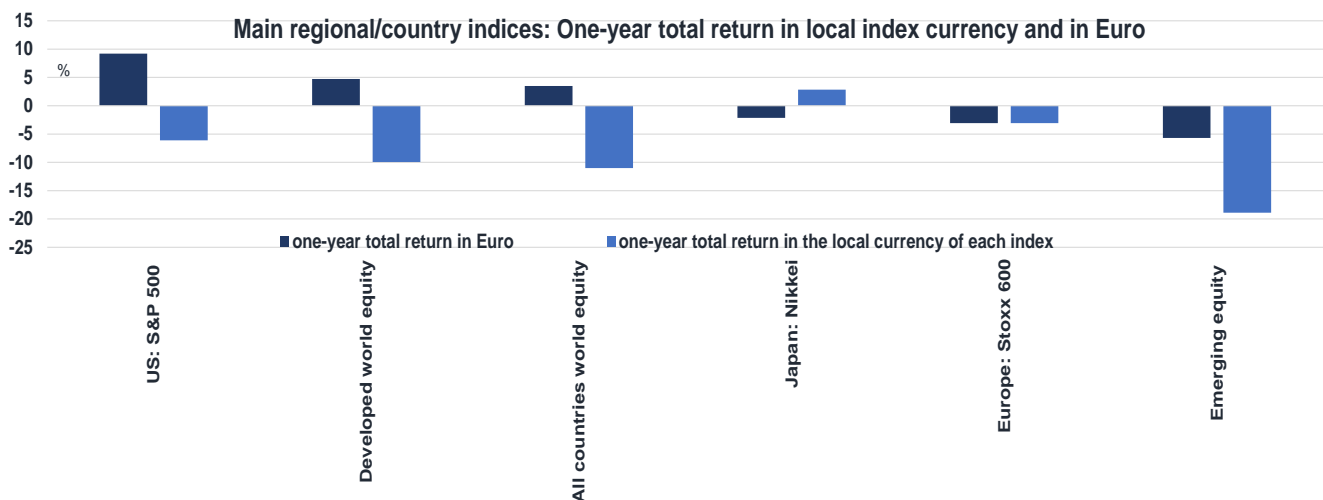


The main developed equity markets have exhibited upwards reaction during the last few weeks, while uncertainty about the economic outlook remains. The milder government bond yields, the correction of the price of oil in the recent weeks and the slightly lower Dollar in the last days, have supported equity market sentiment. While the US yield curve is inverted, both the US 2-year yield (2.87%) and the US 10-year yield (2.70%) are at areas, considered relatively mild. The recently lower yields have been a “shield” for equity market sentiment at least in the short-term, in an environment of lower real GDP. If the initial reading of annualized quarterly real GDP drop of -0.9% in for the second quarter (first quarter: -1.6%) is confirmed at the final reading, this will most probably be “technically” declared as a recession. However, on yearly basis, real GDP has risen by 1.6% in the second quarter, as resilient annual nominal GDP growth (9.3%) has persisted, while the negative impact of high inflation on real GDP has been substantial. Among the almost half of the S&P 500 index companies which have reported second quarter results so far, around three out of four, have exceeded the estimates in terms of earnings per share and overall, the EPS is expected mildly higher on year over year basis (at the area of 6%-7%).

In the US, the S&P 500 is lower by -6.1% on yearly basis (as of 28/7), while the one-year total return in Euro terms is positive (+9.2%). Since the start of 2022, the total return of the S&P 500 is -13.8% in USD and -3.4% in Euro. The MSCI all countries world has been negative on year over year basis in USD (-11%), while in Euro terms it is mildly positive (+3.5%). In Japan, the Nikkei has yearly total return of +2.8% in JPY (28/7), while slightly negative on Euro basis (-2.1%). The Stoxx 600 Europe is mildly lower yearly (-3.1%). In an environment of geopolitical stress and increased rates, the yearly returns of some of the main indices have been quite resilient in Euro terms.



Source: Bloomberg (as of 28/7)

Some of the macroeconomic indicators signal lower economic activity. Consequently, some bond indices have recovered. The Bloomberg Barclays global aggregate bond (euro hedged) index (investment grade) has recovered by 2.3% in July (30/6-28/7). Eurozone economic confidence posted in July low (99, historic average: 100) since February 2021. Volatile European and US natural gas have risen considerably, as the geopolitical situation is tense. The Fed raised the rate at 2.25%-2.50% (considered the neutral area), with the pace of further increases to depend on how the economy evolves. The IMF expects Global GDP growth of 3.2% in 2022 from 3.6% previously forecasted. For 2023, the IMF expects global GDP growth of 2.9% (average 1980-2021: 3.3%).

