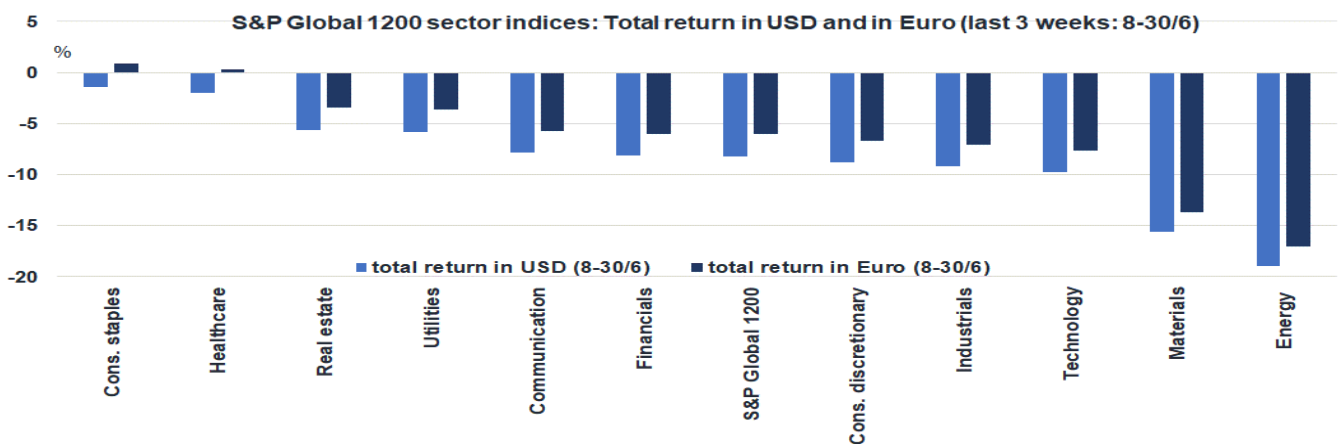


During this week, volatile conditions continued. In the **US**, the S&P 500 index is lower (30/6: 3,785) versus the end of the previous week (24/6: 3,912), but higher versus the area of 3,670 of mid-June. The implied volatility VIX is at 29% (200-day average: 24%), highlighting the volatile conditions, but not as elevated as in early 2020 (average of VIX 19/2/20-23/3/20: 46%). In the period of the last three weeks, during which the main central banks have taken monetary policy decisions (starting from the ECB on June 9), the S&P 500 index has dropped by -7.9% (one year return in USD: -10.6%, in Euro: +1.0%), while defensive sectors have been resilient (8-30/6: consumer staples at -0.8%, healthcare: -1.4%). The S&P **Global** 1200 index is lower by -8.2% in the last three weeks (8-30/6: -6.0% in Euro), but global consumer staples have total return of -1.4% in USD (8-30/6: +0.9% in Euro).



Source: Bloomberg

In the **Eurozone**, the drawdown of the Stoxx 50 index has been -22.1% (16/11/21-16/6/22) and in **Europe** the Stoxx 600 index has posted a drawdown of -18.6% (5/1-23/6). The President of the ECB has repeated (28/6) that if it is needed, flexibility of bond proceeds reinvesting will be applied from the start of July, so that normal functioning of financials markets across the Eurozone will be ensured. The 10-year bond yield of Italy is currently at around 3.3% (1/7) versus 4.2% (14/6). Relatively moderate bond yields and not “excessive” oil price can be among the ingredients of potential stabilization in markets. US and Iran have started talks in Doha (28/6), via the intermediation of the EU, regarding potentially reviving the 2015 agreement about the nuclear program of Iran, which could probably prepare the ground for increase of Iranian oil exports. The WTI crude oil has moderated, mainly due to recession fears, at \$107.0/barrel (21-day average: \$114/barrel), which is lower than the \$124-130/barrel, posted in early March (7-8/3 intraday, historic high close areas) and lower vs the intraday high of June 14 (\$123.68/barrel), but still higher than the 200-day average (\$92/barrel).

The week ahead

Eurozone Sentix investor confidence index for July will be announced (4/7). In **China**, the Caixin PMI service index (5/7) is expected higher in June versus May. In the **US**, the ISM services index (6/7) may have mildly declined in June, but is expected at expansion area. The minutes of the Fed meeting (14-15/6) will be released (6/7). The unemployment rate may have remained in June at 3.6% (average 1947-2022: 5.7%). Non-farm payrolls are expected lower in June (median of estimates: 250,000) versus in May, but above the historic average (1939-2022: 122,000). **As non-farm payrolls are considered coincident indicator of the economy and can deviate substantially versus the expected, their actual figure for June will be key in order to have an initial indication about whether the US economy retains its resiliency, or economic activity slowdown has become material at present.** The resiliency of global demand and whether the US 10-year yield and oil will be mild, will be key for the economies and market sentiment.

