

Global Market Update

04 July 2022

Global shares: US rebounds late in the session; Europe better; Asia falls

US markets

Equities bounced back on Friday, amid expectations of an encouraging second-quarter reporting season. The Dow Jones industrial average jumped 1.0 percent, the S&P 500 rallied 1.1 percent, and the NASDAQ added 0.9 percent. However, for the week, the Dow Jones industrial average fell 1.3 percent, the S&P 500 lost 2.2 percent, and the NASDAQ shrank 4.1 percent, retreating from last weekly gains.

Gains were broad-based, led by utilities, consumer discretionary and real estate. Energy stocks tracked oil prices higher amid supply outages in Libya and expected shutdowns in Norway. Elsewhere, chipmakers tumbled after Micron Technology, down 2.9 percent, posted its downbeat guidance.

As fresh data indicated, manufacturing activity remained at low levels in two years. New orders contracted amid weak consumer demand amid gloomy economic outlook, adding to the evidence of a cooling economy, which increased the likelihood of less aggressive tightening by the Federal Reserve.

These price data reflect observations at market close: WTI spot crude oil rose US\$2.29 to US\$109.95 and spot gold rose US\$0.63 to US\$1,807.50. The US dollar gained vs. most major currencies. The US Treasury 30-year bond yield rose 1 basis point to 3.13 percent, while the 10-year note yield fell 7 basis points to 2.90 percent.

European markets

Major bourses closed in the green on Friday despite a losing week. The Europe-wide STOXX and the UK FTSE 100 were both flat on the session, off 1.4 percent and 0.6 percent respectively on the week; the French CAC and the German DAX inched up 0.1 percent and 0.2 percent respectively on the session, both off 2.3 percent on the week.

Gains were seen in defensive sectors as investors sought downside protection amid recession fears. Utilities led the rally, along with consumer staple, communication services and health care. Semiconductor firms fell on US chipmaker Micron Technology's weak guidance, with ASML Holding off 5.4 percent and Infineon Technologies off 3.5 percent. Miners fell on weak commodity prices due to fears of an economic slowdown. Technology also declined.

On the data front, Eurozone manufacturing purchasing managers' index (PMI) slipped to 52.1 in June, marking the slowest growth in factory activity since August of 2020, as total new business intakes and export orders both dropped. Elsewhere, Eurozone inflation unexpectedly hit another record high of 8.6 percent in June, reinforcing expectations of rate hikes by the European Central Bank starting this month.

Asia Pacific markets

Asian equities ended the week on a downbeat note after last week's rally, weighed down by growing concerns over inflation and a global recession amid tightening by major central banks.

Chinese equities fell, with China's CSI 300 index off 0.4 percent and the Shanghai index off 0.3 percent on Friday, while rising for the fifth consecutive week. Manufacturing and industrial stocks bucked the trend, as fresh data showed the first expansion of factory activity in four months. Infrastructure companies and construction engineers gained following news that the government will issue 300 billion yuan in bonds to finance infrastructure projects. Hong Kong market was closed on holiday.

Japanese equities retreated for the week, with the Nikkei 225 down 1.7 percent and the TOPIX down 1.4 percent on Friday, as business confidence among manufacturers worsened along with falling manufacturing PMI, while unemployment rate unexpectedly rose. Airlines and railways fell after Tokyo raised alert level amid a recent rise in the number of COVID-19 cases.

Taiwan's TAIEX shed 3.3 percent on Friday, booking a weekly decline of 6.3 percent. The South Korean KOSPI slid 1.2 percent, logging a fourth straight weekly decline. The Indian BSE Sensex edged down 0.2 percent on Friday, while up 0.3 percent for the week. Energy stocks slumped after India imposed new taxes on oil producers with export restrictions to increase local supply, with Reliance Industries down 7.2 percent.

