

Global Market Update

06 July 2022

Global shares: US mixed; Europe falls on gloomy economic data; Asia mostly higher

US markets

Markets saw a divergence in performance on Tuesday as investors re-examined the economic outlook. The Dow Jones industrial average dropped 0.4 percent, while the S&P 500 edged up 0.2 percent and the NASDAQ climbed 1.7 percent.

Economic data surprised to the upside. Factory orders unexpectedly rose 1.6 percent on a monthly basis in May, countering the view of a weakening economy. The data also showed that the demand for goods from consumers and businesses was resilient, which strengthened the case for further rate hikes by the central bank to cool off the economy. All eyes are now on the release of the minutes from the Federal Open Market Committee on Wednesday.

Growth stocks outperformed value stocks. A slide in bond yields lifted interest-rate sensitive shares, with Meta Platform up 5.1 percent, Alphabet up 4.2 percent, and Amazon.com up 3.6 percent. Communication services led the gainers, while energy stocks fell on weak oil prices amid intensified fears of a recession.

These price data reflect observations at market close: WTI spot crude oil fell US\$8.55 to US\$101.40 and spot gold fell US\$39.95 to US\$1,767.85. The US dollar gained vs. major currencies. The US Treasury 30-year bond yield fell 10 basis points to 3.03 percent, while the 10-year note yield fell 9 basis points to 2.81 percent.

European markets

Equities fell sharply on Tuesday, as downbeat data readings, coupled with the energy crisis in the region, reignited debate over a global economic downturn. The Europe-wide STOXX lost 2.1 percent, the UK FTSE 100 and the German DAX both shrank 2.9 percent, and the French CAC shed 2.7 percent.

A sea of red swamped markets. Energy stocks led the decline with the outlook dimming for oil demand amid recession fears. Likewise, miners tumbled in tandem with a rout in metals. Utilities declined following news that the German government is considering taking a stake in utility company Uniper, off 9.5 percent, to save the company from a potential collapse due to gas shortages and surging energy prices.

On the data front, a slew of services purchasing managers' index releases showed business growth slowed further in June across the region except UK, with business confidence remained low, indicating concerns over persistent supply chain disruptions, rising prices, increasing borrowing costs and weakening demand.

Asia Pacific markets

Most Asian markets closed in positive trajectory on Tuesday, supported by upbeat economic data readings.

Chinese ended flat to lower, with China's CSI 300 index off 0.1 percent and the Shanghai index unchanged, as investors booked profits from recent gains. Tourism stocks fell amid fears over the latest COVID-19 resurgence in Anhui Province. On a positive note, fresh data marked the first expansion in the services activity in four months. Hong Kong's Hang Seng index firmed 0.1 percent. Healthcare shares rose on news that WuXi Biologics, up 6.5 percent, is likely to be removed from a US "unverified list". Energy stocks also gained, while financials and property stocks fell.

Japanese equities improved further in a broad rally, with the Nikkei 225 up 1.0 percent and the TOPIX up 0.5 percent, as fresh data showed a third straight month of expansion in services activity at the sharpest pace since October 2013. Technology stocks led the advance as recent selloffs attracted bargain hunters, while shipping firms underperformed.

Taiwan's TAIEX rose 0.9 percent and the South Korean KOSPI jumped 1.8 percent. Conversely, the Indian BSE Sensex dropped 0.2 percent as trade deficit widened to a record high in June. Automobiles, banks and technology shares led the losses, while oil-related shares outperformed.

Australian equities edged up higher, with the All Ordinaries up 0.3 percent, after the Reserve Bank of Australia raised its cash rate by 50 basis points to 1.35 percent, as widely expected. Energy stocks and miners extended their gains. Technology and healthcare shares also advanced, while banks lagged.