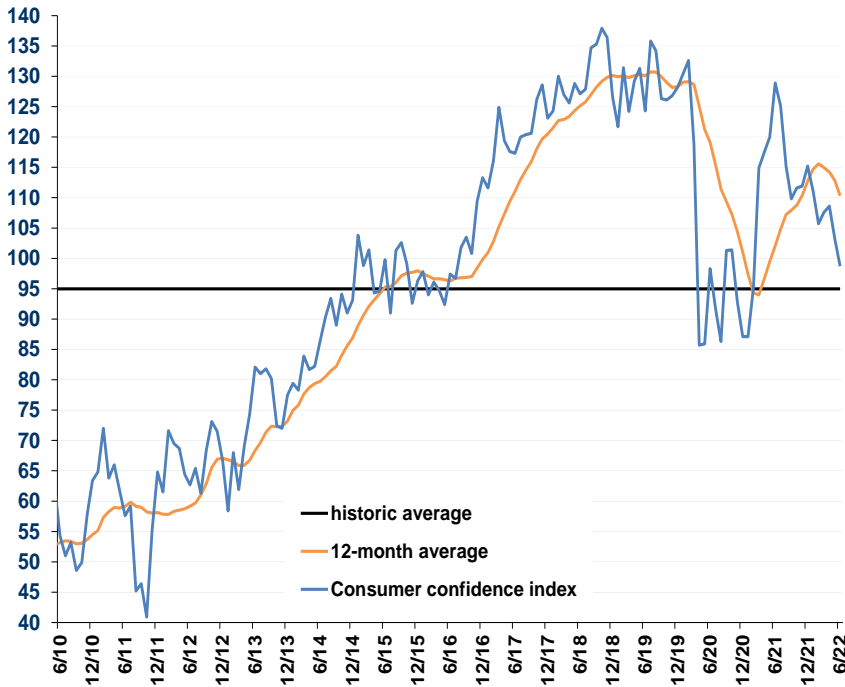
Quote of the Week:

The President of the ECB said (28/6): “The ECB has decided to apply flexibility in reinvesting redemptions coming due in the PEPP portfolio as of July 1”.

Global Markets in Charts

US consumer confidence index dropped, but remains slightly above the historic average

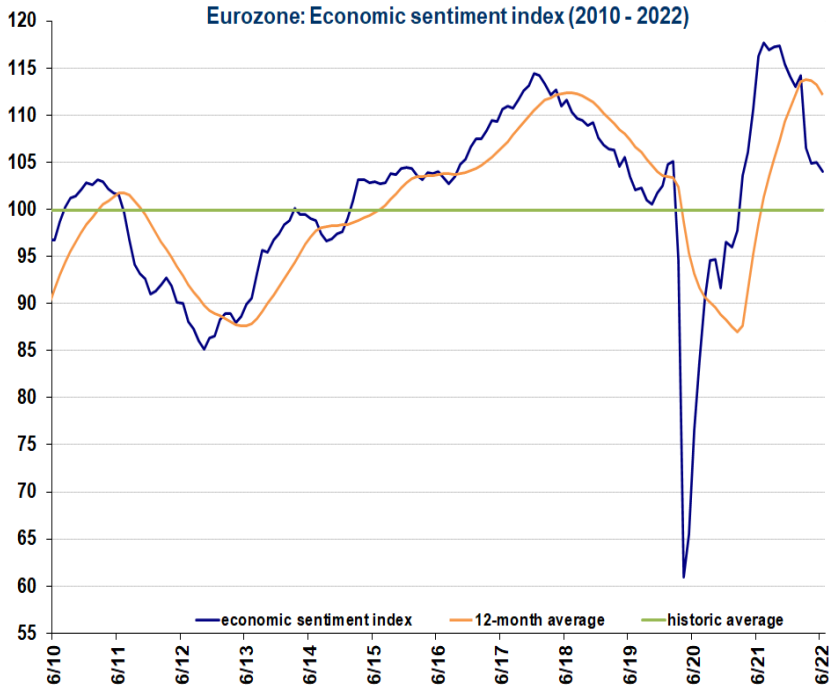
US: Consumer confidence index (Conf. Board) 2010 - 2022



US consumer confidence index declined in June at a low (98.7, May: 103.2) since February 2021, while it is still slightly above the historic average (95.4). The core PCE inflation measure was slightly lower in May (4.7%, April: 4.9%). As inflation is elevated, consumer confidence is lower and real GDP growth tends to flatten on yearly basis (first quarter was still positive on yearly basis: 3.5%) and may be negative on quarterly basis (first quarter annualised quarterly basis: -1.6%). The Atlanta Fed estimates decline on annualised quarterly basis in the second quarter (30/6: -1%). Employment figures for June, which are expected on July 8, will be in focus. The unemployment rate (considered lagging indicator) and non-farm payrolls (considered coincident indicator) are still at levels indicative of resilient economic activity. The attempts to halt the advance of oil (US-EU-Iran talks) can potentially be helpful.

