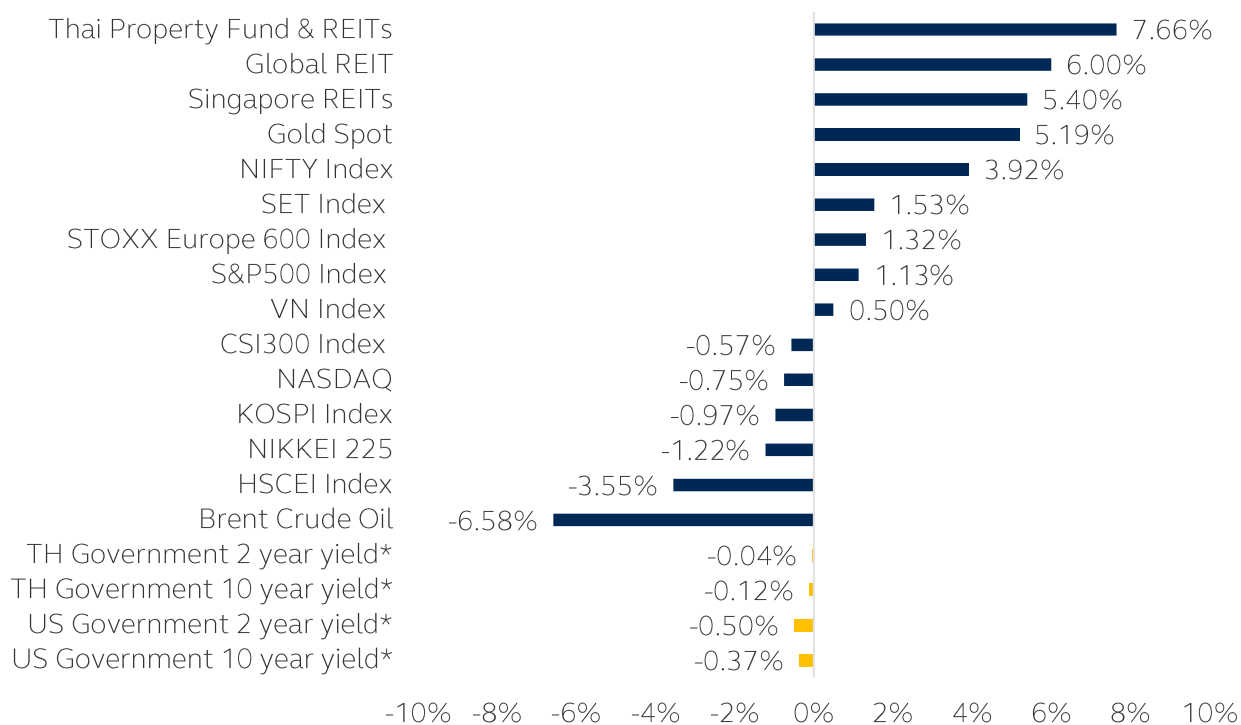
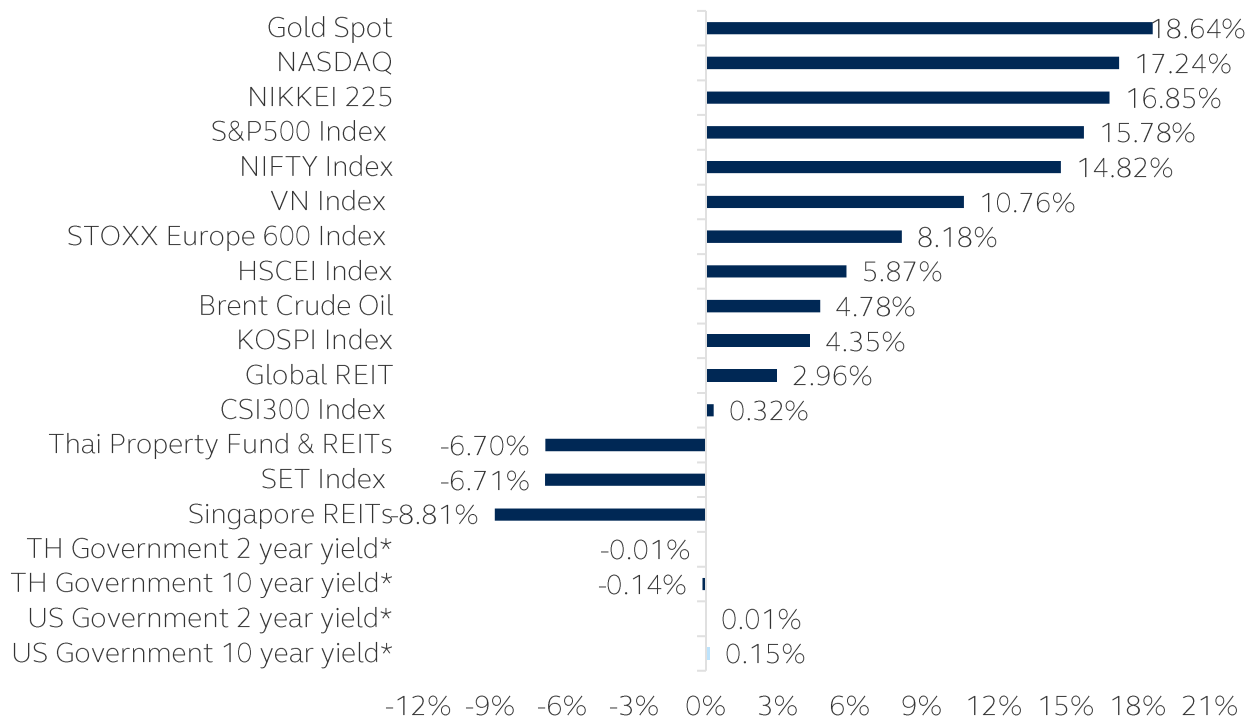


