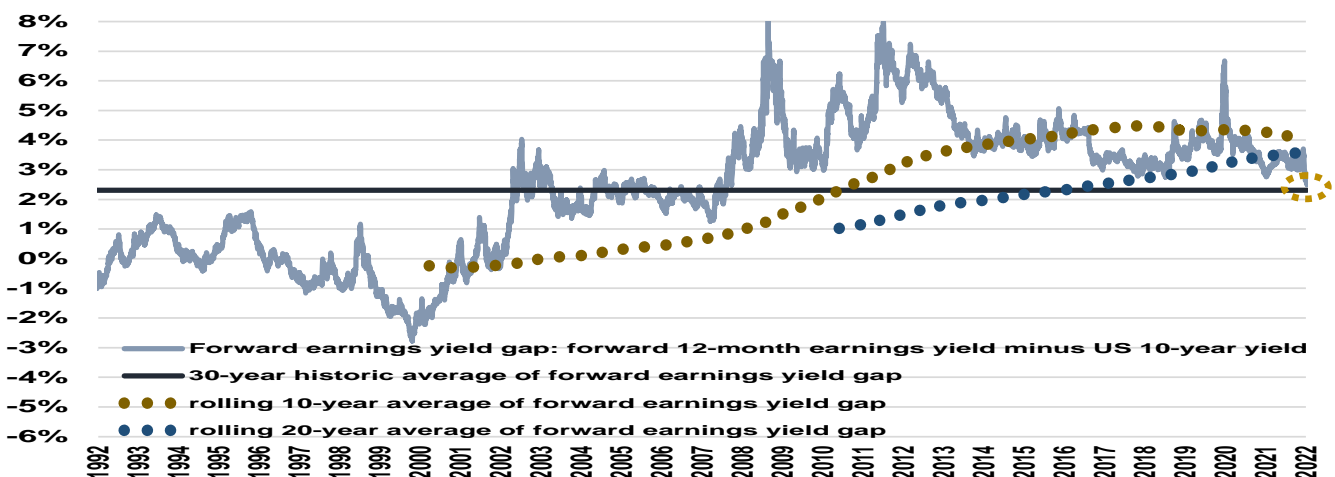


US inflation was in March the highest (8.5%) in more than forty years and the core inflation posted high (6.5%) since August 1982. The core consumer price index increased on monthly basis in March by less (0.3%, February: 0.5%) than expected (0.5%). In the **Eurozone**, the ECB maintained its policy unchanged, confirming that monetary easing will conclude in the third quarter.

In the **stock market**, the S&P 500 index has retreated in this week, but remains above (14/4: 4,392.6) the area of 4,358, which was the close level at the day of the latest Fed meeting (March 16). In the last one month, all the main sector indices are positive, while the strongest return has been posted by the defensive sector of consumer staples (14/3-14/4: 10.4%). The increased US 10-year yield at a high (intraday 14/4: 2.83%) since December 2018, has challenged market sentiment in the equity market. However, the year to date pull-back of the S&P 500 index (as of 14/4: -7.5%) can be seen in the context of a “mean-reverting” move, with the one-year rolling total return moderating from extremely high level at the end of 2021 (28.7%) to a pace (as of April 14, one-year total return: 8%) around the historic average (annualised total return 1928-2022: 9.6%). In this context, the increase of the index on rolling annual basis can continue at satisfactory pace, supported by the level of profitability, conditionally upon the assumption that the rise of the US 10-year yield can be contained. The forward earnings per share estimate of the S&P 500, which stands at historic high (\$234), divided with the index level (14/4: 4,392.6), corresponds to forward earnings yield of 5.3%. The forward earnings yield gap (by subtracting the US 10-year yield as of April 14: 2.8%), stands at 2.5% (10-year average of the yield gap: 4%, 20-year average: 3.6%), which is the lowest since December 2007 due to the increased 10-year yield and as the index level has risen by 96% since March 23, 2020. However, the forward earnings yield gap (2.5%) is still modestly above its 30-year average (2.3%: includes the decade of the 1990’s, when relatively high yields and equity market exuberance were both evident).

S&P 500 index: forward earnings yield gap, 30-year average and 10-year, 20-year rolling averages



Source: Bloomberg

The adjusted earnings per share of the S&P 500 has probably increased mildly on yearly basis in the first quarter (around 6%). The adjusted EPS of JPMorgan (13/4) was slightly lower (\$2.63) than expected (\$2.71), while the Wells Fargo, Morgan Stanley, Goldman Sachs and Citigroup (14/4) reported higher than expected adjusted EPS. The WTI crude oil price (14/4: \$106.9/barrel, 21-day average: \$104.4/barrel) has fluctuated widely. According to the press, the EU is moving toward adopting phase-in ban on Russian oil. The International Energy Agency revised its estimate for world oil demand in 2022 at 99.4 mln. barrels per day (from 99.6 mln. barrels per day).

