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Markets Snap**SH**ot

27th September 2022

Market Overview

Equity markets ended in the red last week as the FOMC hiked interest rates by 75-bps at the end of their two-day meeting. The increase has moved the Fed's target range to 3%-3.25%. This brings the projections for a 4.25%-4.50% rate by the end of the year. The Fed maintained its hawkish stance from the Jackson Hole symposium, stressing on the need to focus on inflation. Fed Chair Powell reiterated that the longer inflation continued, the more entrenched the higher expectations of inflation becomes and he was strongly committed to containing inflation. As expected, the equity markets reacted in red.

Chancellor Kwasi Kwarteng combined £45 billion of tax cuts with a massive wave of net borrowing. The pound fell to almost parity with the US dollar following the fiscal announcement on Friday as investors sought safe-haven and led to the strengthening of the US Dollar with the GBPUSD pair reaching 1.035 low on Monday. While expectations for an emergency rate hike was unfounded, the BoE has said that it would "not hesitate to change interest rates as necessary to return inflation to the 2 per cent target sustainably in the medium term". Markets have priced in a 1.5 percentage point increase in the next meeting bringing the rate to 3.75% in November. The bank rate is expected to reach almost 6 percent in May.

Meanwhile, the Brothers of Italy leader Giorgia Meloni won the general election making her Italy's first female prime minister and signaling a far-right government taking hold of Italy. Volatility in the markets are expected to remain elevated. In terms of the economic calendar, the Personal Consumption Expenditure (PCE) Price Index will be released on Friday. Core PCE is the US Fed's preferred measure of inflation and helps guide its monetary policy decisions, Volkswagen is also expected to raise €9.4 billion with the sale of its 12.5% share in non-voting shares of Porsche, representing one of Europe's largest IPO this Wednesday.

Source: Financial Times, Bloomberg

Equities	Last Price	5-D (%)	1M (%)	YTD (%)
Americas				
S&P 500 Index	3,693	-4.65%	-8.98%	-22.51%
NASDAQ Composite Index	10,867	-5.07%	-10.49%	-30.53%
Dow Jones Industrial Average	29,590	-4.00%	-8.34%	-18.57%
Europe				
Euro Stoxx 50	3,376	-3.67%	-5.58%	-21.57%
FTSE 100 Index	7,018	-3.02%	-5.51%	-4.96%
CAC 40 Index	5,822	-3.98%	-6.46%	-18.63%
DAX Index	12,341	-3.61%	-4.28%	-22.31%
Swiss Market Index	10,127	-4.61%	-7.06%	-21.34%
FTSE MIB	21,339	-3.62%	-2.30%	-21.97%
Asia Pacific Indices				
Nikkei 225	26,431	-4.12%	-7.72%	-8.20%
Hang Seng Index	17,904	-3.56%	-10.58%	-23.48%
CSI 300 Index	3,836	-2.32%	-6.18%	-22.34%
KOSPI Index	2,220	-5.72%	-8.49%	-25.41%
S&P/ ASX 200	3,848	-3.22%	-5.58%	-8.54%
Nifty 50	17,327	-1.67%	0.08%	-0.15%

Source: MarketWatch, Bloomberg

Commodities, FX and Bonds

The pound hit an all time low against the dollar almost achieving parity as the BoE and treasury rushed to calm the market as investors worries about the sustainability of public finances. An emergency interest rate rise was feared but did not occur with the BoE issuing a statement that it “would not hesitate to change interest rates” to keep inflation under control. UK gilt reached nearly 4.2% up from 3.5% prior to Friday’s fiscal announcement. Crude Oil fell to around USD 78 following expectations for slower economic growth in the future.