Market Outlook

1 month performance



Year-to-date Performance



*Information illustrated percentage of bond yield change not return.

Source : Bloomberg, data as of 31 July 2024

Global debt instrument markets, has been significantly improving after the Federal Reserve's chairman, Jerome Powell, signaled that the rate reduction cycle may start in this September, resulted in lower government bond yield both Thai and U.S. from markets from last month. Global equity slightly rose as the largest market, the U.S., continually went up after strong Q2/2024 performance was announced, although technology sector was heavily sold. On top of that, the higher probability of rate cutting also supported the equity market during the last week of July. China equities continued to decrease from lacking investors' confident because there have not had efficient stimulus policies from the policy maker recently. Global, Singapore and Thai property funds and REITs considerably improving from 2-3 rate cut market expectation. Gold price strongly went higher 5.2% in July because of Dollar index depreciation trend and geopolitical uncertainty.

Fixed income : The US. government bond yield in all tenors dropped from June. While the 2-year tenor decreased 0.5%, which was greater than the 10-year tenor that decreased only 0.37%. This could assume that investors had positive view with long term economic conditions after the Fed is likely to start easing rate in September after inflation rate has lowered for 3 consecutive months, with 2.97% YoY in June, towards 2% Fed's target. However, Jerome Powell insisted that the Fed monetary decision does not relate to election result in November. The lower of bond yield gave positive impact to fixed income price with either investment grade or high-yield characters. Thai government bond yield also decreased along with the US. market, although the MPC strongly signaled that they will not cut rate this year to control household debt unless Thai economy is significantly weaker than expectation.

Global equity: The U.S. equity market corrected during the middle of July, especially NASDAQ that dropped 9% from profit taking after it has noticeably increased for months. However, the high chance ,with 90%, market expectation on September rate cut helped the stock indexes during the second half of the month. Europe stock markets slightly increased after political stance was better in the U.K. and France. The ECB decided to hold policy rate at 3.75% as expected after they made first cut last month. China stock indexes, both A-shares and H-shares, have continuously went down because of weak economy condition. Investors still disappointed with the country's stimulus policies and PBOC rate cut decision.

Thai equity: Thanks to large-market capital stocks, the SET Index surprisingly increased 1.53% from last month from the largest stock electronic stock in Thailand; DELTA. Moreover, an evident progress of Digital Wallet policy supported growth in retail sector, especially CPALL. However, Thai economic indicators showed weakness in the system. In June, export dropped 0.3% YoY, which was less than market expectation at 2.6% because of supply lacking in agriculture and agro-industry and China slower-than-expected economic recovery. Tourism slowed down during low-season and lower spending per foreign traveler compared to pre-covid level in 2019 due to free visa policy, attracted many low spenders to. Foreign direct investment dropped for two consecutive quarters, drastically decreased THB -2.5 billion in 1Q/24 because many businesses shut down or relocated to other countries.

Thai property funds/REITs: Thai property funds and REITs price strongly rose up 7.7% from last month end as the assets have inverse correlation with bond yield. The Fed monetary decision on this September tends to affect Thai monetary decision as well. On top of that low valuation of the assets likely attract to more investors.

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 continues to be slightly overweight after the latest Fed’s chairman announcement, signaling first rate easing in September. Meanwhile, our **equities** positioning is neutral as soft landing likely to happens during the rest of the year. Nevertheless, long-term investors should stay invested in global quality stocks . Our REITs positioning is slightly overweight from positive view on Fed’s rate cut decision.

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.

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