The week ahead

Eurozone final reading of inflation for March will be announced on April 21. **US** leading indicators index (21/4) has probably increased in March for the 12th month in the last thirteen months. In **China**, GDP (18/4) may have risen in the first quarter of the year at slow pace (median estimate: 4.2%, 4th quarter 2021: 4%, 10-year average: 6.8%).

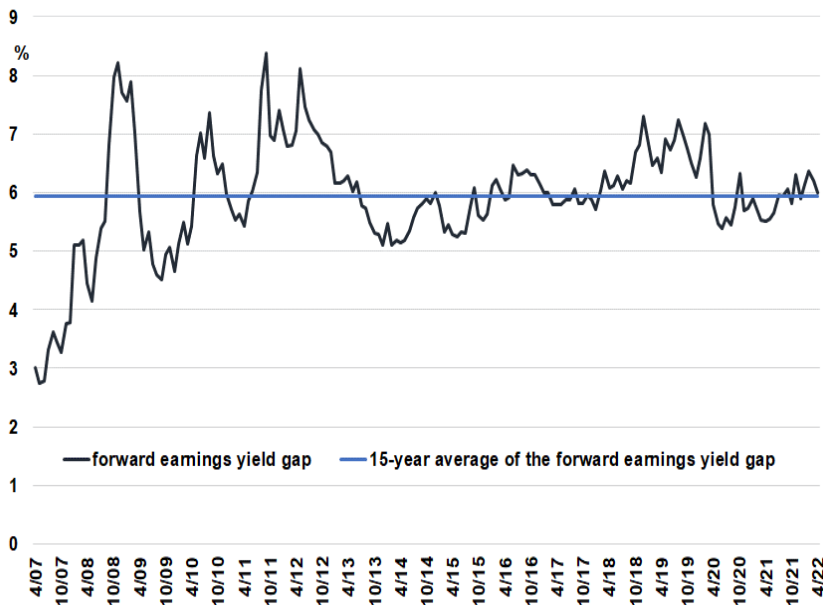
Quote of the Week:

The ECB said that “will determine the exact timing of bond buying end in June”.

Global Markets in Charts

The Stoxx 600 Europe has recovered since March 8, but remains below key resistance area

Stoxx 600 Europe index: attractiveness versus european government bond index (forward earnings yield gap *: 2007-2022)



*Forward earnings yield for the Stoxx 600 Europe index is defined as: forward 12-month earnings per share estimate divided by the current price level of the index. Forward earnings yield gap is defined as: forward earnings yield minus the yield (to worst) of the Bloomberg Barclays pan-European government bond index.

In **Europe**, the Stoxx 600 index is lower year to date (total return: -4.8%), while it retains positive one-year total return (8.5%). It has recovered by around 11.6% since March 8, but it remains at a level (459.8) below the 200-day average (467). While double-digit earnings growth is expected for 2022 (around 13%), this is subject to elevated uncertainty, as the softening of macroeconomic figures may feed into lower than initially expected profitability. However, yields in Europe are relatively moderate, despite the recent rise, which may cushion the European stock index, during a volatile period. The Stoxx 50 **Eurozone** index also remains below its 200-day average. Weak macroeconomic figures, such as the **German** ZEW expectations index posting in April low (-41) since March 2020, may be counterbalanced by some support for the economy by the weak **Euro**, which is close (\$1.080, 21-day average: \$1.096 area) to the March 23, 2020 low (\$1.064).

The Greek ASE stock index has recently turned positive year to date



Source: Bloomberg

In **Greece**, the ASE index increased at a high (13/4: 924) since February 25, posting positive year to date total return (as of 14/4: 3.1%, one-year: 4%). The P/E 12-month forward ratio is mild (15.3 times) compared to its 5-year average (16.2), 10-year average: 15.4). The Price/Estimated earnings for 2023 is milder (13.2, P/Expected earnings 2024: 11.7), as the median expectation for the EPS of 2023 is quite strong (area of 20% year over year versus expected earnings of 2022). The spread of Greek 10-year yield minus German 10-year yield is narrower (2.07%) than its 5-year average (2.73%). Greek unemployment rate is at a low (2/22: 12.8%) since mid-2010. The ASE index is above (14/4: 919) the support area of 885 (21-day average) - 900 (200-day average). Resistance is at 973 (16/2 intraday high), at 1,000 (Fibonacci retracement 61.8% from 1,379 on 19/3/14 to 420 on 11/2/16) and at 1,050 (8/12/14 high).

