

August 29, 2022

# Monday Briefing – 29th August 2022



## HIGHLIGHTS

- The long-awaited Powell testimony at Jackson Hole created havoc on equity markets with most remarks skewed in a hawkish direction as the Fed sought to prevent inflation expectations from de-anchoring. All eyes are now on the employment and inflation reports to be released over the next couple of weeks.
- The energy crisis in Europe intensified with successive new highs in natural gas and electricity prices. In France, EDF extended outage periods on four nuclear reactors.
- The dollar rally picked up speed again at the beginning of last week with the greenback and euro pair falling below parity again, reaching the lowest level since 2002. The Chinese yuan fell close to a two-year low.
- Meme stocks appear to still have a pulse, this time the focus was Bed Bath & Beyond Inc.
- The Eurozone PMI, even if less worse than expected, indicated that the economy is rapidly heading towards recession, if not already in one.

- The US Services PMI fell to its lowest level on record outside of the pandemic, leaving the composite PMI at 45, its worst reading since February 2021.
- US President Biden announced student debt relief of up to \$10,000 for those with an income of less than \$125,000, as well as an extension of the moratorium on federal student loan repayments through the rest of 2022.
- The China State Council unveiled \$44bn in new credit support to bolster the Chinese economy.
- The US and China reached a preliminary agreement to allow American officials to review audit documents of Chinese businesses that trade in the US, a first step toward avoiding the delisting of Chinese ADRs.

## ECONOMIC CALENDAR

**Monday** – Japan Leading Economic Index (Final, June). Fed Brainard Speech.

**Tuesday** – Japan Unemployment (July). Germany and Spain Inflation (Preliminary, August). Italy Industrial Sales (June). Eurozone Economic Sentiment, Consumer Confidence and Inflation Expectations (August). Spain Business Confidence (August). Fed Speeches by Barkin and Williams. US House Price Index (June), JOLTs Job Openings (July), Conference Board Consumer Confidence (August).

**Wednesday** – Japan Retail Sales and Industrial Production (July), Consumer Confidence (August). China NBS PMI (August). Germany Unemployment (August). France GDP (Final, Q2), PPI (July). **Eurozone Inflation (Flash, August)**. Fed Mester Speech. US ADP Employment Change (August).

**Thursday** – Fed Bostic Speech. China Caixin Manufacturing PMI (August). Germany Retail Sales (July). US, UK, Eurozone Manufacturing PMI (Final, August). Eurozone Unemployment Rate (July). US Weekly Jobless Claims, Nonfarm Productivity (Final, Q2), ISM Manufacturing PMI (August).

**Friday** – Germany Balance of Trade (July). Eurozone PPI (July). US Non-farm Payrolls, Participation Rate, Ave. Hourly Earnings and Unemployment (August), Factory Orders (July).

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