

Markets SnapSHot

18th October 2022

Market Overview

The US equity market saw a bumpy week that ended with the S&P 500 and NASDAQ ending in losses as Thursday's rally was wiped out on Friday. Inflation data releases were higher with core inflation at 6.6% and headline inflation at 8.2%. The stock markets initially rallied on the release as investors digested the news and stocks fell to session lows on Friday following the release of the customer survey from the University of Michigan survey showing inflation expectation is increasing, a sentiment that the US Federal Reserve is following closely. The NASDAQ Index comprised mostly of tech sector stocks registered the highest decline as growth companies are more sensitive to interest rate hikes.

Higher inflation and a strong labor market continues to weigh on investor sentiment as it makes the possibility of a Fed policy pivot more unlikely. A pivot would be needed for the equity markets to rally in a sustainable way. As inflation remains higher and fed hikes further, the risk increases that the US economy is pushed into recession and outlook for corporate earnings is bleak. Last week, there were mixed earnings reports from a slew of banking stocks including Citigroup, JP Morgan and Morgan Stanley. Despite negative news relating to the health of European banking giant Credit Suisse and inflation and recession jitters, analysts have not drastically cut the earnings outlook for the group. Credit Suisse rallied on Friday after the bank executed a buyback of \$3 billion of its own debt. Earning season continues in full swing with releases expected from Proctor & Gamble, Goldman Sachs and Barclays.

Across the pond, the new Chancellor of Exchequer, Jeremy Hunt, has reversed most of the fiscal package announced by Liz Truss's government, scrapping almost all tax cuts along with making changes to the promised energy policy. The original 2-year scheme now would end in April and would be replaced with a more targeted plan that would cost the taxpayer significantly less. The move is hoped to bring more stability to the financial markets.

Source: Bloomberg, Financial Times

Equities	Last Price	5-D (%)	1M (%)	YTD (%)
Americas				
S&P 500 Index	3,583	-1.55%	-7.49%	-24.82%
NASDAQ Composite Index	10,321	-3.11%	-9.84%	-34.03%
Dow Jones Industrial Average	29,634	1.15%	-3.85%	-18.45%
Europe				
Euro Stoxx 50	3,422	1.94%	-2.21%	-20.39%
FTSE 100 Index	6,919	-0.58%	-4.39%	-6.30%
CAC 40 Index	6,003	2.79%	-0.96%	-16.07%
DAX Index	12,627	2.89%	-1.37%	-20.51%
Swiss Market Index	10,472	2.04%	-1.36%	-18.67%
FTSE MIB	21,227	1.50%	-4.13%	-22.38%
Asia Pacific Indices				
Nikkei 225	26,775	-1.26%	-2.87%	-7.00%
Hang Seng Index	16,612	-3.51%	-10.52%	-29.00%
CSI 300 Index	3,846	3.37%	-2.08%	-22.14%
KOSPI Index	2,219	-0.59%	-5.77%	-25.45%
S&P/ ASX 200	6,854	-0.26%	-1.36%	-11.89%
Nifty 50	17,185	-0.32%	-2.48%	-0.97%

Source: MarketWatch, Bloomberg

Commodities, FX and Bonds

US Treasuries also registered a volatile week with yields whipsawing in response to Thursday's inflation report. The yield on the 10 Year note rose above 4%, reaching the highest level since 2008. The price of Crude Oil fell with WTI at 86.73 and Brent at 92.74 amid concerns about a slowdown in demand as China cities reimposed Covid-19 lockdowns. The Energy Information Administration (EIA) reported that the U.S crude inventories has surged by 9.9 million barrels last week. A week after OPEC+ has agreed to cut production by 2 million bpd, the Biden administration plans to take steps to reduce the price of oil and is considering releasing more oil from the Strategic Petroleum Reserves and imposing limits on the exports of energy products. (Source: Bloomberg, Investing.com)

