

Markets Snap**SH**ot

7th November 2022

Market Overview

The US equity markets have faced another challenging week as markets reacted to the Federal Reserve meeting where a hike of 75 bps in interest rate brought the federal funds rate to 3.75%-4.0%. US Fed chair Powell has hinted at a slowdown in the pace of tightening, but that the current terminal rate of 4.6% in the Fed's 'dot plot' projections need to be revised higher and the hiking may be longer as well.

While the Fed continues to fight inflation with headline inflation 8.2% and core inflation still 6.6%, the outlook for US growth in the coming quarters is not positive. Earnings expectations are too optimistic, and earnings and sales numbers will be challenged in the next quarter. As the world recovers from the pandemic and bottlenecks in the supply chain get relaxed, we can expect producer price indices to fall and bring inflation rates closer to their long-term trend at some stage.

In the US, mid-term elections are scheduled for this week, with the likely outcome for the Republicans to take control of the lower House, implying a "split government" which could lead to a policy gridlock at a time when the risk of recession still looms higher. MSCI China rebounded last week on news that China's 'zero-covid' policy would be relaxed. However, the State Council then released a statement that zero-covid is here to stay. As Xi Jinping consolidates power, his refusal to drop the zero-covid policy remains a contention point. Household spending in China remains subdued and the property sector is still stressed.

Equities				
	Last Price	5-D (%)	1M (%)	YTD (%)
Americas				
S&P 500 Index	3,770	-3.35%	3.60%	-20.89%
NASDAQ Composite Index	10,475	-5.65%	-1.66%	-33.04%
Dow Jones Industrial Average	32,403	-1.40%	10.60%	-10.83%
Europe				
Euro Stoxx 50	3,688	2.08%	9.27%	-14.19%
FTSE 100 Index	7,334	4.07%	4.92%	-0.67%
CAC 40 Index	6,416	2.29%	9.37%	-10.30%
DAX Index	13,459	1.63%	9.67%	-15.27%
Swiss Market Index	10,787	0.14%	4.65%	-16.22%
FTSE MIB	23,282	3.34%	11.39%	-14.86%
Asia Pacific Indices				
Nikkei 225	27,548	-0.14%	1.60%	-4.32%
Hang Seng Index	16,684	13.60%	-3.09%	-28.69%
CSI 300 Index	3,775	7.60%	1.46%	-23.58%
KOSPI Index	2,371	3.41%	6.22%	-20.35%
S&P/ ASX 200	7,129	1.05%	3.74%	-8.36%
Nifty 50	17,786	0.58%	5.08%	4.40%

Source: MarketWatch, Bloomberg

Commodities, FX and Bonds

The BoE has increased its policy rate by 75 bps to 3.0% and headline inflation in Euro area reached an annual 10.70% in October. ECB Bank President Christine Lagarde has commented that a recession alone may not be enough to tame inflation, signaling further rate hikes ahead. Given this, it would be prudent to stay away from the more vulnerable euro area countries.

Commodities				
	Last Price	5-D (%)	1M (%)	YTD (%)
Energy				
WTI Crude Futures/ bbl	91.16	+5.46%	+0.34%	+20.92%
Brent Crude Futures/ bbl	97.21	+4.70%	+1.19%	+24.72%
Natural Gas Futures / MMBTU	7.184	+9.56%	+10.13%	+100.17%
Metals				
Aluminium Futures/ MT	2,350	+5.59%	+2.78%	-16.46%
Copper Futures/ Lb	8,133	+9.26%	+8.99%	-16.63%
Nickel Active Futures/ MT	23,800	+8.68%	+6.18%	+14.95%
Gold Spot \$/Oz	1,670	+2.07%	-0.30%	-8.74%
Silver Spot \$/Oz	20.450	+6.82%	+4.31%	-12.44%
Agriculture				
Cotton Futures / Lb	84.94	+17.79%	+1.05%	-24.60%
Corn Futures/ Bu	678.25	-1.52%	-2.69%	14.47%
Soybean Futures/ Bu	1,458	+2.78%	+6.11%	8.83%
Sugar Futures/ Lb	18.45	+2.61%	-1.07%	-1.91%
Wheat Generic Futures/ Bu	840.50	-4.30%	-10.01%	9.12%

