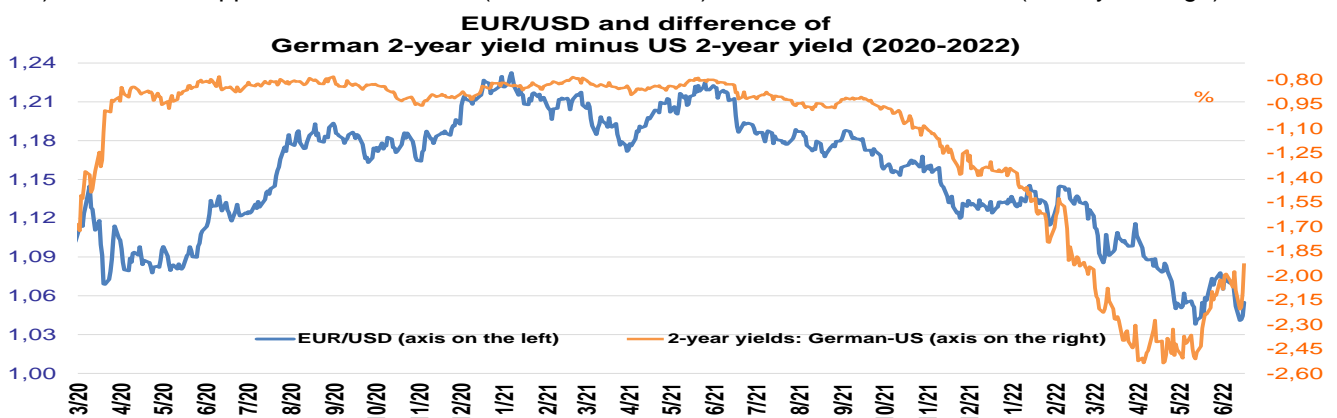


On Friday (10/6), **US** inflation was announced, posting 41-year high in May (8.6%, April: 8.3%). The core inflation was slightly lower at 6% from 6.2%, however still elevated. At the start of the week, the **oil** price increased (intraday 14/6: \$123.68/barrel) at the area of the highest year to date close (8/3: \$123.70/barrel), as **geopolitics** are tense. The **US 10-year** bond yield increased above (intraday 14/6: 3.496%) the area of 3.25% of October 2018, posting high since 2011, while it is currently (17/6) at around 3.25% again. The high oil price, the elevated bond yields and the strong dollar have triggered equity market weakness. The S&P 500 index has total return of -23% in the period (3/1-16/6) since the historic high close on January 3. The one year total drop is milder (-11.9% in USD) and the one-year total return in euro almost flat (16/6/21-16/6/22 in euro: +1.1%). During seven working days, six policy meetings of worlds' main central banks have been conducted. At its scheduled meeting on June 9, the ECB signaled gradual hikes starting from July and at its non-scheduled meeting on June 15, the **ECB** highlighted that won't tolerate "changes in financing conditions that go beyond fundamental factors and that threaten monetary-policy transmission," and that the "commitment to stave off fragmentation "has no limits". A specific ECB facility will be designed, in order to ensure smoothly functioning financial markets across the Euro-area.

The **Fed** decided to "front-load" tightening by hiking the benchmark rate by 0.75% at the range of 1.50%-1.75%. The Bank of **England** hiked by 0.25% and the **Swiss** National Bank hiked by 0.5% to -0.25%. In contrast, the Bank of **Japan** maintained its rate unchanged and continues monetary accommodation. During this recent period of main Central Banks decision-making, the S&P Global 1200 equity index dropped by -9.9%, while defensive sectors, such as consumer staples and healthcare declined less (8-16/6: -5.5% and -7.9% respectively). The S&P Global 1200 declined by -21.3% since the historic high (4/1-16/6), at one-year total return of -14.6% in USD (-2% in euro terms). If the US 10-year bond yield is on average below the area of 3.25%-3.30% and geopolitical tensions ease, then a meaningful recovery of the equity market is possible. If the US 10-year yield is above the 3.25%-3.30% area on average and geopolitics remain tense, then equity exposure needs to be considerably defensive.