The week ahead

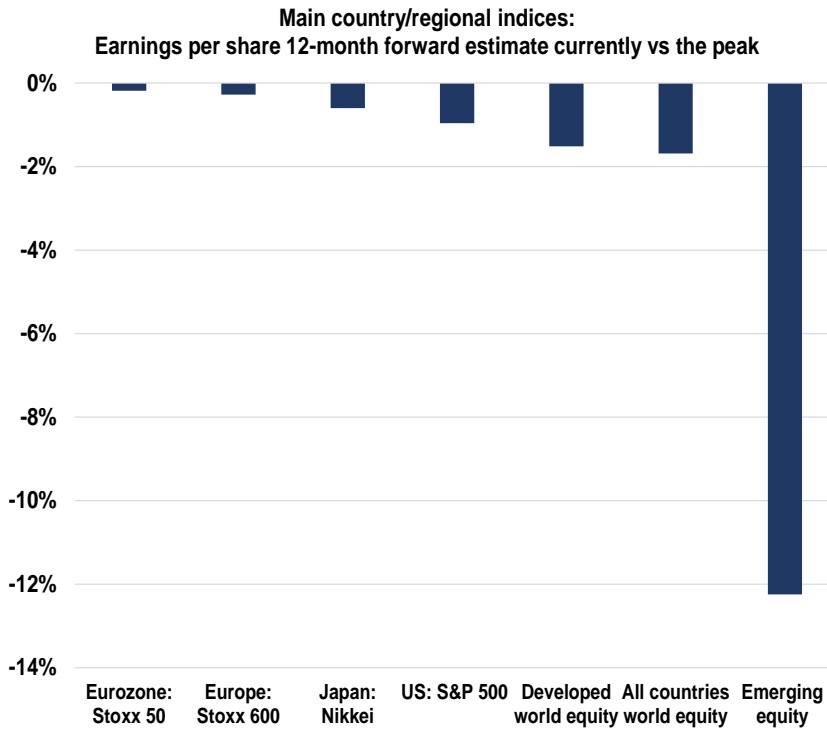
In the US, the ISM manufacturing index (1/8) may have slightly declined in July, but it will most probably correspond to expansion. Similarly, the ISM services index (3/8) may have been lower in July, but still at expansion. Non-farm payrolls (5/8) are expected above (median of estimates for July: 250,000, actual in June: 372,000) the historic average (1939-2022: 122,000).

Quote of the Week:

The President of the Fed said: “it will likely be appropriate to slow rate increases at some point”.

Global Markets in Charts

The 12-month forward earnings per share estimate for main developed equity indices have started being revised downwards, but currently only slightly



The earnings per share in the second quarter will most probably be quite satisfactory, as the demand in the **global** economy (mainly in the US) is resilient and nominal GDP growth as well. However, as high inflation is affecting real GDP downwards, some impact will gradually become evident also in companies. This initially involves peaking of earnings per share 12-month forward estimates for main developed markets indices, which has most probably already happened around May-June (peak date varies, depending on the index). While for most of the main developed markets indices, the downwards revision of EPS 12-month forward estimate versus its respective peak is currently slight at the range of -0.3% to -1.5%, the emerging equity index has already exhibited double-digit downward revision and its 12-month forward estimate is (7/22) is around -12% versus its peak (2/22).

The WTI oil crude oil has moderated, while volatile natural gas spiked further



Source: Bloomberg

The **WTI crude oil** price has corrected at around the area of the 200-day average (\$94/barrel) at the start of the week, while currently is at \$98/barrel, still lower than the 21-day average area (\$100/barrel). The one-year increase of the oil price at 33% on July 28, if remains around the same by the end of month, will constitute the slowest yearly rise since February 2021 (end of month series), which however is still quite high compared to history. The 12-month rolling one-year return of the WTI oil has moderated at the lowest (28/7: 66%) since August 2021, which however is still high by historical standards. A further correction of the WTI crude oil, if it happens, it could contribute into halting or gradually lowering inflation pressures. However, gas prices remain elevated and geopolitical uncertainty is substantial. While nominal GDP growth is probably still quite satisfactory (mainly in the US), real GDP has been downwards affected by high inflation, for which the path of oil is key.

