

Global Market Update

07 July 2022

Global shares: US rises; Europe rebounds on hopes for easing energy worries; Asia mostly lower

US markets

Markets seesawed earlier but started trending higher late in the session to close in the green on Wednesday, as investors absorbed the minutes from the Federal Reserve's (Fed) June meeting while juggling concerns over inflation versus a possible recession. The Dow Jones industrial average edged up 0.2 percent, the S&P 500 added 0.4 percent, and the NASDAQ firmed 0.3 percent.

According to the latest minutes, the Fed will prioritize bringing inflation down to its 2 percent target, even if it slows economic growth. Policymakers stated the economy warranted rate hikes and another interest rate increase of 50 or 75 basis points may be appropriate in July, depending on whether inflation stays high.

Among sectors, utilities and technology led the advance, while energy was hit hardest as weakness in crude prices continued to weigh amid recession fears. Uber Technologies and DoorDash fell 4.5 percent and 7.4 percent, respectively, on news that Amazon.com, up 0.7 percent, took a stake in food delivery company GrubHub to offer its Prime members food delivery service.

On the data front, the Institute for Supply Management's services purchasing managers' index (PMI) fell slightly to 55.3 in June, higher than market expectations, still indicating strong growth for the services sector. Likewise, the number of job openings edged down to 11.3 million in May, above estimates, suggesting demand for workers remained solid.

These price data reflect observations at market close: WTI spot crude oil fell US\$0.97 to US\$100.43 and spot gold fell US\$28.90 to US\$1,738.95. The US dollar fell vs. most major currencies. The US Treasury 30-year bond yield rose 8 basis points to 3.11 percent and the 10-year note yield rose 7 basis points to 2.88 percent.

European markets

Equities bounced back on Wednesday, as fears of energy shortages eased after the Norwegian government intervened to end a strike threatening to cut gas supplies. The Europe-wide STOXX climbed 1.7 percent, the UK FTSE 100 rose 1.2 percent, the French CAC jumped 2.0 percent, and the German DAX rose 1.6 percent.

Nearly all sectors participated in the rally with consumer staples and technology shares among the top performers. Energy stocks declined as oil prices fell to 12-week lows on recession fears. Utility company Uniper lost another 2.9 percent after the S&P Global Ratings downgraded the company amid gloomy outlook.

On the data front, the eurozone's retail sales slightly rose 0.2 percent on a monthly basis in May, below market expectations, as rising prices squeezed consumers on food, beverages and fuels although sales of

non-food products increased. Elsewhere, UK construction PMI fell to 52.6 in June, signaling the slowest growth in construction activity since September of 2021, mainly due to staff shortages, a lack of transport availability and cost inflation. Meanwhile, business expectations remained at low levels, reflecting concerns over the short-term economic outlook.

Asia Pacific markets

Most Asian markets closed in the red on Wednesday, dragged down by commodity-related stocks on weak oil and metal prices, as sentiment was dampened by mounting concerns over a global economic slowdown.

Chinese equities ended lower, with China's CSI 300 index off 1.5 percent and the Shanghai index off 1.4 percent, as sentiment was dented by another wave of COVID-19 flareups in various cities such as Shanghai and Xi'an. Resource-linked stocks led the decline, weighed by weakness in oil and metal prices. Transport and consumer stocks also fell, while technology and new energy shares bucked the trend. Hong Kong's Hang Seng index lost 1.2 percent.

Japanese equities pulled back from two consecutive sessions of growth, with the Nikkei 225 and the TOPIX both down 1.2 percent. Refiners and utilities declined, along with travel, leisure and insurance, while technology and healthcare advanced.

Taiwan's TAIEX tumbled 2.5 percent and the South Korean KOSPI shrank 2.1 percent. Conversely, the Indian BSE Sensex rose 1.2 percent, lifted by financials and consumer goods stocks, as a decline in crude prices eased inflation worries while benefiting the oil-importing country.

Australian equities lost ground, with the All Ordinaries down 0.5 percent, weighed by energy stocks and miners amid falling oil and metal prices. On the contrary, technology shares tracked overnight US peers higher. Financials gained after three of Australia's "big four" banks, up 0.8 to 1.8 percent, lifted their variable home loan rates by 50 basis points per annum, following the central bank's rate hike.

