

Inflation in the Euro Zone reaches record highs

Weekly comment

Markets closed in negative territory for the eighth time in the last 9 weeks, with the S&P500, Dow Jones and Nasdaq down 1.20%, 0.94% and 1.05% respectively. In addition to this on Friday Tesla's stock dropped drastically by 9% after Elon Musk communicated about a 10% staff cut.

On the other hand, oil prices continued to rise, the WTI reference closed at 118 dpb and Brent at 119 dpb.

The European Union officially adopted during the week the sixth package of sanctions against Russia, which includes a ban on imports of Russian crude oil and a reduction by the end of the year of other refined oil products. Pipelines would be temporarily exempted from the embargo at Hungary's request.

Likewise, the Organization of Petroleum Exporting Countries (OPEC+) agreed during the week to redistribute equally the increase of 432,000 barrels per day during the next months of July and August, consequently the production for the month of July will be adjusted upwards by 648,000 barrels per day, such decisions take place in the middle of pressures due to the high prices that oil has reached after the war in Ukraine.

The U.S. unemployment rate registered a rate of 3.6%, maintaining the same level as last month and slightly above forecasts. U.S. employers created 390,000 jobs, less than last month but higher than expected. There were increases in leisure and hospitality, indicating signs of strength in the labor market, and the Federal Reserve is expected to continue to raise interest rates to combat inflation. Similarly, the Euro Zone reported unemployment at 6.8%, the same as the previous month and lower than the 8.2% recorded a year earlier.

In China, the composite PMI index was released, which increased 5.7 percentage points to 48.4, indicating an improvement in the country's economic activity. The manufacturing sector also showed an increase of 2.2 percentage points, registering 49.6% and approaching expansionary territory. An improvement in economic activity is expected due to the easing of confinements.

Finally, during the week Brazil, Colombia and Mexico released their respective unemployment rates showing an improvement over last month, Brazil lowered its rate to 10.5% a reduction of 4.2 percentage points compared to last year, Colombia decreased 11.2%, a difference of 3.9 percentage points from last year, as did Mexico which decreased to 3.10%.