Looking forward

Central Bank activities

Eurozone	European Central Bank Non-Monetary Policy Meeting
UK	Bank of England Monetary Policy Committee Member Silvana Tenreyro Speech Bank of England Chief Economist Huw Pill Speech Bank of England Deputy Governor Jon Cunliffe Speech
US	Federal Reserve Bank of New York CEO John C. Williams Speech Federal Open Market Committee Minutes

Europe

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)

Americas

US	S&P Global Services PMI Final (Jun) S&P Global Composite PMI Final (Jun) ISM Non-Manufacturing PMI (Jun) JOLTs Job Openings (May)
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Source — Trading Economics

Global stock markets

	Index	End	2022		Daily	Percentage Change		
		2021	Jul 4	Jul 5	Change	Daily	2022	Yr/Yr
North America	MSCI North America	4,949.4	3,941.6	3,950.7	9.1	0.2	-20.2	-13.5
United States	Dow	36,338.3	*	30,967.8	-129.4	-0.4	-14.8	-11.0
	NASDAQ	15,645.0	*	11,322.2	194.4	1.7	-27.6	-22.7
	S&P 500	4,766.2	*	3,831.4	6.1	0.2	-19.6	-12.0
Canada	S&P/TSX Comp	21,222.8	19,028.9	18,834.2	-194.7	-1.0	-11.3	-7.1
Europe	MSCI Europe	1,934.8	1,650.9	1,613.7	-37.3	-2.3	-16.6	-12.2
UK	FTSE 100	7,384.5	7,232.7	7,025.5	-207.2	-2.9	-4.9	-1.9
	FTSE All Share	4,208.0	3,967.6	3,863.9	-103.7	-2.6	-8.2	-5.6
France	CAC	7,153.0	5,954.7	5,795.0	-159.7	-2.7	-19.0	-11.8
Germany	XETRA DAX	15,884.9	12,773.4	12,401.2	-372.2	-2.9	-21.9	-20.8
Netherlands	AEX All Share	1,111.0	902.1	880.8	-21.3	-2.4	-20.7	-15.6
Italy	MIB	27,346.8	21,343.9	20,705.1	-638.9	-3.0	-24.3	-18.6
Spain	Ibex 35	8,713.8	8,161.8	7,959.4	-202.4	-2.5	-8.7	-11.0
Sweden	OMX Stockholm 30	2,419.7	1,893.6	1,866.2	-27.4	-1.4	-22.9	-18.8
Switzerland	SMI	12,875.7	10,882.0	10,702.5	-179.5	-1.6	-16.9	-10.6
Asia Pacific ex Japan	MSCI Asia Pacific ex Japan	694.6	601.7	604.7	3.0	0.5	-12.9	-19.8
Australia	All Ordinaries	7,779.2	6,796.9	6,818.1	21.2	0.3	-12.4	-10.2
	S&P/ASX 200	7,444.6	6,612.6	6,629.3	16.7	0.3	-11.0	-9.4
Hong Kong	Hang Seng	23,397.7	21,830.4	21,853.1	22.7	0.1	-6.6	-22.4
S. Korea	Kospi	2,977.7	2,300.3	2,341.8	41.4	1.8	-21.4	-28.9
Singapore	STI	3,123.7	3,120.2	3,104.1	-16.1	-0.5	-0.6	-1.2
China	Shanghai Comp	3,639.8	3,405.4	3,404.0	-1.4	0.0	-6.5	-3.7
	Shanghai Shenzhen 300	4,940.4	4,496.0	4,489.5	-6.5	-0.1	-9.1	-11.7
Taiwan	TAIEX	18,218.8	14,217.1	14,349.2	132.1	0.9	-21.2	-19.9
India	Sensex 30	58,253.8	53,234.8	53,134.4	-100.4	-0.2	-8.8	0.5
Japan	Nikkei 225	28,791.7	26,153.8	26,423.5	269.7	1.0	-8.2	-7.6
	Topix	1,992.3	1,869.7	1,879.1	9.4	0.5	-5.7	-3.6

Source — Refinitiv DataStream, as at 5th July 2022, price returns in local currency

*Markets closed

Bond markets

10-Yr Govt Bonds	Closing Yield	Daily Change Yield (bps)
US	2.81%	-9
UK	2.05%	-14
Germany	1.19%	-15
Japan	0.22%	0
Australia	3.56%	3
China	2.85%	0

Source — Refinitiv DataStream, as at 5th July 2022

IG Bonds	Closing Yield*	Daily Change Yield (bps)
ICE BofA US Corporate Index	4.66%	0
ICE BofA Euro Corporate Index	3.04%	10
ICE BofA Asian Dollar Investment Grade Index	4.72%	0