Looking forward

Central Bank activities

UK	Bank of England Monetary Policy Committee Member Catherine L. Mann Speech
Eurozone	European Central Bank Monetary Policy Meeting Accounts
US	Federal Reserve Governor Christopher J. Waller Speech Federal Reserve Bank of St. Louis President James Bullard Speech

Europe

Germany	Industrial Production MoM (May)
UK	Halifax House Price Index MoM / YoY (Jun)

Asia Pacific

Australia	Australian Industry Group Services Index (Jun) Balance of Trade (May)
-----------	--

Americas

US	ADP Employment Change (Jun)
----	-----------------------------

Balance of Trade (May)
 Exports / Imports (May)
 Initial Jobless Claims (Week ended 2nd Jul)
 Canada
 Balance of Trade (May)
 Ivey PMI (Jun)

Source — Trading Economics

Global stock markets

	Index	End	2022		Daily	Percentage Change		
		2021	Jul 5	Jul 6	Change	Daily	2022	Yr/Yr
North America	MSCI North America	4,949.4	3,950.7	3,960.5	9.8	0.2	-20.0	-13.2
United States	Dow	36,338.3	30,967.8	31,037.7	69.9	0.2	-14.6	-10.2
	NASDAQ	15,645.0	11,322.2	11,361.9	39.6	0.3	-27.4	-22.5
	S&P 500	4,766.2	3,831.4	3,845.1	13.7	0.4	-19.3	-11.5
Canada	S&P/TSX Comp	21,222.8	18,834.2	18,729.7	-104.5	-0.6	-11.7	-7.7
Europe	MSCI Europe	1,934.8	1,613.7	1,636.4	22.8	1.4	-15.4	-10.5
UK	FTSE 100	7,384.5	7,025.5	7,107.8	82.3	1.2	-3.7	0.1
	FTSE All Share	4,208.0	3,863.9	3,910.8	46.9	1.2	-7.1	-3.7
France	CAC	7,153.0	5,795.0	5,912.4	117.4	2.0	-17.3	-9.1
Germany	XETRA DAX	15,884.9	12,401.2	12,594.5	193.3	1.6	-20.7	-18.8
Netherlands	AEX All Share	1,111.0	880.8	894.6	13.9	1.6	-19.5	-14.0
Italy	MIB	27,346.8	20,705.1	20,921.0	215.9	1.0	-23.5	-17.1
Spain	Ibex 35	8,713.8	7,959.4	7,948.6	-10.8	-0.1	-8.8	-10.3
Sweden	OMX Stockholm 30	2,419.7	1,866.2	1,918.7	52.5	2.8	-20.7	-16.2
Switzerland	SMI	12,875.7	10,702.5	10,840.6	138.1	1.3	-15.8	-9.4
Asia Pacific ex Japan	MSCI Asia Pacific ex Japan	694.6	604.7	598.5	-6.2	-1.0	-13.8	-20.4
Australia	All Ordinaries	7,779.2	6,818.1	6,784.3	-33.8	-0.5	-12.8	-9.9
	S&P/ASX 200	7,444.6	6,629.3	6,594.5	-34.8	-0.5	-11.4	-9.2
Hong Kong	Hang Seng	23,397.7	21,853.1	21,586.7	-266.4	-1.2	-7.7	-23.1
S. Korea	Kospi	2,977.7	2,341.8	2,292.0	-49.8	-2.1	-23.0	-30.7
Singapore	STI	3,123.7	3,104.1	3,103.7	-0.5	0.0	-0.6	-2.7
China	Shanghai Comp	3,639.8	3,404.0	3,355.4	-48.7	-1.4	-7.8	-5.0
	Shanghai Shenzhen 300	4,940.4	4,489.5	4,424.0	-65.6	-1.5	-10.5	-13.0
Taiwan	TAIEX	18,218.8	14,349.2	13,985.5	-363.7	-2.5	-23.2	-21.9
India	Sensex 30	58,253.8	53,134.4	53,751.0	616.6	1.2	-7.7	1.7
Japan	Nikkei 225	28,791.7	26,423.5	26,107.7	-315.8	-1.2	-9.3	-8.9
	Topix	1,992.3	1,879.1	1,856.0	-23.1	-1.2	-6.8	-5.0