Australian equities declined further, with the All Ordinaries off 0.4 percent on Friday and off 0.6 percent for the week, as investors braced for another 50-basis-point rate hike at the Reserve Bank of Australia's policy meeting this week. Energy and mining stocks declined, while financial and consumer stocks outperformed.

Looking forward

Central Bank activities

Jul-05	Australia	Reserve Bank of Australia Interest Rate Decision
	UK	Bank of England Governor Andrew Bailey Speech
Jul-06	Eurozone	European Central Bank Non-Monetary Policy Meeting
	UK	Bank of England Monetary Policy Committee Member Silvana Tenreiro Speech
		Bank of England Chief Economist Huw Pill Speech
		Bank of England Deputy Governor Jon Cunliffe Speech
Jul-07	US	Federal Reserve Bank of New York CEO John C. Williams Speech
	US	Federal Open Market Committee Meeting Minutes
		Bank of England Monetary Policy Committee Member Catherine L. Mann Speech
Jul-08	Eurozone	European Central Bank Monetary Policy Meeting Accounts
	US	Federal Reserve Governor Christopher J. Waller Speech
		Federal Reserve Bank of St. Louis CEO James Bullard Speech
		Federal Reserve Bank of New York CEO John C. Williams Speech
Eurozone	European Central Bank President Christine Lagarde Speech	

Europe

Jul-04	Germany	Balance of Trade (May)
	Spain	Unemployment Change (Jun)

Jul-05	France	Industrial Production MoM (May) S&P Global Services PMI Final (Jun)
	Spain	S&P Global Services PMI (Jun) Consumer Confidence (Jun)
	Italy	S&P Global Services PMI (Jun)
	Germany	S&P Global Services PMI Final (Jun)
	Eurozone	S&P Global Services PMI Final (Jun)
	UK	S&P Global / CIPS UK Services PMI Final (Jun) Financial Stability Report
Jul-06	Germany	Factory Orders MoM (May) S&P Global Construction PMI (Jun)
	UK	S&P Global / CIPS Construction PMI (Jun)
	Eurozone	Retail Sales MoM / YoY (May)
Jul-07	Germany	Industrial Production MoM (May)
	UK	Halifax House Price Index MoM / YoY (Jun)
Jun-08	France	Balance of Trade (May)
	Italy	Industrial Production MoM (May)

Asia Pacific

Jul-04	Australia	Building Permits MoM (May) Home Loans MoM (May)
Jul-05	Australia	S&P Global Services PMI Final (Jun) Retail Sales MoM Final (May)
	South Korea	Inflation Rate YoY (Jun)
	Japan	Jibun Bank Services PMI Final (Jun)
	China	Caixin Services PMI (Jun)
Jul-07	Australia	Australian Industry Group Services Index (Jun) Balance of Trade (May)
Jul-08	Japan	Current Account (May)

Americas

Jul-04	Canada	S&P Global Manufacturing PMI (Jun)
Jul-05	US	Factory Orders MoM (May)
Jul-06	US	S&P Global Services PMI Final (Jun) S&P Global Composite PMI Final (Jun) ISM Non-Manufacturing PMI (Jun) JOLTs Job Openings (May)
Jul-07	US	ADP Employment Change (Jun) Balance of Trade (May) Exports / Imports (May) Initial Jobless Claims (Week ended 2 nd Jul)
	Canada	Balance of Trade (May) Ivey PMI (Jun)
Jul-08	Canada	Unemployment Rate (Jun)

	Employment Change (Jun)
	Participation Rate (Jun)
US	Non Farm Payrolls (Jun)
	Unemployment Rate (Jun)
	Participation Rate (Jun)
	Average Hourly Earnings MoM / YoY (Jun)
	Wholesale Inventories MoM (May)