HY Bonds	Closing Yield*	Daily Change Yield (bps)
ICE BofA US High Yield Constrained Index	8.93%	0
ICE BofA Global High Yield European Issuers Constrained Index	8.21%	0
ICE BofA Asian Dollar High Yield Corporate Constrained Index	17.42%	0
ICE BofA Asian Dollar High Yield Corporate China Issuer Index	26.56%	-1

Source — Refinitiv DataStream *Data as at 4th July 2022

Currencies and commodities

Currency	5-Jul	Daily Change (%)	Weekly Change (%)
Japanese yen	136.01	-0.2%	0.2%
Australian dollar	1.4759	-1.2%	-2.2%
Yuan	6.7014	-0.1%	-0.2%
Euro	0.9764	-1.8%	-2.7%
British pound	0.8393	-1.7%	-2.4%
Swiss franc	0.9702	-0.9%	-1.3%
Canadian dollar	1.3047	-1.3%	-1.3%

Source — Refinitiv DataStream, as at 5th July 2022. Exchange rates denote value for 1 USD.

Commodities	5-Jul	Daily Change (%)	Weekly Change (%)
Crude Spot - WTI	\$101.40	-7.8%	-10.8%
Gold	\$1,767.85	-2.2%	-2.9%
CRB Commodity Index	296.80	-4.7%	-7.6%

Source — Refinitiv DataStream, as at 5th July 2022. Reference to (\$) are in US dollars.

Annual returns over the past five years

		% Change				
Index		12 months to	12 months to	12 months to	12 months to	12 months to
		5-Jul-22	5-Jul-21	5-Jul-20	5-Jul-19	5-Jul-18
North America	MSCI North America	-13.5	40.1	5.0	8.7	12.4
United States	Dow	-11.0	34.7	-4.1	10.5	13.4
	NASDAQ	-22.7	43.4	25.1	7.6	23.3
	S&P 500	-12.0	39.1	4.7	9.3	12.5
Canada	S&P/TSX Comp	-7.1	30.0	-5.7	1.7	7.3
Europe	MSCI Europe	-12.2	23.8	-8.1	2.1	0.9
UK	FTSE 100	-1.9	16.4	-18.5	-0.7	3.2
	FTSE All Share	-5.6	20.0	-17.2	-1.4	3.7
France	CAC	-11.8	31.2	-10.5	4.2	3.6
Germany	XETRA DAX	-20.8	25.0	-0.3	0.8	0.1
Netherlands	AEX All Share	-15.6	27.8	-3.3	3.5	4.5
Italy	MIB	-18.6	29.0	-10.3	0.3	4.7
Spain	Ibex 35	-11.0	20.8	-20.7	-5.4	-6.2
Sweden	OMX Stockholm 30	-18.8	35.6	3.7	7.1	-6.2
Switzerland	SMI	-10.6	18.2	1.5	15.1	-3.1
Asia Pacific ex Japan	MSCI Asia Pacific ex Japan	-19.8	26.0	1.0	1.5	5.8
Australia	All Ordinaries	-10.2	23.1	-9.8	8.4	8.7
	S&P/ASX 200	-9.4	20.8	-10.3	8.6	7.8
Hong Kong	Hang Seng	-22.4	10.9	-11.8	2.1	10.4
S. Korea	Kospi	-28.9	53.0	2.0	-6.5	-5.5
Singapore	STI	-1.2	18.4	-21.2	3.4	0.2
China	Shanghai Comp	-3.7	12.1	4.7	10.1	-14.8
	Shanghai Shenzhen 300	-11.7	15.1	13.5	16.5	-8.7
Taiwan	TAIEX	-19.9	50.5	10.4	1.6	2.0
India	Sensex 30	0.5	46.8	-8.8	11.1	13.9
Japan	Nikkei 225	-7.6	28.2	2.6	0.9	7.3
	Topix	-3.6	25.6	-2.5	-5.0	3.6

Source — Refinitiv DataStream, as at 5th July 2022, price returns in local currency

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