

July 25, 2022

Monday Briefing – 25th July 2022



HIGHLIGHTS

- Stocks were resilient on both sides of the Atlantic last week, despite discouraging macro data and a larger-than-expected 50 basis point hike from the ECB, ended the era of negative Eurozone interest rates in one go.
- Weak economic data pushed the yield on 10-year US Treasuries down to its lowest level in nearly two months on Friday.
- Gas flows resumed along the Nord Stream I pipeline, contrary to fears that they would not. However, while hoping for the best, the European Commission is preparing for the worst and released the “Save gas for a safe winter” plan on Wednesday. The content proved divisive among member states and energy ministers will decide whether or not to approve it this week.
- Kyiv and Moscow agreed a deal to resume Ukraine grain exports from Black Sea ports.
- Mario Draghi’s resignation as Italian Prime Minister injects political uncertainty into already-tough times for the EU.

- Investors digested several prominent Q2 earnings reports, many of which indicated a slowing economy but also greater resilience in corporate profits and outlooks than many had expected.
- Next week will be busy with a flow of macro data on consumer and business confidence, as well as preliminary Q2 growth numbers for the US and the Eurozone. The main event will be the FOMC on Wednesday at which another 75 bp hike is expected.

ECONOMIC CALENDAR

Monday – Germany IFO Business Climate (July). US Chicago Fed National Activity Index (June).

Tuesday – US House Price Index (May), New Homes Sales (June), Conference Board Consumer Confidence (July).

Wednesday – China Industrial Profits (June). Germany GfK Consumer Confidence (August). France Consumer Confidence (July). Italy Business and Consumer Confidence (July). Eurozone M3 Money Supply (June). France Unemployment Data (June). US Durable Goods Orders, Retail Inventories, Goods Trade Balance, Pending Home Sales (all June). **July FOMC meeting.**

Thursday – France PPI (June). Spain Retail Sales (June) and Unemployment (Q2). Italy Industrial Sales (May). **Eurozone Economic Sentiment, Consumer Confidence, and Consumer Inflation Expectations (all July).** Spain Business Confidence (July). **Germany Inflation Rate (Preliminary, July).** **US GDP Growth & PCE Prices (Adv., Q2),** Weekly Jobless Claims.

Friday – Japan Unemployment (June), CPI (July), Industrial Production (Preliminary, June), Retail Sales (June), Consumer Confidence (July), Housing Starts (June), BoJ Summary of Opinions. **Eurozone, France, Spain, Italy and Germany GDP Growth (Preliminary, Q2).** France Household Consumption (June). **Eurozone Inflation (Flash, July).** Germany Unemployment (July). US Personal Income and Spending (June), PCE Price Index (June), Employment Cost (Q2), Michigan Consumer Sentiment (Final, July).

Sunday – China NBS PMI (July).

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