April 15, 2022

Global Markets Minesweeper
Event Risk Calendar, 18- 22 April 2022

Monday 18/4						
Date Time	Country	Event	Period	Survey	Prior	
18/4 05:00	CH	GDP (YoY)	1Q	4.20%	4.00%	🌐*
18/4 05:00	CH	GDP SA (QoQ)	1Q	0.70%	1.60%	
18/4 05:00	CH	Industrial Production (YoY)	Mar	4.00%	4.30%	
18/4 17:00	US	NAHB Housing Market Index	Apr	77	79	
		Europe: Easter Monday				
Eco Event	US	Fed's J. Bullard discusses U.S. Economy and Monetary Policy (23:00)				
Corp. Results	US	Bank of America				
Tuesday 19/4						
Date Time	Country	Event	Period	Survey	Prior	
19/4 15:30	US	Building Permits (MoM)	Mar	-1.90%	-1.60%	
19/4 15:30	US	Housing Starts (MoM)	Mar	-1.60%	6.80%	
Eco Event	US	IMF releases its world economic outlook report				🌐*
Corp. Results	US	Johnson & Johnson, Netflix, IBM, Lockheed Martin				
Wednesday 20/4						
Date Time	Country	Event	Period	Survey	Prior	
20/4 04:15	CH	1-Year Loan Prime Rate	20-Apr	3.60%	3.70%	
20/4 04:15	CH	5-Year Loan Prime Rate	20-Apr	4.55%	4.60%	
20/4 09:00	GE	PPI (YoY)	Mar	30.00%	25.90%	
20/4 12:00	EC	Industrial Production SA (MoM)	Feb	0.70%	0.00%	
20/4 12:00	EC	Trade Balance SA (EUR)	Feb		-7.7b	
20/4 17:00	US	Existing Home Sales (MoM)	Mar	-4.20%	-7.20%	
Eco Event	US	U.S. Federal Reserve releases Beige Book (21:00)				🌐*
Corp. Results	US	Tesla, Procter & Gamble, Abbott Laboratories				
Thursday 21/4						
Date Time	Country	Event	Period	Survey	Prior	
21/4 12:00	EC	CPI (YoY)	Mar F	7.50%	7.50%	🌐*
21/4 12:00	EC	CPI (MoM)	Mar F	2.50%	2.50%	
21/4 12:00	EC	CPI Core (YoY)	Mar F	3.00%	3.00%	🌐*
21/4 15:30	US	Philadelphia Fed Outlook	Apr	20.5	27.4	
21/4 15:30	US	Initial Jobless Claims	16-Apr		185k	

April 15, 2022

21/4 17:00	US	Leading Index (MoM)	Mar	0.30%	0.30%	
21/4 17:00	EC	Consumer Confidence	Apr A	-20	-18.7	🌐*
Eco Event	US	Powell and Lagarde take part in IMF Panel on global economy (20:00)				
Corp. Results	US	Dow Inc, AT&T, Philip Morris				
		Friday 22/4				
Date Time	Country	Event	Period	Survey	Prior	🌐*
22/4 02:30	JN	Natl CPI (YoY)	Mar	1.20%	0.90%	🌐*
22/4 03:30	JN	Jibun Bank Japan PMI Mfg	Apr P		54.1	
22/4 09:00	UK	Retail Sales Inc Auto Fuel (YoY)	Mar	2.80%	7.00%	
22/4 10:30	GE	Germany Manufacturing PMI	Apr P	54.5	56.9	🌐*
22/4 10:30	GE	Germany Services PMI	Apr P	55.5	56.1	
22/4 10:30	GE	Germany Composite PMI	Apr P	54.1	55.1	
22/4 11:00	EC	ECB Current Account SA (EUR)	Feb		22.6b	
22/4 11:00	EC	Eurozone Manufacturing PMI	Apr P	54.8	56.5	🌐*
22/4 11:00	EC	Eurozone Services PMI	Apr P	55	55.6	
22/4 11:00	EC	Eurozone Composite PMI	Apr P	53.9	54.9	
22/4 11:30	UK	UK Manufacturing PMI	Apr P	54.2	55.2	🌐*
22/4 11:30	UK	UK Services PMI	Apr P	60	62.6	
22/4 11:30	UK	UK Composite PMI	Apr P	58.9	60.9	
22/4 16:45	US	US Manufacturing PMI	Apr P	58	58.8	🌐*
22/4 16:45	US	US Services PMI	Apr P	58	58	
22/4 16:45	US	US Composite PMI	Apr P		57.7	
Eco Event	US	The President of the ECB (C. Lagarde) speaks in Washington D.C. (16:00)				
Corp. Results	GE	SAP				
	US	American Express, Verizon				

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