Source: Bloomberg

Commodities				
	Last Price	5-D (%)	1M (%)	YTD (%)
Energy				
WTI Crude Futures/ bbl	78.34	-8.23%	-19.22%	+3.79%
Brent Crude Futures/ bbl	84.59	-7.78%	-17.83%	+8.53%
Natural Gas Futures / MMBTU	6.653	-15.45%	-28.17%	+85.37%
Metals				
Aluminium Futures/ MT	2,167	-3.65%	-12.97%	-22.96%
Copper Futures/ Lb	7,444	-4.21%	-8.42%	-23.69%
Nickel Active Futures/ MT	23,380	-5.23%	+7.69%	+12.92%
Gold Spot \$/Oz	1,646	-2.27%	-5.88%	-10.04%
Silver Spot \$/Oz	18.610	-4.95%	0.35%	-20.32%
Agriculture				
Cotton Futures / Lb	92.83	-3.42%	-20.69%	-17.59%
Corn Futures/ Bu	673.00	-0.74%	-1.46%	13.59%
Soybean Futures/ Bu	1,421.75	-2.72%	-1.27%	6.12%
Sugar Futures/ Lb	17.82	2.59%	-3.31%	-5.26%
Wheat Generic Futures/ Bu	868.50	4.73%	3.12%	12.76%

Source: MarketWatch, Bloomberg

Currencies				
	Last Price	5-D (%)	1M (%)	YTD (%)
EUR / USD	0.9644	-3.80%	-3.53%	-15.20%
GBP / USD	1.0724	-6.22%	-8.40%	-20.73%
CHF / USD	1.0096	-2.65%	-2.26%	-7.90%
USD / JPY	144.30	0.76%	4.02%	25.36%
USD / CNY	7.1635	2.24%	3.70%	12.71%
Fixed Income				
	Last Price	5-D (bps)	1M (bps)	YTD (bps)
US 10 Year	3.786%	+29.34	+68.16	+227.22
Germany 10 Year	2.088%	+28.14	+57.98	+226.27
Italy 10 Year	4.473%	+42.01	+67.84	+329.89
Spain 10 Year	3.262%	+33.28	+57.86	+269.20
UK 10 Year	4.138%	+100.33	+153.10	+316.77
Japan 10 Year	0.253%	-0.38	+1.03	+18.09
US Treasury 3M Bill	3.185%	+2.83	+30.06	+313.45
US Generic Govt. 2Y	4.308%	+38.09	+87.09	+357.80
US Generic Govt. 30 Y	3.664%	+14.81	+42.19	+175.75

Source: MarketWatch, Bloomberg

Economic Calendar

Sep 27, 2022

United States: Fed Mester Speech
United States: Fed Evans Speech
Euro Area: ECB President Lagarde Speech
United States: Fed Bullard Speech
United States: CB Consumer Sentiment
United States: New Home Sales MoM
Earnings Release: Blackberry Ltd

Forecast: 104

Previous: 103.2

Previous: -12.6%

Sep 28, 2022

Japan: BoJ Monetary Policy Meeting Minutes
United States: Fed Daly Speech
Germany: GfK Consumer Confidence
Euro Area: ECB President Lagarde Speech
India: Monetary Policy Meeting Minutes
Earnings Release: Raiffeisen Bank International AG

Forecast: -39

Previous: -36.5

Sep 29, 2022

Euro Area: Consumer Confidence Final (SEP)
Germany: Inflation Rate YoY Prel (SEP)
United States: GDP Growth Rate QoQ (Q2)
United States: Initial Jobless Claims
United States: Fed Lane Speech
United States: Fed Mester Speech
Earnings Release: Micron Technology Inc., Enel SpA, Heidelberg Cement, Bed Bath & Beyond

Forecast: -28.8

Previous: -25

Forecast: 9.4%

Previous: 7.9%

Forecast: -0.6%

Previous: -1.6%

Forecast: 215K

Previous: 213K

Source: Bloomberg Markets, Morning Star

Economic Calendar

Sep 30, 2022

United States: Fed Daly Speech		
European Union: Emergency Energy Meeting		
India: RBI Interest Rate Decision	Forecast: 5.9%	Previous: 5.4%
Japan: Consumer Confidence		Previous: 32.5
Germany: Retail Sales YoY	Forecast: 2.8%	Previous: 2.4%
Germany: Unemployment Rate	Forecast: 5.5%	Previous: 5.5%
Euro Area: Core Inflation Rate YoY	Forecast: 4.7%	Previous: 4.3%
United States: Core PCE Price Index YoY	Forecast: 4.7%	Previous: 4.6%
United States: PCE Price Index YoY		Previous: 6.3%
United States: Fed Brainard Speech		
United States: Michigan Consumer Sentiment (SEP)	Forecast: 59.5	Previous: 58.2
Earnings Release: BYD Co. Ltd, Compagnie Financiere Richemont		

Source: Bloomberg Markets, Morning Star

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