Regarding the **oil**, **Iran** said (14/6) that is exchanging messages with the **US** via the intermediation of the **EU**, in an attempt to reach an agreement about the nuclear program and its oil exports, which could help halting the advance of oil price. The US has added sanctions against Iran. In the **Eurozone**, the German 10-year yield posted high (15/6: 1.93%) since January 2014 and the 10-year yield of **Italy** increased at a high (14/6: 4.19%) since December 2013, before moderating somewhat (17/6: 3.6%). The German-US 2-year yield spread is (17/6) at -2.05% (one-year average: -1.53%) versus -2.54% two months ago (19/4) and the Euro mildly recovered vs the USD at \$1.0500 (17/6), above the support area of \$1.0350 (13/5/22, 2017 low), while below the \$1.0640 (21-day average).



Source: Bloomberg

The week ahead

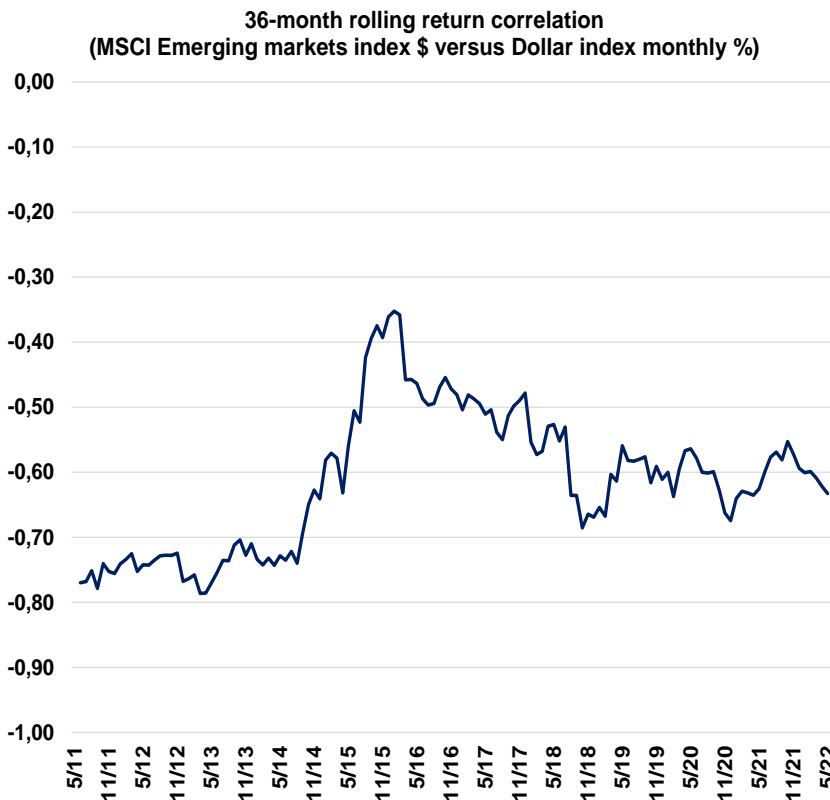
Eurozone consumer confidence is expected on June 22 and PMI indices on June 23. The Fed's President will testify at the Congress on June 22-23. **German** IFO index for June is expected on June 24.

Quote of the Week:

The President of the Fed said that: "does not expect 0.75% hikes to be common. Either 0.50% or 0.75% hike is likely for July".