Source — Trading Economics

Global stock markets

	Index	End 2021	2022 Jun 30	Jul 1	Daily Change	Percentage Change Daily	2022	Yr/Yr
North America	MSCI North America	4,949.4	3,899.1	3,939.9	40.8	1.0	-20.4	-13.1
United States	Dow	36,338.3	30,775.4	31,097.3	321.8	1.0	-14.4	-10.2
	NASDAQ	15,645.0	11,028.7	11,127.9	99.1	0.9	-28.9	-23.4
	S&P 500	4,766.2	3,785.4	3,825.3	39.9	1.1	-19.7	-11.4
Canada	S&P/TSX Comp	21,222.8	18,861.4	*	*	*	-11.1	-6.5
Europe	MSCI Europe	1,934.8	1,640.2	1,642.9	2.7	0.2	-15.1	-10.3
UK	FTSE 100	7,384.5	7,169.3	7,168.7	-0.6	0.0	-2.9	0.6
	FTSE All Share	4,208.0	3,940.9	3,940.0	-0.9	0.0	-6.4	-3.0
France	CAC	7,153.0	5,922.9	5,931.1	8.2	0.1	-17.1	-9.5
Germany	XETRA DAX	15,884.9	12,783.8	12,813.0	29.3	0.2	-19.3	-17.9
Netherlands	AEX All Share	1,111.0	902.2	897.7	-4.6	-0.5	-19.2	-13.9
Italy	MIB	27,346.8	21,293.9	21,354.7	60.8	0.3	-21.9	-15.5
Spain	Ibex 35	8,713.8	8,098.7	8,176.1	77.4	1.0	-6.2	-8.5
Sweden	OMX Stockholm 30	2,419.7	1,872.7	1,875.9	3.3	0.2	-22.5	-17.5
Switzerland	SMI	12,875.7	10,741.2	10,770.4	29.2	0.3	-16.4	-10.1
Asia Pacific ex Japan	MSCI Asia Pacific ex Japan	694.6	605.6	601.6	-4.1	-0.7	-13.4	-21.0
Australia	All Ordinaries	7,779.2	6,746.5	6,720.4	-26.1	-0.4	-13.6	-10.9
	S&P/ASX 200	7,444.6	6,568.1	6,539.9	-28.2	-0.4	-12.2	-10.0
Hong Kong	Hang Seng	23,397.7	21,859.8	*	*	*	-6.6	-24.2
S. Korea	Kospi	2,977.7	2,332.6	2,305.4	-27.2	-1.2	-22.6	-29.8
Singapore	STI	3,123.7	3,102.2	3,095.6	-6.6	-0.2	-0.9	-0.9
China	Shanghai Comp	3,639.8	3,398.6	3,387.6	-11.0	-0.3	-6.9	-5.6
	Shanghai Shenzhen 300	4,940.4	4,485.0	4,466.7	-18.3	-0.4	-9.6	-14.6
Taiwan	TAIEX	18,218.8	14,825.7	14,343.1	-482.7	-3.3	-21.3	-19.0
India	Sensex 30	58,253.8	53,018.9	52,907.9	-111.0	-0.2	-9.2	1.1
Japan	Nikkei 225	28,791.7	26,393.0	25,935.6	-457.4	-1.7	-9.9	-9.7
	Topix	1,992.3	1,870.8	1,845.0	-25.8	-1.4	-7.4	-4.9

Source — Refinitiv DataStream, as at 1st July 2022, price returns in local currency

*Markets closed

Bond markets

10-Yr Govt Bonds	Closing Yield	Daily Change Yield (bps)
US	2.90%	-7
UK	2.08%	-16
Germany	1.23%	-14
Japan	0.22%	0
Australia	3.58%	-11
China	2.83%	0

Source — Refinitiv DataStream, as at 1st July 2022

IG Bonds	Closing Yield*	Daily Change Yield (bps)
ICE BofA US Corporate Index	4.72%	-5
ICE BofA Euro Corporate Index	3.09%	-5
ICE BofA Asian Dollar Investment Grade Index	4.77%	-10

