

## Global Market Update

23 June 2022

### Global shares: US weaker on Powell remarks; Europe and Asia fall

#### US markets

Equities gave up early gains to end slightly lower on Wednesday, as sentiment was dented by remarks from Federal Reserve (Fed) Chair Jerome H. Powell that the Fed is determined to bring down inflation despite the possibility of a recession. The Dow Jones industrial average eased 0.2 percent, and the S&P 500 and the NASDAQ both edged down 0.1 percent.

In a Senate Banking Committee hearing on Wednesday, Powell testified on inflation and the economic outlook. He acknowledged that the Fed is committed to combating inflation with further rate hikes, while soft landings are hard to achieve. Therefore, a recession is possible but may not be imminent depending on factors beyond Fed's control.

The energy sector remained the main dragger, as crude oil prices dropped, following reports that US President Joe Biden will meet with seven big oil companies on Thursday, on a campaign to reduce the burden of gas prices.

These price data reflect observations at market close: WTI spot crude oil fell US\$1.83 to US\$107.69, while spot gold rose US\$1.10 to US\$1,839.60. The US dollar was mixed vs. major currencies. The US Treasury 30-year bond yield fell 10 basis points to 3.25 percent and the 10-year note yield fell 12 basis points to 3.16 percent.

#### European markets

Equities reversed their progress this week on Wednesday, as fears of aggressive monetary policy and slowing growth revived after UK inflation hit a fresh 40-year high. The Europe-wide STOXX slid 0.7 percent, the UK FTSE 100 shed 0.9 percent, the French CAC lost 0.8 percent, and the German DAX fell 1.1 percent.

Losses were led by material stocks, as copper and iron ore prices tumbled on concerns over weaker demand from China. Oil and gas stocks fell as crude prices dropped on Joe Biden's plan to cut fuel costs for drivers. On a positive note, defensive stocks such as food and beverages and health care stocks outperformed.

On the data front, the UK's annual inflation rate climbed to 9.1 percent in May, the highest since 1982, pushed up by rising housing and utilities, transport and food prices. Elsewhere, the Dutch consumer confidence fell to a record low of -50 in June, as consumers' willingness to purchase and their views about both the past and future financial situation deteriorated further.

## Asia Pacific markets

Asian equities lost ground on Wednesday, as persistent worries about monetary policy tightening and soaring inflation remained a drag for markets.

Chinese equities extended losses, with China's CSI 300 index off 1.3 percent and the Shanghai index off 1.2 percent. Real estate stocks fell, amid an ongoing selloff in Shanghai-based conglomerate Fosun International's bonds which signaled that financial stress faced by property developers is spreading to other highly leveraged borrowers. Drugstores rallied after a report renewed fears of a sales ban on drugs via third-party e-commerce platforms, with LBX Pharmacy Chain up 7.7 percent, while online drug sellers plunged, including Alibaba Health Information Technology, down 13.8 percent, and JD Health International, down 14.8 percent. Hong Kong's Hang Seng index dropped 2.6 percent, dragged by a decline in technology stocks.

Japanese equities erased early gains to end lower, with the Nikkei 225 off 0.4 percent and the TOPIX off 0.2 percent, after the central bank acknowledged the repercussions of a weak yen to the country's business environment, but debated against directly addressing the currency markets, according to the latest minutes. Health care firms and automakers were among the winners.

Taiwan's TAIEX fell 2.4 percent and the South Korean KOSPI lost 2.7 percent. The Indian BSE Sensex slid 1.4 percent, dragged down by metal and energy stocks, tracking a fall in industrial metals and crude prices.

Miners dragged Australian equities lower, with the All Ordinaries off 0.3 percent, as iron ore prices retreated due to concerns about steel oversupply in China. Gold shares eased on weaker bullion prices, while energy shares outperformed.

