

WEEKLY UPDATE

Economies have globally held up well, but outlook for H2 is less favourable

Start of 2022 was boosted by post-Covid normalisation. The euro zone finally benefitted a positive dynamic trend. Health restrictions in the region were gradually lifted over the winter paving the way for a return to economic growth in the first half-year. Service sectors reopened and budgetary support measures kicked in, which went some way to offsetting the outbreak of war in the Ukraine. In the United States, economic activity has stalled in the first half-year, albeit against a booming comparison base from 2021, as supportive economic policies were dialled back to normal and spending power curtailed by rising inflation. In China, meanwhile, activity fell sharply in the first six months, hampered by reimposed lockdowns and a struggling property market.

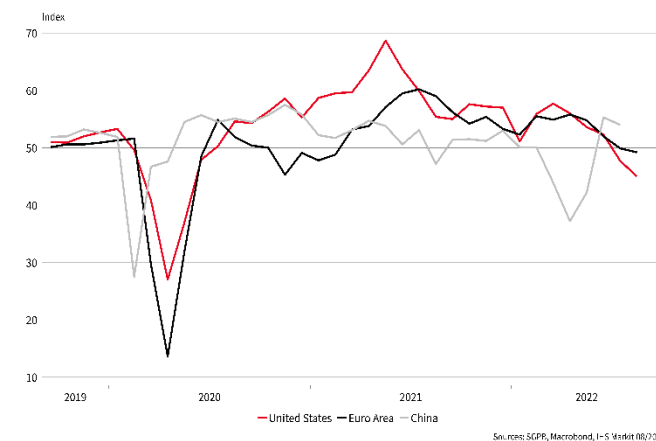
Early indicators for H2 look gloomier. Business surveys (PMI, see Chart 1) point to weaker activity in both the euro zone and United States. Inflation is still running high and central banks continue to tighten monetary conditions, weighing on both manufacturing and service sectors. At the same time, however, surveys show the rise in corporate input prices again held steady over the summer, which could mark the start of an easing in inflationary pressures.

An uncertain outlook, consistent with the cautious tone of our investment strategy. The second half of the year is therefore looking less favourable on the economic front. In late July, the IMF again downgraded its global growth forecasts for 2022 to 3.2%, trimming 0.4 points off its April projections (Chart 2). While equity markets had a generally upbeat start to H2, the wider economic landscape continues to counsel prudence.

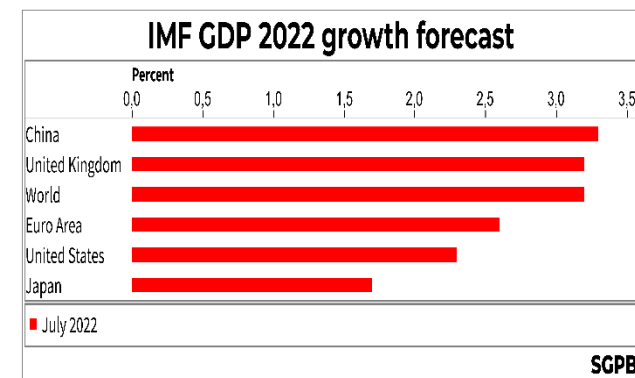


The sky is dark grey for the global economic activity.

Composite PMI of the main global economies



IMF revised downward its growth forecasts for 2022.



Past performance should not be seen as a guarantee of future returns.

All data taken from Bloomberg, Macrobond, (26/08/2022). In accordance with the applicable regulation, we inform the reader that this material is qualified as a marketing document. CA012/H1/2021

OUR MACRO COMMENTS

Events of the week



- This week, the People's Bank of China shifted downward two of her key interest rates, by 5 and 15bp, respectively the 1y and 5y rates. Moreover, a \$146 billions stimulus has been unveiled by chinese law makers. The Chinese economy is currently facing a brutal slowdown due to the « zero-covid » policy and to difficulties in real estate sector.



- The 2022 edition of the Economic Symposium of Jackson Hole gathers this week the world most important economic actors, in a specifically intense context of high inflation. This Friday, the US Federal Reserve governor, Jérôme Powell, should provide informations about the tone of next weeks monetary policy.

Figures of the week



- ISM Composite PMI (AUG)
- IFO Business Climate (AUG)
- Consumer Confidence (AUG)



- ISM Composite PMI (AUG)



- ISM Composite PMI (AUG)
- Consumer confidence (AUG)



- Durable Goods Orders (JUL)
- GPP Growth Rate (Q2)
- ISM Composite PMI (AUG)

	Actual	Consensus	Previous
ISM Composite PMI (AUG)	47,6 ↓	47,4	48,1
IFO Business Climate (AUG)	88,5 ↓	86,8	88,6
Consumer Confidence (AUG)	-36,5 ↓	-31,8	-30,9
ISM Composite PMI (AUG)	50,9 ↓	51,1	51,3
ISM Composite PMI (AUG)	49,2 ↓	49	49,9
Consumer confidence (AUG)	-24,9 ↑	-28	-27
Durable Goods Orders (JUL)	0% ↓	0,6%	1,9%
GPP Growth Rate (Q2)	-0,6%	-0,8%	-1,6%
ISM Composite PMI (AUG)	45 ↓	47,5	47,7

Sources : Bloomberg, on August 26th, 2022.