Global Markets Minesweeper
Event Risk Calendar, 1- 5 August 2022

Monday 1/8						
Date Time	Country	Event	Period	Survey	Prior	
1/8 03:30	JN	Jibun Bank Japan PMI Mfg	Jul F	52.2	52.2	
1/8 04:45	CH	Caixin China PMI Mfg	Jul	51.5	51.7	
1/8 10:55	GE	Germany Manufacturing PMI	Jul F	49.2	49.2	
1/8 11:00	EC	Eurozone Manufacturing PMI	Jul F	49.6	49.6	
1/8 11:30	UK	UK Manufacturing PMI	Jul F	52.2	52.2	
1/8 12:00	EC	Unemployment Rate	Jun	6.60%	6.60%	
1/8 16:45	US	US Manufacturing PMI	Jul F		52.3	
1/8 17:00	US	ISM Manufacturing	Jul	52.1	53	
Tuesday 2/8						
Date Time	Country	Event	Period	Survey	Prior	
2/8 02:50	JN	Monetary Base (YoY)	Jul		3.90%	
2/8 09:00	UK	Nationwide House PX (MoM)	Jul	0.30%	0.30%	
2/8 10:30	SZ	PMI manufacturing	Jul	56.3	59.1	
Corp. Results	US	Caterpillar, DuPont, Starbucks, Paypal				
Wednesday 3/8						
Date Time	Country	Event	Period	Survey	Prior	
3/8 03:30	JN	Jibun Bank Japan PMI Services	Jul F	51.2	51.2	
3/8 03:30	JN	Jibun Bank Japan PMI Composite	Jul F	50.6	50.6	
3/8 04:45	CH	Caixin China PMI Composite	Jul		55.3	
3/8 04:45	CH	Caixin China PMI Services	Jul	54	54.5	
3/8 09:00	GE	Trade Balance SA (EUR)	Jun	-0.5b	-1.0b	
3/8 11:00	EC	Eurozone Services PMI	Jul F	50.60	50.60	
3/8 11:00	EC	Eurozone Composite PMI	Jul F	49.4	49.4	
3/8 11:30	UK	UK Services PMI	Jul F	53.3	53.3	
3/8 11:30	UK	UK Composite PMI	Jul F	52.8	52.8	
3/8 12:00	EC	PPI (MoM)	Jun	1.00%	0.70%	
3/8 12:00	EC	PPI (YoY)	Jun	35.70%	36.30%	
3/8 12:00	EC	Retail Sales (MoM)	Jun	0.00%	0.20%	
3/8 12:00	EC	Retail Sales (YoY)	Jun	-1.70%	0.20%	
3/8 16:45	US	US Services PMI	Jul F		47	
3/8 17:00	US	Durable Goods Orders	Jun F		1.90%	
3/8 17:00	US	Factory Orders (MoM)	Jun	0.80%	1.60%	
3/8 17:00	US	ISM Services Index	Jul	53.9	55.3	
Eco Event	AS	OPEC+ meets to decide on crude production plans for September				
Corp. Results	EU	AXA, BMW, Societe Generale, Infineon, Vonovia				

July 29, 2022

Thursday 4/8							
Date Time	Country	Event	Period	Survey	Prior		
4/8 09:00	GE	Factory Orders WDA (YoY)	Jun	-10.80%	-3.10%		
4/8 14:00	UK	Bank of England Bank Rate	4-Aug	1.75%	1.25%		
4/8 15:30	US	Trade Balance	Jun	-\$81.5b	-\$85.5b		
4/8 15:30	US	Initial Jobless Claims	30-Jul		256k		
Eco Event	EC	ECB publishes Economic Bulletin (11:00)					
	US	Fed's Mester discusses the economic outlook (19:00)					
Corp. Results	EU	Bayer, Adidas, Lufthansa					
	US	Eli Lilly & Co, Kellogg					
Friday 5/8							
Date Time	Country	Event	Period	Survey	Prior		
5/8 08:00	JN	Leading Index CI	Jun P		101.2		
5/8 09:00	GE	Industrial Production WDA (YoY)	Jun	-1.20%	-1.50%		
5/8 15:30	US	Change in Nonfarm Payrolls	Jul	250k	372k		
5/8 15:30	US	Change in Private Payrolls	Jul	220k	381k		
5/8 15:30	US	Change in Manufact. Payrolls	Jul	15k	29k		
5/8 15:30	US	Unemployment Rate	Jul	3.60%	3.60%		
5/8 15:30	US	Average Hourly Earnings (MoM)	Jul	0.30%	0.30%		
5/8 15:30	US	Average Hourly Earnings (YoY)	Jul	4.90%	5.10%		
5/8 22:00	US	Consumer Credit (MoM)	Jun	\$25.000b	\$22.347b		
Corp. Results	EU	Allianz, Deutsche Post					

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