## Looking forward

### Central Bank activities

US Federal Reserve Chair Jerome H. Powell Testimony

### Europe

France Business Confidence (Jun)  
S&P Global Manufacturing PMI Flash (Jun)  
S&P Global Services PMI Flash (Jun)

Germany S&P Global Manufacturing PMI Flash (Jun)  
S&P Global Services PMI Flash (Jun)

UK S&P Global/CIPS Manufacturing PMI Flash (Jun)  
S&P Global/CIPS UK Services PMI Flash (Jun)  
CBI Distributive Trades (Jun)

### Asia Pacific

Australia S&P Global Manufacturing PMI Flash (Jun)  
S&P Global Services PMI Flash (Jun)

Japan Jibun Bank Manufacturing PMI Flash (Jun)  
Jibun Bank Services PMI Flash (Jun)

## Americas

US	Current Account (Q1)
	Initial Jobless Claims (Week ended 18 <sup>th</sup> Jun)
	S&P Global Manufacturing PMI Flash (Jun)
	S&P Global Services PMI Flash (Jun)
	S&P Global Composite PMI Flash (Jun)

Source — Trading Economics

## Global stock markets

	Index	End	2022		Daily	Percentage Change		
		2021	Jun 21	Jun 22	Change	Daily	2022	Yr/Yr
<b>North America</b>	MSCI North America	4,949.4	3,883.8	3,877.2	-6.6	-0.2	-21.7	-13.1
United States	Dow	36,338.3	30,530.3	30,483.1	-47.1	-0.2	-16.1	-10.2
	NASDAQ	15,645.0	11,069.3	11,053.1	-16.2	-0.1	-29.4	-22.5
	S&P 500	4,766.2	3,764.8	3,759.9	-4.9	-0.1	-21.1	-11.5
Canada	S&P/TSX Comp	21,222.8	19,257.3	19,004.0	-253.3	-1.3	-10.5	-5.9
<b>Europe</b>	MSCI Europe	1,934.8	1,646.6	1,635.6	-11.0	-0.7	-15.5	-10.7
UK	FTSE 100	7,384.5	7,152.1	7,089.2	-62.8	-0.9	-4.0	0.0
	FTSE All Share	4,208.0	3,944.0	3,913.3	-30.7	-0.8	-7.0	-3.3
France	CAC	7,153.0	5,964.7	5,916.6	-48.0	-0.8	-17.3	-10.5
Germany	XETRA DAX	15,884.9	13,292.4	13,144.3	-148.1	-1.1	-17.3	-15.9
Netherlands	AEX All Share	1,111.0	888.1	878.6	-9.5	-1.1	-20.9	-15.5
Italy	MIB	27,346.8	22,089.4	21,788.6	-300.8	-1.4	-20.3	-13.9
Spain	Ibex 35	8,713.8	8,235.6	8,145.4	-90.2	-1.1	-6.5	-10.0
Sweden	OMX Stockholm 30	2,419.7	1,903.4	1,895.8	-7.6	-0.4	-21.7	-16.4
Switzerland	SMI	12,875.7	10,479.8	10,528.3	48.5	0.5	-18.2	-12.1
<b>Asia Pacific ex Japan</b>	MSCI Asia Pacific ex Japan	694.6	608.6	597.3	-11.4	-1.9	-14.0	-20.4
Australia	All Ordinaries	7,779.2	6,700.8	6,682.3	-18.5	-0.3	-14.1	-12.0
	S&P/ASX 200	7,444.6	6,523.8	6,508.5	-15.3	-0.2	-12.6	-11.4
Hong Kong	Hang Seng	23,397.7	21,559.6	21,008.3	-551.3	-2.6	-10.2	-25.8
S. Korea	Kospi	2,977.7	2,408.9	2,342.8	-66.1	-2.7	-21.3	-28.2
Singapore	STI	3,123.7	3,117.5	3,093.3	-24.2	-0.8	-1.0	-0.5
China	Shanghai Comp	3,639.8	3,306.7	3,267.2	-39.5	-1.2	-10.2	-8.2
	Shanghai Shenzhen 300	4,940.4	4,325.6	4,270.6	-54.9	-1.3	-13.6	-16.6
Taiwan	TAIEX	18,218.8	15,728.6	15,347.8	-380.9	-2.4	-15.8	-10.1
India	Sensex 30	58,253.8	52,532.1	51,822.5	-709.5	-1.4	-11.0	-1.5
<b>Japan</b>	Nikkei 225	28,791.7	26,246.3	26,149.6	-96.8	-0.4	-9.2	-9.5
	Topix	1,992.3	1,856.2	1,852.7	-3.5	-0.2	-7.0	-5.5

Source — Refinitiv DataStream, as at 22<sup>nd</sup> June 2022, price returns in local currency

## Bond markets

10-Yr Govt Bonds	Closing Yield	Daily Change Yield (bps)
US	3.16%	-12
UK	2.50%	-15
Germany	1.62%	-14
Japan	0.24%	0
Australia	4.01%	-8
China	2.78%	-1