Source — Refinitiv DataStream, as at 6th July 2022, price returns in local currency

Bond markets

10-Yr Govt Bonds	Closing Yield	Daily Change Yield (bps)
US	2.88%	7
UK	2.12%	6
Germany	1.17%	-1
Japan	0.25%	3
Australia	3.40%	-17
China	2.84%	-1

Source — Refinitiv DataStream, as at 6th July 2022

IG Bonds	Closing Yield*	Daily Change Yield (bps)
ICE BofA US Corporate Index	4.62%	-5
ICE BofA Euro Corporate Index	2.90%	-13
ICE BofA Asian Dollar Investment Grade Index	4.69%	-3

HY Bonds	Closing Yield*	Daily Change Yield (bps)
ICE BofA US High Yield Constrained Index	8.94%	0
ICE BofA Global High Yield European Issuers Constrained Index	8.24%	3
ICE BofA Asian Dollar High Yield Corporate Constrained Index	17.94%	52
ICE BofA Asian Dollar High Yield Corporate China Issuer Index	26.73%	17

Source — Refinitiv DataStream *Data as at 5th June 2022

Currencies and commodities

Currency	6-Jul	Daily Change (%)	Weekly Change (%)
Japanese yen	135.67	0.2%	0.9%
Australian dollar	1.4761	0.0%	-1.5%
Yuan	6.7037	0.0%	-0.1%
Euro	0.9809	-0.5%	-2.8%
British pound	0.8396	0.0%	-1.8%
Swiss franc	0.9703	0.0%	-1.8%
Canadian dollar	1.3075	-0.2%	-1.5%

Source — Refinitiv DataStream, as at 6th July 2022. Exchange rates denote value for 1 USD.

Commodities	6-Jul	Daily Change (%)	Weekly Change (%)
Crude Spot - WTI	\$100.43	-1.0%	-10.1%
Gold	\$1,738.95	-1.6%	-4.3%
CRB Commodity Index	294.64	-0.7%	-7.7%

Source — Refinitiv DataStream, as at 6th 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
		6-Jul-22	6-Jul-21	6-Jul-20	6-Jul-19	6-Jul-18
North America	MSCI North America	-13.2	37.8	6.6	7.8	14.5
United States	Dow	-10.2	31.5	-2.4	10.1	14.7
	NASDAQ	-22.5	40.5	27.8	6.2	26.3
	S&P 500	-11.5	36.6	6.3	8.4	14.5
Canada	S&P/TSX Comp	-7.7	29.5	-5.3	1.0	8.6
Europe	MSCI Europe	-10.5	21.0	-6.6	1.9	1.7
UK	FTSE 100	0.1	13.0	-16.8	-0.8	3.8
	FTSE All Share	-3.7	16.7	-15.6	-1.6	4.3
France	CAC	-9.1	28.1	-9.2	4.1	4.3
Germany	XETRA DAX	-18.8	21.8	1.3	0.6	0.9
Netherlands	AEX All Share	-14.0	25.4	-1.7	3.3	5.2
Italy	MIB	-17.1	25.9	-8.9	0.3	4.0
Spain	Ibex 35	-10.3	17.3	-19.1	-5.8	-5.7
Sweden	OMX Stockholm 30	-16.2	32.2	5.9	7.3	-6.0
Switzerland	SMI	-9.4	16.7	2.7	14.7	-2.1
Asia Pacific ex Japan	MSCI Asia Pacific ex Japan	-20.4	22.8	3.3	1.0	6.4
Australia	All Ordinaries	-9.9	22.9	-10.3	7.5	9.6
	S&P/ASX 200	-9.2	20.7	-10.9	7.6	8.9
Hong Kong	Hang Seng	-23.1	6.6	-8.5	1.6	11.2
S. Korea	Kospi	-30.7	51.1	3.7	-7.1	-4.8
Singapore	STI	-2.7	18.6	-20.1	5.5	-1.1
China	Shanghai Comp	-5.0	5.9	10.7	9.6	-14.5
	Shanghai Shenzhen 300	-13.0	8.8	20.0	15.7	-8.1
Taiwan	TAIEX	-21.9	47.8	12.3	1.7	2.3
India	Sensex 30	1.7	44.9	-7.7	10.8	13.7
Japan	Nikkei 225	-8.9	26.1	4.5	-0.2	9.0
	Topix	-5.0	23.9	-1.0	-5.9	4.7

