

## ECB raised interest rates as inflation continues to increase.

### Weekly commentary

Wall Street closed higher after a week marked by the release of UK and Eurozone inflation data, the European Central Bank's (ECB) monetary policy decision, the second week of earnings season and the resignation of Italian Prime Minister Mario Draghi, which has generated uncertainty in the Italian stocks and debt markets. The S&P 500 rose 2,55%, the Dow Jones increased 1,95% and the Nasdaq gained 3,45%.

On the other hand, oil prices were mixed due to the US reserve data and Saudi Arabia's announcement on the lack of capacity to increase its crude oil production. The WTI benchmark declined 2,96% to 94,70 dpb and the Brent rose 2,02% to 103,20 dpb.

At the end of the week, Russia and Ukraine signed an agreement in Istanbul for the export of grains through a maritime corridor through which around 22 million tonnes of wheat, corn, among others, can be moved. This is expected to bring relief to grain prices, which have been a major component of rising inflation around the world.

At the same time, inflation data in Europe continued to rise in June and set new highs. Prices in the UK rose 9.4% y/y versus the expected 9.3%, while in the Eurozone, the annual change in CPI was 8.6% y/y, in line with expectations. Energy services continue to be the main driver of the increase due to the geopolitical crisis and rising temperatures due to the heat wave spreading across the continent.

US used home sales continued to decline in June, reporting 5.12 million homes sold versus expectations of 5.38 million (-14.2% y/y). These data reflect the impact on the housing market of rising interest rates that have directly affected 30-year mortgage rates, which now stand at 5.54%.

Finally, the earnings season continued to show mixed reports. Goldman Sachs presented a balance sheet above expectations, despite a second quarter that was quite affected. In contrast, BOFA, Netflix and Twitter and Tesla (Analysis of Tesla's earnings report in our [Special Report](#)) all posted lower than expected earnings.

### Relevant data and events

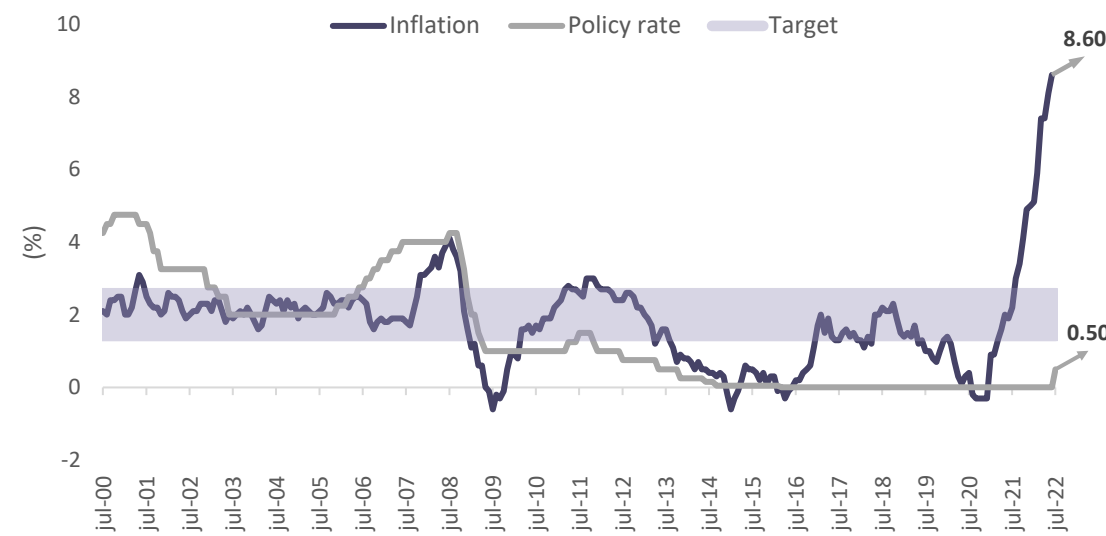
#### This week

- **Monetary policy decision** - Colombia, USA.
- **GDP** - Canada, US, Mexico, Eurozone.
- **IMF forecasts**
- **2Q22 earnings report** - Coca Cola, McDonalds, Alphabet, Microsoft, Visa, Spotify, Meta, Ford, Apple, Intel, Roku, Mastercard, Amazon, Chevron, ExxonMobil, Pfizer.
- **New home sales** - US
- **Retail sales** - Chile, South Korea, Russia, Switzerland.
- **U.Michigan consumer confidence**
- **Unemployment** - Chile, Colombia, Japan, Mexico.

#### Previous week

- **Euro Zone Consumer Confidence**
- **Monetary Policy Decision** - Euro Zone
- **CPI** - Canada, Euro Zone, Japan, UK.
- **PMI** - Euro Zone, Japan, US, UK.
- **2Q22 Earnings report** - BofA, Goldman Sachs, IBM, Interactive Brokers, Netflix, Nasdaq, Tesla, Twitter
- **Retail Sales** - Mexico, Poland.
- **Unemployment** - UK.