Source: MarketWatch, Bloomberg

Currencies				
	Last Price	5-D (%)	1M (%)	YTD (%)
EUR / USD	0.9990	1.08%	2.95%	-12.16%
GBP / USD	1.1326	-1.20%	2.43%	-16.28%
CHF / USD	1.0089	1.07%	0.89%	-7.96%
USD / JPY	146.52	-1.50%	0.54%	27.29%
USD / CNY	7.2275	-1.03%	1.02%	13.71%
Fixed Income				
	Last Price	5-D (bps)	1M (bps)	YTD (bps)
US 10 Year	4.137%	+8.27	+24.72	+262.31
Germany 10 Year	2.269%	+12.58	-7.70	+244.64
Italy 10 Year	4.407%	+8.73	-20.21	+323.23
Spain 10 Year	3.314%	+8.02	-18.38	+274.46
UK 10 Year	3.531%	+2.09	-93.93	+255.99
Japan 10 Year	0.258%	+1.36	+0.47	+18.62
US Treasury 3M Bill	4.110%	+3.10	+74.55	+406.02
US Generic Govt. 2Y	4.676%	+18.90	+36.35	+394.53
US Generic Govt. 30 Y	4.225%	+2.42	+37.95	+231.91

Source: MarketWatch, Bloomberg

Economic Calendar

Nov 8, 2022

United States: Fed Collins Speech

United States: Fed Mester Speech

United States: Fed Barkin Speech

United States: 2022 Midterm Elections

Switzerland: SNB Chair Jordan Speech

Euro Area: ECB Enria Speech

United Kingdom: BoE Pill Speech

Earnings Release: The Walt Disney Co., Bayer AG, DuPont de Nemours, Lucid Group Inc., Associated British Foods PLC, Plug Power Inc., Novavax

Nov 9, 2022

China: Inflation Rate YoY

Euro Area: ECB Non-Monetary Policy Meeting

United States: Fed Williams Speech

United States: Fed Barkin Speech

Earnings Release: Tencent Holdings Ltd., Ping An Insurance (Group) Co., Allianz SE, Intesa Sanpaolo, Infineon Technologies AG, Credit Agricole, D. R Horton Inc., Roblox Corp, The Trade Desk, Banco Santander, adidas AG, Raiffeisen Bank International AG

Source: Bloomberg Markets, Morning Star

Economic Calendar

Nov 10, 2022

United States: Fed Waller Speech

China: New Yuan Loans

United States: Core Inflation Rate YoY

Forecast: 6.5%

Previous: 6.6%

United States: Inflation Rate

Forecast: 8%

Previous: 8.2%

United States: Initial Jobless Claims

Forecast: 220K

Previous: 217K

United States: Fed Harker, Fed Logan, Fed Mester and Fed George Speech

United States: Monthly Budget Statement

Forecast: \$-90B

Previous: \$-430B

Earnings Release: AstraZeneca PLC, Siemens AG, BYD Co, China Life Insurance Co, RWE AG, NIO, Arcelor Mittal, Duolingo, WeWork Inc.,

Nov 11, 2022

Germany: Inflation Rate YoY Final

Forecast: 10.40%

Previous: 10%

United Kingdom: GDP 3-Month Avg

Forecast: -0.5%

Previous: -0.3%

United Kingdom: GDP Growth Rate YoY Prel (Q3)

Forecast: 2.1%

Previous: 4.4%

United Kingdom: GDP YoY (SEP)

Forecast: 0.9%

Previous: 2%

Euro Area: ECB Guindos Speech

United States: Michigan Consumer Sentiment Prel (NOV)

Forecast: 59.5

Previous: 59.9

Source: Bloomberg Markets, Morning Star

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