Source — Refinitiv DataStream, as at 6th July 2022, price returns in local currency

Important Information

This material is for Institutional Investors and Investment Professionals only, and should not be distributed to the general public or be relied upon by private investors.

This material is provided for information purposes only and is intended only for the person or entity to which it is sent. It must not be reproduced or circulated to any other party without prior permission of Fidelity.

This material does not constitute a distribution, an offer or solicitation to engage the investment management services of Fidelity, or an offer to buy or sell or the solicitation of any offer to buy or sell any securities in any jurisdiction or country where such distribution or offer is not authorised or would be contrary to local laws or regulations. Fidelity makes no representations that the contents are appropriate for use in all locations or that the transactions or services discussed are available or appropriate for sale or use in all jurisdictions or countries or by all investors or counterparties.

This communication is not directed at, and must not be acted on by persons inside the United States. All persons and entities accessing the information do so on their own initiative and are responsible for compliance with applicable local laws and regulations and should consult their professional advisers. This material may contain materials from third-parties which are supplied by companies that are not affiliated with any Fidelity entity (Third-Party Content). Fidelity has not been involved in the preparation, adoption or editing of such third-party materials and does not explicitly or implicitly endorse or approve such content. Fidelity International is not responsible for any errors or omissions relating to specific information provided by third parties.

Fidelity International refers to the group of companies which form the global investment management organization that provides products and services in designated jurisdictions outside of North America. Fidelity, Fidelity International, the Fidelity International logo and F symbol are trademarks of FIL Limited. Fidelity only offers information on products and services and does not provide investment advice based on individual circumstances, other than when specifically stipulated by an appropriately authorised firm, in a formal communication with the client.

Europe: Issued by FIL Pensions Management (authorised and regulated by the Financial Conduct Authority in UK), FIL (Luxembourg) S.A. (authorised and supervised by the CSSF, Commission de Surveillance du Secteur Financier), FIL Gestion (authorised and supervised by the AMF (Autorité des Marchés Financiers) N°GP03-004, 21 Avenue Kléber, 75016 Paris) and FIL Investment Switzerland AG.

In Hong Kong, this material is issued by FIL Investment Management (Hong Kong) Limited and it has not been reviewed by the Securities and Future Commission.

FIL Investment Management (Singapore) Limited (Co. Reg. No: 199006300E) is the legal representative of Fidelity International in Singapore. This document / advertisement has not been reviewed by the Monetary Authority of Singapore.

In Taiwan, Independently operated by Fidelity Securities Investment Trust Co. (Taiwan) Limited 11F, No.68, Zhongxiao East Road, Section 5, Taipei 110, Taiwan, R.O.C. Customer Service Number: 0800-00-9911

In Korea, this material is issued by FIL Asset Management (Korea) Limited. This material has not been reviewed by the Financial Supervisory Service, and is intended for the general information of institutional and professional investors only to which it is sent.

Fidelity is authorised to manage or distribute private investment fund products on a private placement basis, or to provide investment advisory service to relevant securities and futures business institutions in the mainland China solely through its Wholly Foreign Owned Enterprise in China - FIL Investment Management (Shanghai) Company Limited.

Issued in Japan, this material is prepared by FIL Investments (Japan) Limited (hereafter called "FIJ") based on reliable data, but FIJ is not held liable for its accuracy or completeness. Information in this material is good for the date and time of preparation, and is subject to change without prior notice depending on the market environments and other conditions. All rights concerning this material except quotations are held by FIJ, and should by no means be used or copied partially or wholly for any purpose without permission. This material aims at providing information for your reference only, but does not aim to recommend or solicit funds /securities.

IPGSSO0319