May 3, 2022

Monday Briefing – 2nd May 2022

HIGHLIGHTS

- Equity markets remained choppy last week with US stocks revisiting the lows of this year's trading range on the perspective of weaker global growth and geopolitical uncertainty. The S&P 500 Index again moved into correction territory, while the technology-heavy Nasdaq and small-cap Russell 2000 Index fell into bear markets.
- Last week was the busiest week of the Q1 earnings season, with more than one-third of the S&P 500 reporting results, including the mega-cap tech names.
- Results were mixed; earnings reports from Microsoft and Google's parent company Alphabet largely offset each other in Wednesday trading, with positive guidance from the former helping compensate for an earnings disappointment from the latter.
- A similar dynamic appeared to be set up for Friday from two other mega-cap companies, Amazon and Apple. Amazon shares plunged 14% after the company surprised investors with its first quarterly loss since 2015, due in part to weaker online sales. Apple stock originally rose on strong results, but cautious guidance for the current quarter because of supply chain challenges drained the gains later in the session.
- The initial estimate for Q1 GDP in US showed an unexpected contraction with a decline

of 1.4%, down from 6.9% growth in the previous quarter. This sharp deceleration was due to a drag from exports, a decline in inventory spending following a sizable increase in the prior quarter, and to a lesser extent a pullback in government spending. But consumer spending continued to grow at a solid pace.

- Russia announced that it was cutting off natural gas supplies to Poland and Bulgaria for refusing to pay in roubles for gas. Financial markets will likely view this as the start of a general weaponization of energy
- Late in the week, China's Politburo pledged to boost stimulus, issuing a sweeping set of pledges that was light on details but enough to spark steep gains in stocks and the yuan.
- This week's Fed meeting should be the primary catalyst for the market's direction in the near term, as well as the US monthly nonfarm payrolls on Friday.

ECONOMIC CALENDAR

Monday – Japan, Eurozone, US Manufacturing PMI (Final, April). Japan Consumer Confidence (April). Germany Retail Sales (March). Italy Unemployment Rate (March).

Tuesday – Germany Unemployment Rate (April). Eurozone Unemployment Rate and PPI (March). US JOLTs Job Openings and Factory Orders (March). Eurogroup Meeting.

Wednesday – Germany Balance of Trade (March). Eurozone and US Services PMI (Final, April). Eurozone Retail Sales (March). US ADP Employment Change (April), Balance of Trade (March) and Total Vehicle Sales (April). Federal Reserve FOMC Meeting.

Thursday – China Caixin Composite PMI (April). Germany Factory Orders (March). France Industrial Production (March). UK Composite PMI (Final, April). Bank of England Monetary Policy Committee. US Unit Labour Costs and Nonfarm Productivity (Preliminary, Q1), Weekly Jobless Claims.

Friday – Germany and Spain Industrial Production (March). Italy Retail Sales (March). China Current Account (Preliminary, Q1). US Nonfarm Payrolls, Unemployment Rate, Average Hourly Earnings, Participation Rate (April) and Consumer Credit Change (March).

Disclaimer

All financial data and/or economic information released by this Publication (the "Publication"); (the "Data" or the "Financial data and/or economic information"), are provided for information purposes only, without warranty of any kind, including without limitation the warranties of merchantability, fitness for a particular purpose or warranties and non-infringement of any patent, intellectual property or proprietary rights of any party, and are not intended for trading purposes. Banque Internationale à Luxembourg SA (the "Bank") does not guarantee expressly or impliedly, the sequence, accuracy, adequacy, legality, completeness, reliability, usefulness or timeless of any Data. All Financial data and/or economic information provided may be delayed or may contain errors or be incomplete. This disclaimer applies to both isolated and aggregate uses of the Data. All Data is provided on an "as is" basis. None of the Financial data and/or economic information contained on this Publication constitutes a solicitation, offer, opinion, or recommendation, a guarantee of results, nor a solicitation by the Bank of an offer to buy or sell any security, products and services mentioned into it or to make investments. Moreover, none of the Financial data and/or economic information contained on this Publication provides legal, tax accounting, financial or investment advice or services regarding the profitability or suitability of any security or investment. This Publication has not been prepared with the aim to take an investor's particular investment objectives, financial position or needs into account. It is up to the investor himself to consider whether the Data contained herein this Publication is appropriate to his needs, financial position and objectives or to seek professional independent advice before making an investment decision based upon the Data. No investment decision whatsoever may result from solely reading this document. In order to read and understand the Financial data and/or economic information included in this document, you will need to have knowledge and experience of financial markets. If this is not the case, please contact your relationship manager. This Publication is prepared by the Bank and is based on data available to the public and upon information from sources believed to be reliable and accurate, taken from stock exchanges and third parties. The Bank, including its parent,- subsidiary or affiliate entities, agents, directors, officers, employees, representatives or suppliers, shall not, directly or indirectly, be liable, in any way, for any: inaccuracies or errors in or omissions from the Financial data and/or economic information, including but not limited to financial data regardless of the cause of such or for any investment decision made, action taken, or action not taken of whatever nature in reliance upon any Data provided herein, nor for any loss or damage, direct or indirect, special or consequential, arising from any use of this Publication or of its content. This Publication is only valid at the moment of its editing, unless otherwise specified. All Financial data and/or economic information contained herein can also quickly become out-of- date. All Data is subject to change without notice and may not be incorporated in any new version of this Publication. The Bank has no obligation to update this Publication upon the availability of new data, the occurrence of new events and/or other evolutions. Before making an investment decision, the investor must read carefully the terms and conditions of the documentation relating to the specific products or services. Past performance is no guarantee of future performance. Products or services described in this Publication may not be available in all countries and may be subject to restrictions in some persons or in some countries. No part of this Publication may be reproduced, distributed, modified, linked to or used for any public or commercial purpose without the prior written consent of the Bank. In any case, all Financial data and/or economic information provided on this Publication are not intended for use by, or distribution to, any person or entity in any jurisdiction or country where such use or distribution would be contrary to law and/or regulation. If you have obtained this Publication from a source other than the Bank website, be aware that electronic documentation can be altered subsequent to original distribution.

As economic conditions are subject to change, the information and opinions presented in this outlook are current only as of the date indicated in the matrix or the publication date. This publication is based on data available to the public and upon information that is considered as reliable. Even if particular attention has been paid to its content, no guarantee, warranty or representation is given to the accuracy or completeness thereof. Banque Internationale à Luxembourg cannot be held liable or responsible with respect to the information expressed herein. This document has been prepared only for information purposes and does not constitute an offer or invitation to make investments. It is up to investors themselves to consider whether the information contained herein is appropriate to their needs and objectives or to seek advice before making an investment decision based upon this information. Banque Internationale à Luxembourg accepts no liability whatsoever for any investment decisions of whatever nature by the user of this publication, which are in any way based on this publication, nor for any loss or damage arising from any use of this publication or its content. This publication, prepared by Banque Internationale à Luxembourg (BIL), may not be copied or duplicated in any form whatsoever or redistributed without the prior written consent of BIL 69, route d'Esch ı L-2953 Luxembourg ı RCS Luxembourg B-6307 ı Tel. +352 4590 6699 ı www.bil.com.