

## Week ahead. Week beginning 27-06-2022

Spread bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 72.51% of retail investor accounts lose money when trading spread bets and CFDs with these introduced providers. You should consider whether you understand how spread bets and CFDs work, and whether you can afford to take the high risk of losing your money. Past performance of any strategy or trader should not be relied upon for future performance.

This presentation has been prepared without regard to your investment objectives or financial situation. It is important that you consider the information presented in light of your individual circumstances and objectives, including: level of experience, personal goals and risk tolerance. Most importantly, do not invest money you cannot afford to lose.

All opinions, news, research, analyses, prices and other information contained herein are intended as general information only and are provided on the understanding that Twowaymarkets is not rendering investment, legal or tax advice. You should consult with appropriate advisors on all such matters. Nothing contained in this presentation should be construed as an offer to sell or a solicitation of an offer to buy in any financial market whatsoever.

None of the services or investments referred to in this presentation are available to persons residing in any country where the provision of such services or investment would be contrary to local law or regulation. It is the responsibility of the attendees to comply with any local law or regulation to which they are subject.

Twowaymarkets is a trading name of TMS Capital Limited. Head and Registered Office: The Innovation Centre, University Way, Cranfield, MK43 0BT. TMS Capital Limited is a company registered in England and Wales, number: 03960337. Authorised and Regulated by the Financial Conduct Authority. FCA Register Number: 195581.

A risk-on move last week with equities rallying, bond yields falling and the USD giving just a little ground.....

### Review

**FTSE +192 +2.74% DOW +1,611 +5.39% S&P +236 +6.45%**

**NASDAQ +809 +7.49%**

**DAX Unchanged NIKKEI +528 +2.04% Hang Seng +644 +3.06%**

**Market sensitivity** ebbs and flows between what's good and bad news for the economy.

Usually the market would be **quite sensitive to poor economic data** – which would **imply that economy's economic activity** would be **slowing**. That's usual.

What happened last week and especially on Friday last week was the release of some particularly poor consumer sentiment numbers that caused equities to rally sharply.

### **A bear market rally?**

#### **The market just correcting after nasty falls the previous week?**

Whatever the cause equities had their **best day since May 2020** and the **second best week this year**.

So Friday's numbers. The Consumer Index fell to 50 in June's final reading which is the lowest on record.

However the **five-year inflation expectations** got **revised lower** to 3.1% from the preliminary estimate of 3.3% (a 14-year high).

Now that matters because it will / could **affect Fed thinking on future rate rises**. Investors were also reassured by St. Louis Fed President James Bullard, who said worries over a US recession are overblown.

Looking at futures contracts that look to predict future rate rises, the **scale of rate rises** by year end **moderated**, albeit only **slightly**.

Looking at some of the moves in **base metals** it appears that some inflationary pressures are subsiding somewhat. Copper has fallen sharply over the past 2 months with the rolling lock downs in China and the war in Ukraine.

Copper has fallen to a 16-month low, reflecting a recession in industrial metals brought about by the ongoing global economic slow-down.

**EURUSD +0.64 +0.61% GBPUSD +0.54 +0.44% USDJPY +.31 +0.22% .**

The forex markets were **largely quiet last week** with **speculative attention** still focussed on the **Japanese Yen** where hedge funds are placing bets that the **Bank of Japan** will **succumb to the pressures of inflation** and give up on protecting the yield on the JGB (Japanese Government Bond). The Japanese Yen / USD rate has **fallen from 115 to 135 in just 15 weeks** as the **BoJ sticks to its ultra loose monetary policy**.

**Gold -13 -0.7% UK OIL unchanged US OIL -2.48 -2.25%**  
**Bitcoin +776 +3.8%**

Oil moved sideways to lower last week following the previous week's sharp falls.

The **G7** are discussing a **price cap on Russian Oil**, which the US and EU are keen to implement. The risk is that any further action will **provoke a response from Russia** and a **potential reduction in oil supplies to the West**.

Gold continues to trade sideways in a broad band between 1805 and 1875.

**Crypto** continues to **track equities** with the risk on move last week **providing a little respite** to the speculative sector.

## Data / Events this week

### Monday

G7 Two more days of **G7 Leaders summit in Germany**. Discussions around **cost of living crisis, war in Ukraine** and support for Kyiv, including a potential **price cap on Russian Oil**.

US **Core Durable Goods**. Softer.

### Tuesday

EUROZONE **Lagarde speaking** at the ECB Forum on Central Banking, in Portugal;

US Conference Board – **Consumer Confidence**. Key release about **consumer well being**.

### Wednesday

Germany **Prelim CPI**. Pace slowing?

US FOMC Member Meister speaking about "**The role of inflation expectations in monetary policymaking**" at the ECB Forum on Central Banking, in Portugal. Could be interesting for market watchers.

US **Final GDP reading** for Q1.

EUROZONE

**Lagarde speaking.** Followed by BoE Bailey and Jay Powell from the Federal Reserve. More CB hot air about inflation.

**Thursday**

US

**Core PCE Price Index m/m.** A favourite measure of inflation used by Federal Reserve.

**Friday**

US

**ISM Manufacturing PMI.** Softening again? USD / Equities sensitive.