Eurozone economic sentiment index was lower in June, but higher than the historic average

Eurozone: Economic sentiment index (2010 - 2022)



Source: Bloomberg

Eurozone economic confidence index was lower at 104 in June (median of estimates: 103, historic average: 100) from 105 in May. This level of the economic confidence index is probably still consistent with expansion of the economy rather than contraction. For example, the Eurozone economic confidence in the recessionary year of 2020, was on average at 88.3 and at 98.4 during the debt crisis (2011). The Stoxx 600 Europe was lower by -8.0%, while defensive sectors such as healthcare (-2.6%) and food (-2.8%) have been resilient. The Stoxx 600 Europe is mildly below (407) its 21-day average (417) and around the area it was, when the ECB started its initial monetary easing in early 2015. As the ECB concludes monetary easing (ordinary, extraordinary pandemic) and policy is tightening, geopolitics will be key, on whether European equity markets can be resilient or the recent pressure could prolong.

Global Markets Minesweeper
Event Risk Calendar, 4 - 8 July 2022

Monday 4/7						
Date Time	Country	Event	Period	Survey	Prior	
4/7 09:00	GE	Exports SA (MoM)	May	-1.60%	4.50%	
4/7 09:00	GE	Imports SA (MoM)	May	-0.30%	3.60%	
4/7 11:30	EC	Sentix Investor Confidence	Jul	-20	-15.8	
4/7 12:00	EC	PPI (MoM)	May	1.30%	1.20%	
4/7 12:00	EC	PPI (YoY)	May	37.00%	37.20%	
US markets closed: Independence Day						
Tuesday 5/7						
Date Time	Country	Event	Period	Survey	Prior	
5/7 03:30	JN	Jibun Bank Japan PMI Services	Jun F	54.2	54.2	
5/7 03:30	JN	Jibun Bank Japan PMI Composite	Jun F	53.2	53.2	
5/7 04:45	CH	Caixin China PMI Composite	Jun	42.2	42.2	
5/7 04:45	CH	Caixin China PMI Services	Jun	49	41.4	
5/7 10:55	GE	Germany Services PMI	Jun F	52.4	52.4	
5/7 10:55	GE	Germany Composite PMI	Jun F	51.3	51.3	
5/7 11:00	EC	Eurozone Services PMI	Jun F	52.8	52.8	
5/7 11:00	EC	Eurozone Composite PMI	Jun F	51.9	51.9	
5/7 11:30	UK	UK Services PMI	Jun F	53.4	53.4	
5/7 11:30	UK	UK Composite PMI	Jun F		53.1	
5/7 17:00	US	Factory Orders (MoM)	May	0.50%	0.30%	
5/7 17:00	US	Durable Goods Orders (MoM)	May F	0.70%	0.70%	
Wednesday 6/7						
Date Time	Country	Event	Period	Survey	Prior	
6/7 09:00	GE	Factory Orders (MoM)	May	-1.00%	-2.70%	
6/7 09:00	GE	Factory Orders WDA (YoY)	May	-5.40%	-6.20%	
6/7 12:00	EC	Retail Sales (MoM)	May	0.50%	-1.30%	
6/7 12:00	EC	Retail Sales (YoY)	May	-0.10%	3.90%	
6/7 16:45	US	US Services PMI	Jun F	51.6	51.6	
6/7 16:45	US	US Composite PMI	Jun F		51.2	
6/7 17:00	US	ISM Services Index	Jun	54.3	55.9	
Eco Event	US	FOMC Meeting Minutes (21:00)				
Thursday 7/7						
Date Time	Country	Event	Period	Survey	Prior	
7/7 08:00	JN	Leading Index CI	May P	101.5	102.9	
7/7 09:00	GE	Industrial Production SA (MoM)	May	0.30%	0.70%	
7/7 09:00	GE	Industrial Production WDA (YoY)	May	-1.80%	-2.20%	

July 1, 2022

7/7 15:30	US	Trade Balance	May	-\$84.9b	-\$87.1b	🌐*	
7/7 15:30	US	Initial Jobless Claims	2-Jul		231k		
Eco Event	EC	ECB publishes Account of June Policy Meeting (14:30)					
	US	Fed's Bullard to discuss US economy and monetary policy (20:00)					
		Friday 8/7					
Date Time	Country	Event	Period	Survey	Prior	🌐*	
8/7 02:50	JN	BoP Current Account Balance	May	¥162.0b	¥501.1b		
8/7 02:50	JN	Trade Balance BoP Basis	May	-¥2031.6b	-¥688.4b		
8/7 08:00	JN	Eco Watchers Survey Outlook SA	Jun	53.6	52.5		
8/7 15:30	US	Change in Nonfarm Payrolls	Jun	250k	390k	🌐*	
8/7 15:30	US	Change in Private Payrolls	Jun	225k	333k		
8/7 15:30	US	Change in Manufact. Payrolls	Jun	25k	18k		
8/7 15:30	US	Unemployment Rate	Jun	3.60%	3.60%	🌐*	
8/7 15:30	US	Average Hourly Earnings (YoY)	Jun	5.10%	5.20%	🌐*	
8/7 15:30	US	Average Hourly Earnings (MoM)	Jun	0.30%	0.30%		
8/7 17:00	US	Wholesale Inventories (MoM)	May F		2.00%		
8/7 22:00	US	Consumer Credit	May	\$30.000b	\$38.069b		
Eco Event	EC	ECB's Lagarde gives speech in France (14:55)					

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