

Investments - Flash



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THE COMPASSES ARE GOING CRAZY IN THE MARKETS

June inflation release will be key

The last stock market week before the publication of the US inflation figures on July 13 was particularly uncertain. A few days before the announcement of the US CPI expected to rise from +8.6% in May to +8.8% for the month of June, the markets hesitated and the compasses seemed to panic.

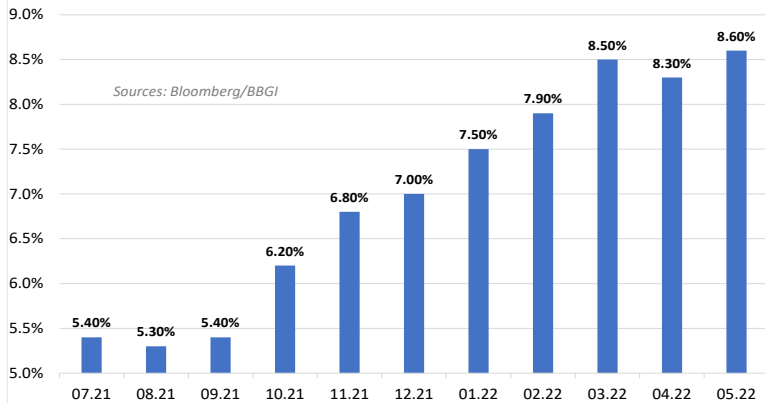
Investors watched as commodities fell, not sure if it was a sign of a recession or an indication that the risks of slipping inflation were finally starting to diminish. In the bond markets, could the drop in yields to 2.8% on 10-year Treasury yields be seen as a positive factor for the valuation of risky assets and equities in particular or was it a new sign of recession heralding a contraction in corporate earnings? The statistics published on employment also cast doubt on the real situation of the labor market with data pointing to totally different realities. The Labor Department announced an increase of 372,000 jobs, supporting the argument of a strong economy, while the household survey announced a decrease of -352,000 jobs, a sign of a significant slowdown.

Still strong PMIs supported a recovery in rates above 3% and the S&P500 finally decided to rebound +5% in four days. The dollar also appreciated by almost 4% and approached parity against the euro with the spread widening in its favor.

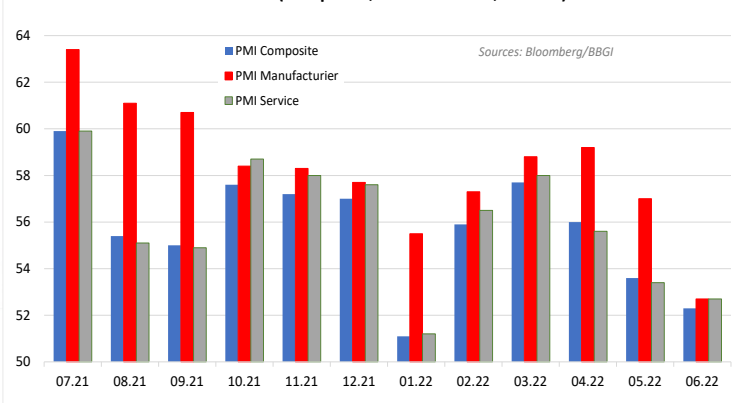
The compasses are panicking and fears of recession rub shoulders with fears of inflation? Which factors will influence the direction of the markets? With this uncertainty still high, the publication of Wednesday's release of June inflation will likely provide some more visibility. We will then see if the drop in commodities during the month has already produced noticeable effects and if a positive surprise can bring some comfort to disoriented investors and re-launch a "risk on" phase.



US CPI YoY 2022



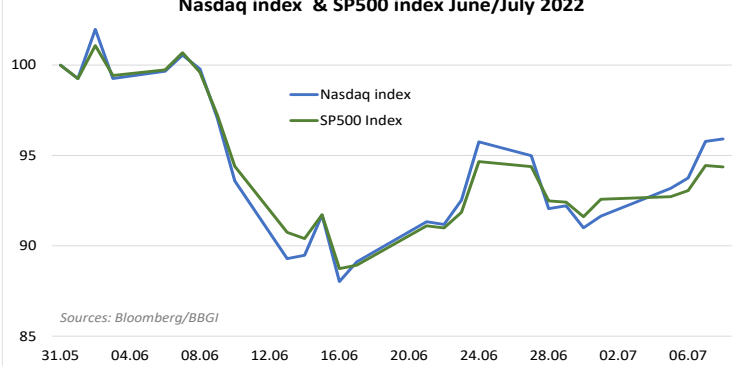
US PMI 2022 (Composite, Manufacturer, Service)



US 10-year rates June/July 2022 (Daily)



Nasdaq index & SP500 index June/July 2022



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