Interesting data and events

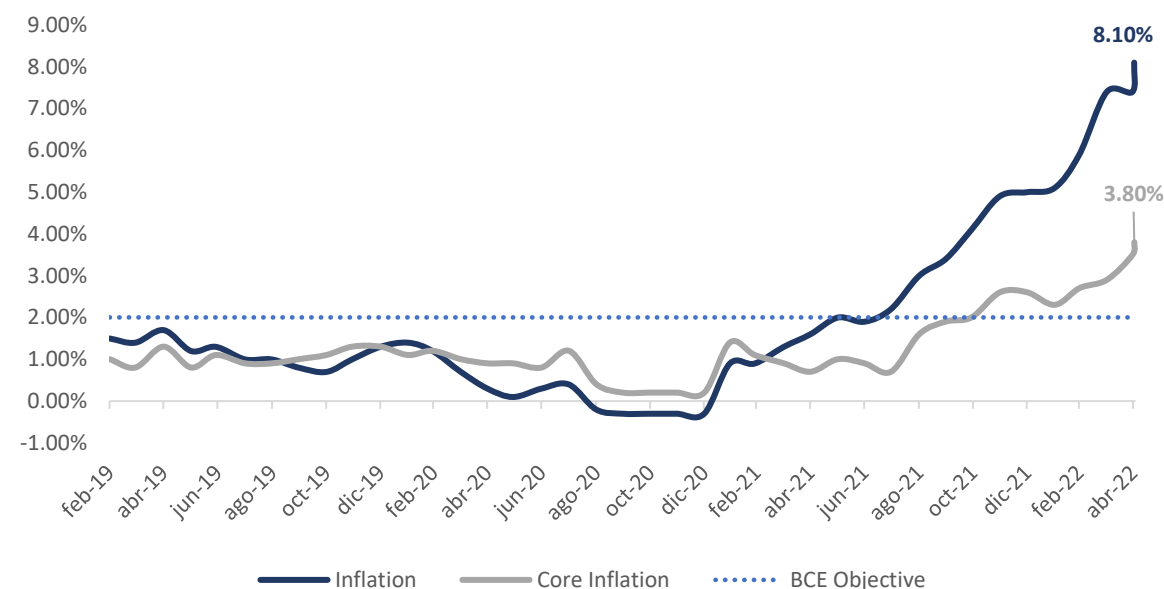
This week

- **CPI** – Brazil, Chile, China, US, Spain, Mexico
- **GDP** – Japan, Euro Zone
- **Monetary Policy Decision** - Peru
- **Retail sales** – Brazil, Italy

Previous week

- **CPI** - Germany, France, Peru, Euro Zone
- **GDP** - Brazil, France, Italy
- **PMI** - Germany, China, Spain, Italy, Russia, UK.
- **Unemployment** - Germany, Brazil, Colombia, Mexico, Euro Zone

Euro Zone Consumer Price Index

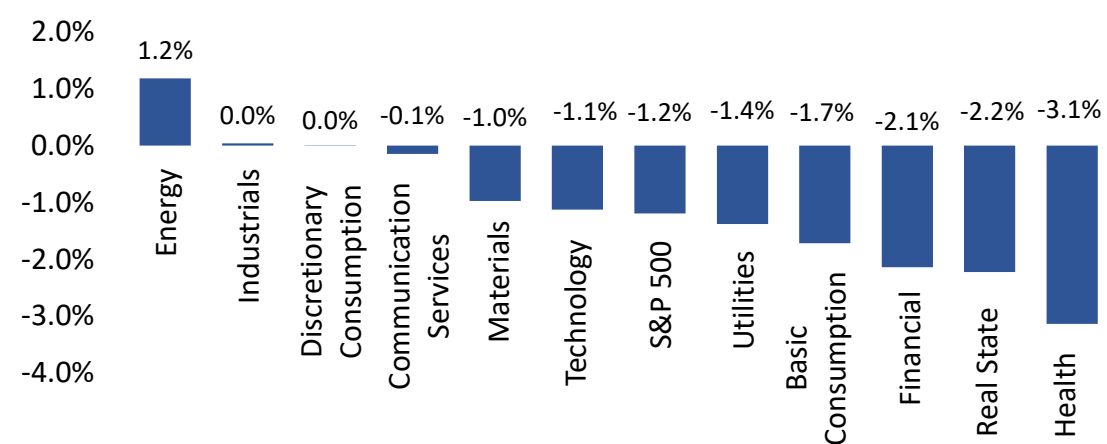


Source: Eurostat

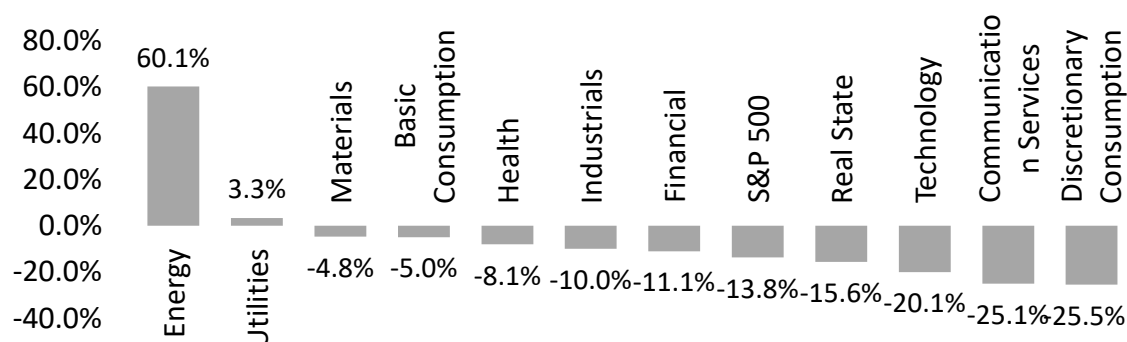
Inflation in the Euro Zone continues to rise, according to preliminary data published by Eurostat, the CPI reached 8.1% YoY compared to 7.4% YoY in the previous month, an atypical figure since the creation of the euro as a currency in 2002. Once again, the sector that pushed prices up the most was energy, which due to the war conflict in Ukraine has seen a constant rise during the year. Likewise, core inflation, which strips out the more volatile components, also rose to 3.8%.

