

Global Market Update

05 July 2022

Global shares: US on holiday; Europe and Asia mixed

US markets

US markets were closed on Monday for the Independence Day holiday.

European markets

Equities ended mixed in light trading on Monday, while investors continued to assess the global economic outlook amid the prospect of rate hikes in this quarter. The Europe-wide STOXX added 0.5 percent, the UK FTSE 100 rose 0.9 percent, the French CAC gained 0.4 percent, while the German DAX eased 0.3 percent.

Energy stocks rallied on higher oil prices due to concerns of tight supply, with UK oil giants BP and Shell up 4.4 percent and 4.5 percent respectively. Healthcare stocks and miners were among the other top performers. On the contrary, declines in the semiconductor industry weighed on technology stocks after JP Morgan downgraded Austrian chipmaker ams OSRAM, off 7.9 percent. Banks also dropped following reports that the European Central Bank is seeking ways to stop banks earning excessive profits from the pandemic-era subsidized loans once it starts to increase interest rates this month.

On the data front, the eurozone's annual producer price inflation rate eased for the first time since May of 2020 to 36.3 percent in May, lower than market expectations. Elsewhere, the number of unemployed workers in Spain dropped by 42,409 to a 14-month low of 2.9 million in June, bringing optimism, while markets remained cautious about its near-term change in an inflationary environment.

Asia Pacific markets

Asian equities ended mixed on Monday. Overall, sentiment remained muted as investors re-examined the outlook for the economy.

Chinese rebounded, with China's CSI 300 index up 0.7 percent and the Shanghai index up 0.5 percent, after the exchange-traded funds were launched in the Stock Connect between China and Hong Kong which is likely to increase capital flows into mainland markets. Healthcare rallied as parts of eastern areas are conducting fresh rounds of mass COVID-19 testing due to rising cases over the weekend. Industrial and technology stocks were among top performers, while tourism and transport shares lagged. Real state shares fell following Shimao Group Holdings' default on a public bond. Conversely, weakness in airlines weighed on Hong Kong equities, with Hang Seng index down 0.1 percent, as China's three state owned airlines placed an order to buy a total of 292 aircrafts from Airbus.

Japanese equities bounced back, with the Nikkei 225 up 0.8 percent and the TOPIX up 1.3 percent. Utilities led the rebound on rising spot electricity prices as prolonged heatwaves boosted demand for cooling.

Taiwan's TAIEX shed 0.9 percent and the South Korean KOSPI eased 0.2 percent. The Indian BSE Sensex rose 0.6 percent, as gains in consumer goods on falling commodity prices offset losses in metal firms on weak iron ore and steel prices.

Australian equities recovered, with the All Ordinaries up 1.1 percent, as banks rallied ahead of an expected 50-basis-point rate hike by the Reserve Bank of Australia on Tuesday to tame records-high inflation. Gold stocks tracked bullion prices higher. Energy stocks also gained due to supply concerns.

Looking forward

Central Bank activities

Australia	Reserve Bank of Australia Interest Rate Decision
UK	Bank of England Governor Andrew Bailey Speech

Europe

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

Asia Pacific

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)

Americas

US	Factory Orders MoM (May)
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Source — Trading Economics

Global stock markets

	Index	End	2022		Daily	Percentage Change		
		2021	Jul 1	Jul 4	Change	Daily	2022	Yr/Yr
North America	MSCI North America	4,949.4	3,939.9	3,941.6	1.7	0.0	-20.4	-13.7
United States	Dow	36,338.3	31,097.3	*	*	*	-14.4	-10.6
	NASDAQ	15,645.0	11,127.9	*	*	*	-28.9	-24.0
	S&P 500	4,766.2	3,825.3	*	*	*	-19.7	-12.1
Canada	S&P/TSX Comp	21,222.8	*	19,028.9	167.5	0.9	-10.3	-5.9
Europe	MSCI Europe	1,934.8	1,642.9	1,650.9	8.0	0.5	-14.7	-10.0
UK	FTSE 100	7,384.5	7,168.7	7,232.7	64.0	0.9	-2.1	1.5
	FTSE All Share	4,208.0	3,940.0	3,967.6	27.6	0.7	-5.7	-2.4
France	CAC	7,153.0	5,931.1	5,954.7	23.6	0.4	-16.8	-9.1
Germany	XETRA DAX	15,884.9	12,813.0	12,773.4	-39.7	-0.3	-19.6	-18.4
Netherlands	AEX All Share	1,111.0	897.7	902.1	4.4	0.5	-18.8	-13.8
Italy	MIB	27,346.8	21,354.7	21,343.9	-10.7	-0.1	-22.0	-15.6
Spain	Ibex 35	8,713.8	8,176.1	8,161.8	-14.3	-0.2	-6.3	-8.4
Sweden	OMX Stockholm 30	2,419.7	1,875.9	1,893.6	17.6	0.9	-21.7	-17.3
Switzerland	SMI	12,875.7	10,770.4	10,882.0	111.6	1.0	-15.5	-9.1
Asia Pacific ex Japan	MSCI Asia Pacific ex Japan	694.6	601.6	601.7	0.1	0.0	-13.4	-20.3
Australia	All Ordinaries	7,779.2	6,720.4	6,796.9	76.5	1.1	-12.6	-10.4
	S&P/ASX 200	7,444.6	6,539.9	6,612.6	72.7	1.1	-11.2	-9.5
Hong Kong	Hang Seng	23,397.7	*	21,830.4	-29.4	-0.1	-6.7	-22.9
S. Korea	Kospi	2,977.7	2,305.4	2,300.3	-5.1	-0.2	-22.7	-29.9
Singapore	STI	3,123.7	3,095.6	3,120.2	24.6	0.8	-0.1	-0.3
China	Shanghai Comp	3,639.8	3,387.6	3,405.4	17.8	0.5	-6.4	-3.2
	Shanghai Shenzhen 300	4,940.4	4,466.7	4,496.0	29.3	0.7	-9.0	-11.5
Taiwan	TAIEX	18,218.8	14,343.1	14,217.1	-126.0	-0.9	-22.0	-19.7
India	Sensex 30	58,253.8	52,907.9	53,234.8	326.8	0.6	-8.6	1.4
Japan	Nikkei 225	28,791.7	25,935.6	26,153.8	218.2	0.8	-9.2	-9.1
	Topix	1,992.3	1,845.0	1,869.7	24.7	1.3	-6.2	-4.4