The week ahead

Tuesday



Inflation (AUG)

Wednesday



Inflation (AUG)



Inflation (AUG)



Inflation (AUG)

Thursday



Caixin Manufacturer PMI (AUG)



Unemployment (JUL)

Friday



Unemployment (AUG)



Balance of Trade (JUL)

MARKETS PERFORMANCE

Interbank rate	Last.	-1W	-3M	YTD	-12M
€STER O/N	-0,58	-0,58	-0,58	-0,59	-0,57
USD SOFR O/N	0,30	1,53	0,27	0,05	0,05
JPY TONAR O/N	-0,01	-0,01	-0,02	-0,02	-0,04
GBP SONIA O/N	1,19	1,19	0,69	0,19	0,05
CHF O/N	-0,03	-0,12	-0,71	-0,71	-0,74

Long term sov. rates	Last.	-1W	-3M	YTD	-12M
10Y OAT	1,75	1,66	1,34	0,20	-0,12
10Y Bund	1,23	1,15	0,87	-0,21	-0,40
10Y BTP	3,35	3,15	2,50	1,17	0,69
10Y JGB	0,20	0,19	0,25	0,07	0,00
10Y Bonos	2,47	2,35	1,80	0,56	0,34
10Y Swiss	0,83	0,75	0,89	-0,13	-0,36
10Y Gilt	2,13	2,05	1,94	1,02	0,70
10Y USTnote	3,04	2,91	2,85	1,52	1,30

Credit & EM	Last.	-1W	-3M	YTD	-12M
EUR Corporate Aaa	2,04	2,02	1,40	0,33	0,07
EUR Corporate Baa	3,27	3,26	2,06	0,66	0,34
GBP Corporate Baa	3,34	3,23	2,65	1,52	1,13
USD Corporate Aaa	3,86	3,75	3,53	2,13	1,92
USD Corporate Baa	5,04	5,00	4,39	2,60	2,25
USD EM aggregate	7,35	7,35	6,03	4,33	3,89

Commodities	Last.	-1W	-3M	YTD	-12M
Brent, USD/BL	106,50	6,9%	-0,4%	34,7%	47,5%
Or, USD/oz	1 697	-2,2%	-13,3%	-7,2%	-5,9%
Copper, USD/metric ton	7 404	1,8%	-27,7%	-23,5%	-20,4%
Platinum, USD/onz	879	3,8%	-10,1%	-9,1%	-18,2%
Palladium, USD/onz	1 860	-7,1%	-22,1%	-6,0%	-30,2%
Silver, USD/onz	18,78	-0,9%	-25,5%	-18,6%	-25,2%

FX rates	Last.	-1W	-3M	YTD	-12M
EUR/USD	1,02	1,3%	-5,8%	-10,0%	-13,4%
EUR/CHF	0,99	0,4%	-3,6%	-4,4%	-8,5%
USD/GBP	0,83	-0,4%	8,8%	12,9%	14,0%
USD/JPY	138,09	0,7%	8,2%	19,9%	25,2%
USD/BRL	5,44	1,1%	17,7%	-2,4%	3,4%
USD/CNY	6,75	0,5%	5,2%	6,3%	4,4%
USD/RUB	55,50	-5,1%	-32,5%	-26,0%	-25,0%

Equity indices	Last.	-1W	-3M	YTD	-12M
MSCI AC World (USD)	1 020	2,2%	-11,5%	-12,1%	-8,1%
Eurostoxx 50	3 585	3,8%	-8,0%	-16,6%	-11,0%
Dax 40	13 282	4,1%	-7,5%	-16,4%	-13,9%
CAC 40	6 185	3,1%	-6,6%	-13,5%	-4,3%
FTSE 100	7 264	1,5%	-4,8%	-1,6%	3,8%
SMI	11 059	1,4%	-10,2%	-14,1%	-8,0%
SP500	3 960	4,2%	-11,2%	-16,9%	-9,1%
TOPIX	1 946	3,0%	1,6%	-2,3%	2,2%
iBovespa	98 287	0,4%	-14,0%	-6,2%	-22,0%
Hang Seng	20 890	0,4%	-0,3%	-10,7%	-23,3%
Sensex 30	55 398	3,5%	-2,9%	-4,9%	6,1%
MOEX	-	-	-	-	-
CSI 300	4 284	-0,9%	5,2%	-13,3%	-16,7%

Source: Macrobond, on August 26th, 2022.

1wk = 1-week change, 3mth = 3-month change, 12mth = 12-month change, YTD = year-to-date change, YoY = year-on-year change, BAML = Bank of America Merrill Lynch, JPM = JP Morgan, IG = Investment Grade, EM = emerging markets. * Price return for MICEX equity index. Equities; total return in local currency. Government bonds = 3-7-year returns. Figures are rounded.

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