HY Bonds	Closing Yield*	Daily Change Yield (bps)
ICE BofA US High Yield Constrained Index	8.97%	14
ICE BofA Global High Yield European Issuers Constrained Index	8.24%	22
ICE BofA Asian Dollar High Yield Corporate Constrained Index	17.37%	25
ICE BofA Asian Dollar High Yield Corporate China Issuer Index	26.59%	-64

Source — Refinitiv DataStream *Data as at 30th June 2022

Currencies and commodities

Currency	1-Jul	Daily Change (%)	Weekly Change (%)
Japanese yen	135.12	0.5%	0.1%
Australian dollar	1.4768	-1.6%	-2.5%
Yuan	6.7009	-0.1%	-0.1%
Euro	0.9623	-0.6%	-1.5%
British pound	0.8330	-1.2%	-2.4%
Swiss franc	0.9633	-0.6%	-0.9%
Canadian dollar	1.2923	-0.2%	-0.1%

Source — Refinitiv DataStream, as at 1st July 2022. Exchange rates denote value for 1 USD.

Commodities	1-Jul	Daily Change (%)	Weekly Change (%)
Crude Spot - WTI	\$109.95	2.1%	-0.4%
Gold	\$1,807.50	0.0%	-1.1%
CRB Commodity Index	311.31	0.2%	-2.2%

Source — Refinitiv DataStream, as at 1st July 2022. Reference to (\$) are in US dollars.

Annual returns over the past five years

		% Change				
		12 months to	12 months to	12 months to	12 months to	12 months to
		1-Jul-22	1-Jul-21	1-Jul-20	1-Jul-19	1-Jul-18
	Index					
North America	MSCI North America	-13.1	39.7	5.4	8.4	12.1
United States	Dow	-10.2	34.6	-3.7	10.1	13.7
	NASDAQ	-23.4	43.0	25.5	7.7	22.3
	S&P 500	-11.4	38.6	5.1	9.0	12.2
Canada	S&P/TSX Comp	-6.5	30.0	-5.3	0.6	7.2
Europe	MSCI Europe	-10.3	24.6	-8.5	1.9	1.4
UK	FTSE 100	0.6	15.7	-17.9	-1.8	4.4
	FTSE All Share	-3.0	19.2	-16.8	-2.5	5.0
France	CAC	-9.5	33.0	-11.5	4.6	4.0
Germany	XETRA DAX	-17.9	27.3	-2.1	1.8	-0.2
Netherlands	AEX All Share	-13.9	29.3	-4.2	3.2	5.3
Italy	MIB	-15.5	30.8	-9.0	-1.7	5.1
Spain	Ibex 35	-8.5	23.6	-22.0	-3.7	-7.9
Sweden	OMX Stockholm 30	-17.5	35.8	2.0	5.3	-2.7
Switzerland	SMI	-10.1	18.7	1.2	15.8	-3.3
Asia Pacific ex Japan	MSCI Asia Pacific ex Japan	-21.0	31.3	-2.1	-0.2	7.6
Australia	All Ordinaries	-10.9	24.8	-10.3	7.0	9.1
	S&P/ASX 200	-10.0	22.4	-10.7	7.3	8.3
Hong Kong	Hang Seng	-24.2	18.0	-14.4	-1.4	12.4
S. Korea	Kospi	-29.8	55.8	-1.1	-8.4	-2.7
Singapore	STI	-0.9	19.7	-22.6	3.2	1.3
China	Shanghai Comp	-5.6	18.6	-0.6	6.9	-10.8
	Shanghai Shenzhen 300	-14.6	23.1	7.9	12.1	-4.2
Taiwan	TAIEX	-19.0	51.4	7.4	0.5	4.3
India	Sensex 30	1.1	47.7	-10.8	12.0	14.6
Japan	Nikkei 225	-9.7	29.8	1.8	-2.6	11.3
	Topix	-4.9	26.0	-2.9	-8.4	7.4

Source — Refinitiv DataStream, as at 1st July 2022, price returns in local currency

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