Source — Refinitiv DataStream, as at 4th July 2022, price returns in local currency

*Markets closed

Bond markets

10-Yr Govt Bonds	Closing Yield	Daily Change Yield (bps)
US	*	*
UK	2.20%	11
Germany	1.34%	11
Japan	0.22%	0
Australia	3.53%	-6
China	2.86%	3

Source — Refinitiv DataStream, as at 4th July 2022

*Markets closed

IG Bonds	Closing Yield*	Daily Change Yield (bps)
ICE BofA US Corporate Index	4.66%	-5
ICE BofA Euro Corporate Index	2.93%	-15
ICE BofA Asian Dollar Investment Grade Index	4.72%	-6

HY Bonds	Closing Yield*	Daily Change Yield (bps)
ICE BofA US High Yield Constrained Index	8.93%	-4
ICE BofA Global High Yield European Issuers Constrained Index	8.21%	-3
ICE BofA Asian Dollar High Yield Corporate Constrained Index	17.41%	4
ICE BofA Asian Dollar High Yield Corporate China Issuer Index	26.57%	-2

Source — Refinitiv DataStream *Data as at 1st July 2022

Currencies and commodities

Currency	4-Jul	Daily Change (%)	Weekly Change (%)
Japanese yen	135.75	-0.5%	-0.4%
Australian dollar	1.4591	1.2%	-1.3%
Yuan	6.6969	0.1%	-0.1%
Euro	0.9593	0.3%	-1.7%
British pound	0.8254	0.9%	-1.5%
Swiss franc	0.9614	0.2%	-0.5%
Canadian dollar	1.2885	0.3%	-0.1%

Source — Refinitiv DataStream, as at 4th July 2022. Exchange rates denote value for 1 USD.

Commodities	4-Jul	Daily Change (%)	Weekly Change (%)
Crude Spot - WTI	\$109.05*	2.1%*	-0.4%*
Gold	\$1,807.80	0.0%	-0.9%
CRB Commodity Index	311.31*	0.2%*	-2.2%*

Source — Refinitiv DataStream, as at 4th July 2022. Reference to (\$) are in US dollars.

*Data as at 1st July 2022

Annual returns over the past five years

		% Change				
		12 months to	12 months to	12 months to	12 months to	12 months to
		4-Jul-22	4-Jul-21	4-Jul-20	4-Jul-19	4-Jul-18
	Index					
North America	MSCI North America	-13.7	40.1	4.8	9.8	11.7
United States	Dow	-10.6	34.7	-4.2	11.5	12.5
	NASDAQ	-24.0	43.4	24.9	8.9	22.8
	S&P 500	-12.1	39.1	4.5	10.4	11.7
Canada	S&P/TSX Comp	-5.9	29.7	-6.0	1.7	7.8
Europe	MSCI Europe	-10.0	23.4	-8.7	3.4	0.4
UK	FTSE 100	1.5	15.7	-19.0	0.4	2.9
	FTSE All Share	-2.4	19.2	-17.7	-0.5	3.7
France	CAC	-9.1	30.9	-10.9	5.6	2.8
Germany	XETRA DAX	-18.4	24.9	-0.8	2.5	-1.0
Netherlands	AEX All Share	-13.8	28.2	-3.8	4.6	4.0
Italy	MIB	-15.6	28.2	-10.8	2.0	3.1
Spain	Ibex 35	-8.4	20.3	-21.2	-3.7	-7.7
Sweden	OMX Stockholm 30	-17.3	35.0	2.6	8.5	-6.1
Switzerland	SMI	-9.1	18.2	0.6	16.2	-3.4
Asia Pacific ex Japan	MSCI Asia Pacific ex Japan	-20.3	26.1	0.8	1.5	6.4
Australia	All Ordinaries	-10.4	23.1	-9.4	8.4	7.8
	S&P/ASX 200	-9.5	20.6	-9.8	8.6	6.9
Hong Kong	Hang Seng	-22.9	11.6	-11.9	2.0	11.2
S. Korea	Kospi	-29.9	52.5	2.1	-6.9	-4.8
Singapore	STI	-0.3	17.9	-21.3	3.9	1.1
China	Shanghai Comp	-3.2	11.6	4.9	8.9	-13.3
	Shanghai Shenzhen 300	-11.5	15.0	14.1	15.1	-7.1
Taiwan	TAIEX	-19.7	48.7	10.5	0.5	3.6
India	Sensex 30	1.4	45.7	-9.7	12.0	14.2
Japan	Nikkei 225	-9.1	29.0	2.8	-0.1	8.4
	Topix	-4.4	26.0	-2.4	-6.1	5.2

Source — Refinitiv DataStream, as at 4th July 2022, price returns in local currency

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