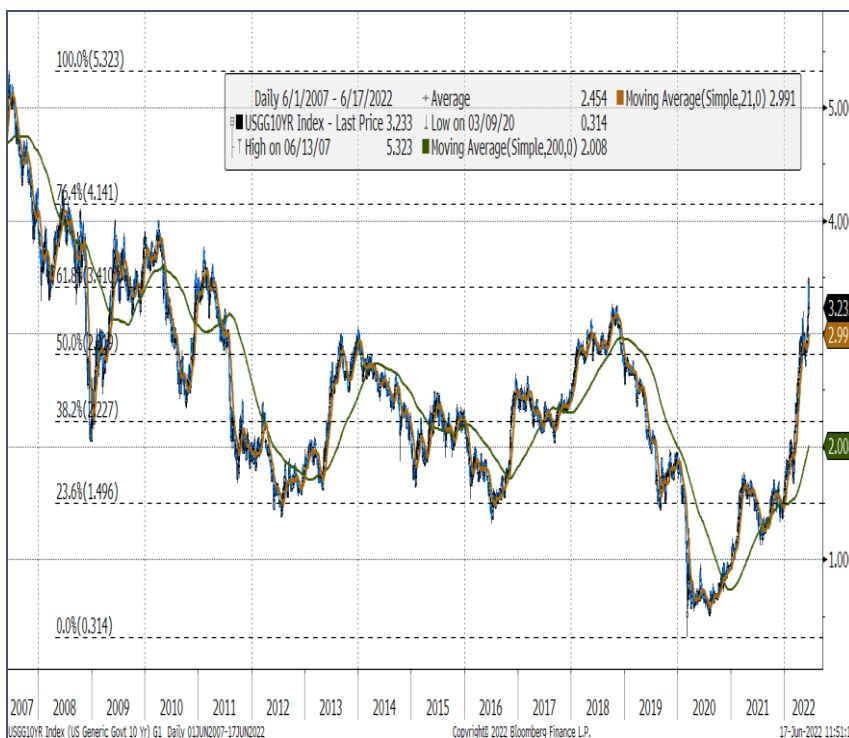
Global Markets in Charts

The strong Dollar has been an obstacle for the emerging equity index



The emerging index is near (16/6: 1,008) the lowest close (12/5: 987.8) year to date. The 36-month rolling return correlation of the emerging equity versus the Dollar DXY index is negative (-0.6), indicating that the strong Dollar is a disadvantage for the emerging equity. The Dollar index has risen at a 20-year high. While the P/E 12-month forward ratio of the emerging index is mild (10.8 times versus 10-year average: 11.8 times), for stabilisation of the emerging index to happen, a weaker dollar is needed, or/and some stabilisation in the main developed markets. Support for the emerging index is at 983 (intraday low of 12/5) and at 915 (Fibonacci retracement 76.4% of the move from 752 on 19/3/20 to 1,449 on 18/2/21). Resistance is at 1,040 (21-day average)-1,080 (29/4 high). The MSCI China has recovered by +19.9% (15/3-16/6) versus the lowest close year to date (15/3), as fiscal and monetary support is ongoing and the regulatory crackdown on technology sector seem to have eased, while geopolitical risks are substantial.










The US 10-year yield has recently risen above the area of October 2018








The US 10-year bond yield has posted high (14/6: 3.496%) since 2011, above the area of 3.25% (10/2018 high) - 3.40% (Fibonacci retracement 61.8% of the move: 5.3% in mid-2007 to 0.31% in March 2020). The 2-year yield posted high (15/6: 3.45%) since November 2007, while it is currently at around 3.15% (17/6). The median forecast of the Fed is for benchmark rate at 3.4% at the end of 2022, at 3.8% in 2023, at 3.4% in 2024, while the Fed forecasts longer term potential rate at 2.5%, equal to the level it was at the end of 2018. Calibrating monetary policy in a way that rates can be higher (so that inflation can moderate), but yields not excessive is key, in achieving moderate financial conditions and a "soft-landing" of the economy. Initially, yields increased over pivotal areas, but today (17/6) yields have slightly moderated. The 10-year yield is below (3.22%, 21-day average: 3%) the 3.25% - 3.30% area.