Source — Refinitiv DataStream, as at 22<sup>nd</sup> June 2022

IG Bonds	Closing Yield*	Daily Change Yield (bps)
ICE BofA US Corporate Index	4.87%	4
ICE BofA Euro Corporate Index	3.29%	1
ICE BofA Asian Dollar Investment Grade Index	4.93%	4

HY Bonds	Closing Yield*	Daily Change Yield (bps)
ICE BofA US High Yield Constrained Index	8.51%	-6
ICE BofA Global High Yield European Issuers Constrained Index	7.71%	-1
ICE BofA Asian Dollar High Yield Corporate Constrained Index	16.43%	63
ICE BofA Asian Dollar High Yield Corporate China Issuer Index	27.12%	125

Source — Refinitiv DataStream \*Data as at 21<sup>st</sup> June 2022

## Currencies and commodities

Currency	22-Jun	Daily Change (%)	Weekly Change (%)
Japanese yen	135.85	0.2%	-0.9%
Australian dollar	1.4402	-0.7%	0.1%
Yuan	6.7168	-0.3%	0.0%
Euro	0.9437	0.3%	1.8%
British pound	0.8124	0.2%	2.0%
Swiss franc	0.9591	0.5%	4.2%
Canadian dollar	1.2939	-0.1%	0.0%

Source — Refinitiv DataStream, as at 22<sup>nd</sup> June 2022. Exchange rates denote value for 1 USD.

Commodities	22-Jun	Daily Change (%)	Weekly Change (%)
Crude Spot - WTI	\$107.69	-1.7%	-6.6%
Gold	\$1,839.60	0.1%	1.0%
CRB Commodity Index	324.85	-1.4%	-3.2%

Source — Refinitiv DataStream, as at 22<sup>nd</sup> June 2022

## Annual returns over the past five years

		% Change				
	Index	12 months to 22-Jun-22	12 months to 22-Jun-21	12 months to 22-Jun-20	12 months to 22-Jun-19	12 months to 22-Jun-18
<b>North America</b>	MSCI North America	-13.1	37.5	5.8	6.6	13.1
United States	Dow	-10.2	30.4	-2.6	8.7	14.9
	NASDAQ	-22.5	41.7	25.2	4.4	23.3
	S&P 500	-11.5	36.2	5.7	7.1	13.2
Canada	S&P/TSX Comp	-5.9	30.2	-6.1	0.5	8.1
<b>Europe</b>	MSCI Europe	-10.7	23.9	-7.1	0.1	-0.1
UK	FTSE 100	0.0	13.5	-15.7	-3.6	3.3
	FTSE All Share	-3.3	16.9	-14.4	-4.4	4.0
France	CAC	-10.5	33.6	-10.5	2.6	2.0
Germany	XETRA DAX	-15.9	27.5	-0.6	-1.9	-1.7
Netherlands	AEX All Share	-15.5	28.7	-3.1	0.7	4.5
Italy	MIB	-13.9	30.0	-8.9	-2.3	4.6
Spain	Ibex 35	-10.0	23.2	-20.4	-5.8	-8.6
Sweden	OMX Stockholm 30	-16.4	36.8	1.8	5.1	-5.8
Switzerland	SMI	-12.1	18.0	2.3	15.2	-4.8
<b>Asia Pacific ex Japan</b>	MSCI Asia Pacific ex Japan	-20.4	29.6	-1.4	-2.7	9.4
Australia	All Ordinaries	-12.0	25.3	-10.0	6.5	10.1
	S&P/ASX 200	-11.4	23.5	-10.6	6.8	9.1
Hong Kong	Hang Seng	-25.8	15.5	-13.9	-2.9	14.3
S. Korea	Kospi	-28.2	53.5	0.1	-9.8	-0.6
Singapore	STI	-0.5	18.2	-20.8	1.0	2.2
China	Shanghai Comp	-8.2	20.0	-1.2	3.9	-8.2
	Shanghai Shenzhen 300	-16.6	24.9	7.0	6.2	0.5
Taiwan	TAIEX	-10.1	47.5	7.1	-0.9	4.8
India	Sensex 30	-1.5	50.6	-10.9	9.8	14.1
<b>Japan</b>	Nikkei 225	-9.5	28.7	5.5	-5.6	12.0
	Topix	-5.5	24.1	2.1	-11.4	8.3

Source — Refinitiv DataStream, as at 22<sup>nd</sup> June 2022, price returns in local currency

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