Sector performance

Weekly



Annual



In On Financial Markets Monitor

	Level	Price return (%)		Features
	06/03/2022	1 Week	YTD	Fwd P/E
Equities				
S&P 500	4108.54	▼ -1.20	▼ -13.80	18.02
Dow Jones 30	32899.70	▼ -0.94	▼ -9.46	17.21
Nasdaq 100	12548.03	▼ -1.05	▼ -23.11	22.47
Russell 2000	1883.05	▼ -0.26	▼ -16.13	19.87
Russell 1000 Growth	2384.81	▼ -0.93	▼ -22.44	24.04
Russell 1000 Value	1558.64	▼ -1.40	▼ -5.86	14.77
MSCI Emerging Markets	1060.74	▲ 1.68	▼ -13.90	11.74
MSCI Developed & Emerging World	649.16	▼ -0.56	▼ -14.00	15.51
MSCI China	69.46	▲ 3.21	▼ -17.59	11.81
Topix - Japan	1933.14	▲ 1.76	▼ -2.97	12.49
EuroStoxx 50	3783.66	▼ -0.66	▼ -11.98	12.08
FTSE 100 - United Kingdom	7532.95	▼ -0.69	▲ 2.01	10.32

	Yield	Total return (%9)	
	06/03/2022	1 Week	YTD
Fixed income			
U.S. Aggregate	3.47	▼ -0.88	▼ -9.28
U.S. Corporate High Yield	7.21	▼ -0.35	▼ -8.37
Global Aggregate	2.67	▼ -1.24	▼ -11.62
Global High Yield	7.67	▼ -0.37	▼ -10.45
Emerging Markets Hard Currency	4.42	▼ -0.77	▼ -16.55
Emerging Markets Local Currency	4.32	▼ -0.11	▼ -9.84

	Yield		Change in Basic Points	
	06/03/2022	12/31/2021	1 Week	YTD
Interest rate				
2-yr U.S. Treasuries	2.65	0.73	▲ 0.18	▲ 1.92
10-yr U.S. Treasuries	2.93	1.51	▲ 0.20	▲ 1.42
10-yr German Bund	1.27	-0.18	▲ 0.31	▲ 1.45

	Levels		Percentage change (%)	
	06/03/2022	12/31/2021	1 Week	YTD
Currencies				
Dolar Index	102.14	95.67	▲ 0.46	▲ 6.76
Euro	1.07	1.14	▼ -0.15	▼ -5.73
British pound	1.25	1.35	▼ -1.13	▼ -7.72
Japanese Yen	130.88	115.08	▲ 2.97	▲ 13.73
Yuan renminbi chinese	6.66	6.36	▼ -0.97	▲ 4.70
Mexican peso	19.56	20.53	▼ -0.10	▼ -4.72
Colombian peso	3786.00	4070.00	▼ -3.75	▼ -6.98

	Level	Percentage change (%)	
	06/03/2022	1 Week	YTD
Commodities			
Crude oil WTI	118.87	▲ 3.30	▲ 58.05
Crude oil Brent	119.72	▲ 0.24	▲ 53.92
Natural Gas	8.52	▼ -2.34	▲ 128.50
Gold	1851.19	▼ -0.14	▲ 1.20
Copper	447.20	▲ 3.84	▲ 0.19
Corn	727.00	▼ -6.47	▲ 22.55
Coffee (US\$/lb)	2.32	▲ 1.29	▲ 2.79
Bloomberg Commodity Index	133.82	▼ -0.04	▲ 34.94

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