Source: Bloomberg

Global Markets Minesweeper
Event Risk Calendar, 20 - 24 June 2022

Monday 20/6						
Date Time	Country	Event	Period	Survey	Prior	
20/6 02:01	UK	Rightmove House Prices (YoY)	Jun		10.20%	
20/6 04:15	CH	1-Year Loan Prime Rate	20-Jun	3.70%	3.70%	
20/6 04:15	CH	5-Year Loan Prime Rate	20-Jun	4.45%	4.45%	
20/6 09:00	GE	PPI (YoY)	May	33.50%	33.50%	
20/6 09:00	GE	PPI (MoM)	May	1.50%	2.80%	
Juneteenth holiday is observed in the US, markets are closed						
Tuesday 21/6						
Date Time	Country	Event	Period	Survey	Prior	
21/6 11:00	EC	ECB Current Account SA (EUR)	Apr		-1.6b	
21/6 13:00	UK	CBI Trends total orders	Jun	21	26	
21/6 15:30	US	Chicago Fed Nat Activity Index	May		0.47	
21/6 17:00	US	Existing Home Sales (MoM)	May	-3.70%	-2.40%	
Wednesday 22/6						
Date Time	Country	Event	Period	Survey	Prior	
22/6 09:00	UK	CPI (MoM)	May	0.80%	2.50%	
22/6 09:00	UK	CPI (YoY)	May	9.20%	9.00%	
22/6 09:00	UK	CPI Core (YoY)	May	6.00%	6.20%	
22/6 11:30	UK	House Price Index (YoY)	Apr		9.80%	
22/6 17:00	EC	Consumer Confidence	Jun P	-21.6	-21.1	
Eco Event	US	Powell Delivers Semi-Annual Testimony Before Senate Panel (16:30)				
Thursday 23/6						
Date Time	Country	Event	Period	Survey	Prior	
23/6 10:30	GE	Germany Manufacturing PMI	Jun P	54	54.8	
23/6 10:30	GE	Germany Services PMI	Jun P	54.5	55	
23/6 10:30	GE	Germany Composite PMI	Jun P	53	53.7	
23/6 11:00	EC	Eurozone Manufacturing PMI	Jun P	53.7	54.6	
23/6 11:00	EC	Eurozone Services PMI	Jun P	55.5	56.1	
23/6 11:00	EC	Eurozone Composite PMI	Jun P	54.1	54.8	
23/6 11:30	UK	UK Manufacturing PMI	Jun P	53.8	54.6	
23/6 11:30	UK	UK Services PMI	Jun P	53	53.4	
23/6 11:30	UK	UK Composite PMI	Jun P	52.7	53.1	
23/6 15:30	US	Current Account Balance	1Q	-\$284.8b	-\$217.9b	
23/6 15:30	US	Initial Jobless Claims	18-Jun		229k	
23/6 16:45	US	US Manufacturing PMI	Jun P	56.3	57	
23/6 16:45	US	US Services PMI	Jun P	53.7	53.4	

June 17, 2022

Eco Event	EC	ECB Publishes Economic Bulletin (11:00)				
	EC	ECB's Nagel, Villeroy speak at Bundesbank				
	US	Powell Testifies Before House Financial Services Panel (17:00)				
Friday 24/6						
Date Time	Country	Event	Period	Survey	Prior	
24/6 02:01	UK	GfK Consumer Confidence	Jun	-41	-40	
24/6 02:30	JN	Natl CPI (YoY)	May	2.50%	2.50%	
24/6 02:30	JN	Natl CPI Ex Fresh Food (YoY)	May	2.10%	2.10%	
24/6 09:00	UK	Retail Sales Inc Auto Fuel (YoY)	May	-4.30%	-4.90%	
24/6 09:00	UK	Retail Sales Ex Auto Fuel (YoY)	May	-5.00%	-6.10%	
24/6 11:00	GE	Ifo Business Climate	Jun	92	93	
24/6 11:00	GE	Ifo Current Assessment	Jun	98.8	99.5	
24/6 11:00	GE	Ifo Expectations	Jun	87.1	86.9	
24/6 17:00	US	U. of Mich. Sentiment	Jun F	50.2	50.2	
24/6 17:00	US	U. of Mich. 1 Yr Inflation	Jun F		5.40%	
24/6 17:00	US	U. of Mich. 5-10 Yr Inflation	Jun F		3.30%	
24/6 17:00	US	New Home Sales (MoM)	May	0.70%	-16.60%	

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