Commodities					Currencies				
	Last Price	5-D (%)	1M (%)	YTD (%)		Last Price	5-D (%)	1M (%)	YTD (%)
Energy					EUR / USD	0.9856	1.54%	-1.14%	-13.34%
WTI Crude Futures/ bbl	86.73	-4.53%	+1.14%	+15.04%	GBP / USD	1.1372	3.68%	-0.08%	-15.94%
Brent Crude Futures/ bbl	92.74	-3.47%	+1.10%	+18.99%	CHF / USD	1.0058	0.27%	-3.00%	-8.23%
Natural Gas Futures / MMBTU	6.041	-7.39%	-23.23%	+68.32%	USD / JPY	148.90	2.08%	3.60%	29.36%
Metals					USD / CNY	7.1923	0.37%	2.48%	13.16%
Aluminium Futures/ MT	2,290	+1.57%	+0.33%	-18.57%	Fixed Income				
Copper Futures/ Lb	7,531	-0.70%	-3.56%	-22.79%	US 10 Year	3.976%	+3.08	+41.17	+246.21
Nickel Active Futures/ MT	21,800	-2.59%	-10.98%	+5.29%	Germany 10 Year	2.271%	-7.52	+46.69	+244.82
Gold Spot \$/Oz	1,668	-0.47%	-1.01%	-8.89%	Italy 10 Year	4.679%	+7.01	+62.57	+350.45
Silver Spot \$/Oz	18.65	-4.87%	-4.75%	-20.15%	Spain 10 Year	3.425%	-4.95	+33.88	+285.56
Agriculture					UK 10 Year	3.974%	-49.63	+83.85	+300.29
Cotton Futures / Lb	83.57	-5.28%	-13.06%	-25.81%	Japan 10 Year	0.251%	-0.39	-0.85	+17.90
Corn Futures/ Bu	681.25	-2.26%	0.48%	14.98%	US Treasury 3M Bill	3.865%	+42.31	+60.64	+381.47
Soybean Futures/ Bu	1,382	0.60%	-5.42%	3.17%	US Generic Govt. 2Y	4.427%	+13.12	+45.48	+369.63
Sugar Futures/ Lb	18.72	0.38%	7.77%	-0.48%	US Generic Govt. 30 Y	4.014%	+8.68	+44.21	+210.77
Wheat Generic Futures/ Bu	855.75	-8.38%	3.20%	11.10%	Source: MarketWatch, Bloomberg				

Source: MarketWatch, Bloomberg

Economic Calendar

Oct 18, 2022

China: 20 th National Congress of the Chinese Communist Party		
Euro Area: ZEW Economic Sentiment Index (Oct)		Previous: -60.7
United States: Industrial Production MoM	Forecast: 0.1%	Previous: -0.2%
United States: NAHB Housing Market Index	Forecast: 43	Previous: 46
Earnings Release: Johnson & Johnson, Netflix Inc., Lockheed Martin Corp, Intuitive Surgical, Deutsche Borse, Signature Bank, Hasbro, Interactive Brokers, Chesapeake		

Oct 19, 2022

China: 20 th National Congress of the Chinese Communist Party		
United Kingdom: Core Inflation Rate YoY (SEP)	Forecast: 6.4%	Previous: 6.3%
United Kingdom: Inflation Rate YoY (SEP)	Forecast: 10%	Previous: 9.9%
Euro Area: Core Inflation Rate YoY (SEP)	Forecast: 4.8%	Previous: 4.3%
Euro Area: Inflation Rate YoY (SEP)	Forecast: 10%	Previous: 9.1%
United States: Housing Starts MoM (SEP)		Previous: 12.2%
Earnings Release: Proctor & Gamble Co, Abbott Laboratories, ASML Holding NV ADR, IBM Corp, Lam Research, Las Vegas Sands, Nasdaq Inc, Baker Hughes Co, Northern Trust, Ally Financial, Alcoa Corp		

Source: Bloomberg Markets, Morning Star

Economic Calendar

Oct 20, 2022

Japan: Balance of Trade	Forecast: ¥2167.4B	Previous: ¥2817.3B
China: 20 th National Congress of the Chinese Communist Party		
Euro Area: European Council Meeting		
United States: Initial Jobless Claims	Forecast: 230K	Previous: 228K
United States: Monthly Budget Statement (SEP)	Forecast: \$-173.5B	Previous: \$-220B
Earnings Release: Danaher Group, Philip Morris International, Union Pacific Corp, AT&T Inc., Blackstone Inc., CSX Corp, ABB Ltd, Freeport-McMoran Inc., Nordea Bank, Dow Inc., Barclays PLC, SVB Financial Group		

Oct 21, 2022

Japan: Inflation Rate YoY (SEP)	Previous: 3.0%
China: 20 th National Congress of the Chinese Communist Party	
Euro Area: European Council Meeting	
Euro Area: Consumer Confidence Flash (OCT)	Forecast: -30
Earnings Release: Verizon Communications Inc., American Express Co., The Goldman Sachs Group Inc., HDFC Bank Ltd., Schlumberger Ltd.	Previous: -28.8

Source: Bloomberg Markets, Morning Star

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