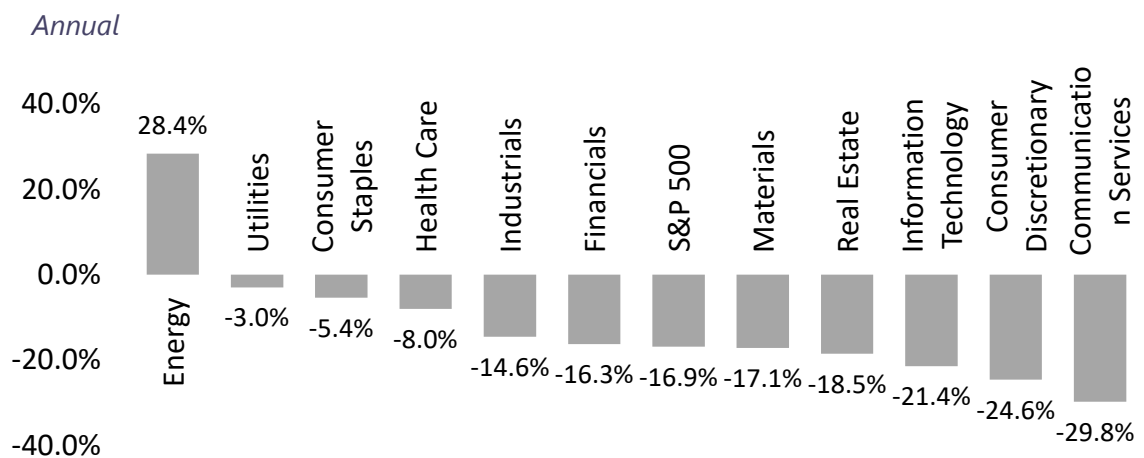
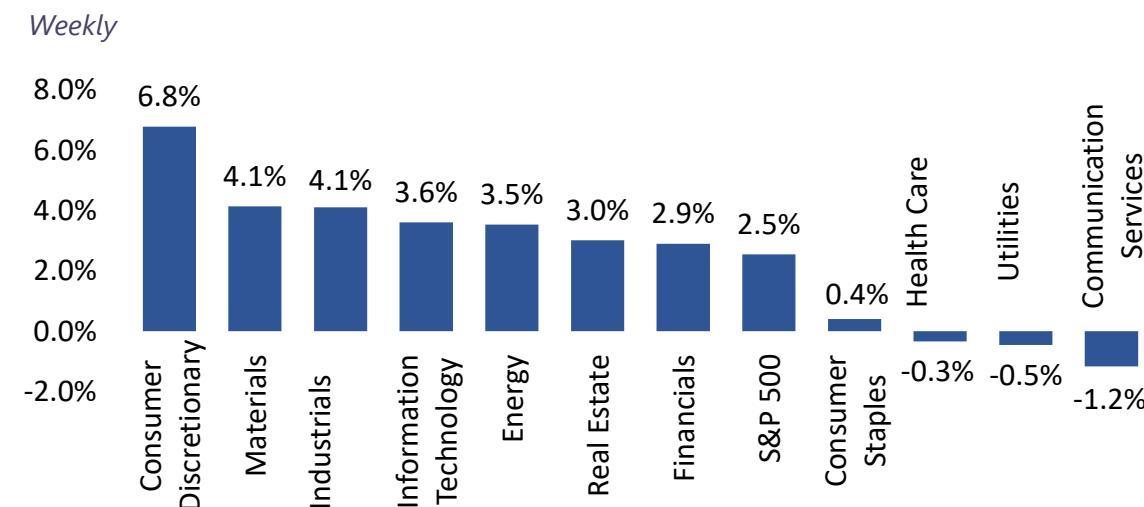
### CPI and interest rate changes in Europe



Source: Bloomberg - In On Capital Compiled.

At the ECB's last monetary policy meeting, the Governing Council surprised the market by raising interest rates by 50 bps in a unanimous decision. This will bring the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility to 0.50%, 0.75% and 0.00%, respectively. This increase was motivated by multiple inflationary pressures at the global level, most notably rising energy prices.

### Sector performance



### In On Financial Markets Monitor

	Level	Price return (%)		Features
	07/22/2022	1 Week	YTD	Fwd P/E
<b>Equities</b>				
S&P 500	3961.63	▲ 2.55	▼ -16.88	17.36
Dow Jones 30	31899.29	▲ 1.95	▼ -12.22	16.92
Nasdaq 100	12396.47	▲ 3.45	▼ -24.04	22.32
Russell 2000	1806.88	▲ 3.58	▼ -19.53	20.73
Russell 1000 Growth	2348.08	▲ 3.12	▼ -23.64	23.75
Russell 1000 Value	1470.78	▲ 2.32	▼ -11.17	13.81
MSCI Emerging Markets	39.42	▲ 2.05	▼ -19.30	11.40
MSCI Developed & Emerging World	617.71	▲ 3.17	▼ -18.17	15.00
MSCI China	69.55	▲ 1.15	▼ -17.49	12.21
Topix - Japan	1955.97	▲ 2.97	▼ -1.82	12.55
EuroStoxx 50	3596.49	▲ 3.43	▼ -16.33	11.35
FTSE 100 - United Kingdom	7276.37	▲ 1.64	▼ -1.46	9.81

	Yield	Total return (%)	
	07/22/2022	1 Week	YTD
<b>Fixed income</b>			
U.S. Aggregate	3.53	▲ 1.17	▼ -8.74
U.S. Corporate High Yield	8.06	▲ 2.48	▼ -10.50
Global Aggregate	2.74	▲ 1.55	▼ -13.08
Global High Yield	8.90	▲ 2.88	▼ -15.08
Emerging Markets Hard Currency	5.04	▲ 4.00	▼ -21.14
Emerging Markets Local Currency	4.56	▲ 1.27	▼ -14.72

	Yield		Change in Basic Points	
	07/22/2022	12/31/2021	1 Week	YTD
<b>Interest rate</b>				
2-yr U.S. Treasuries	2.97	0.73	▼ -0.15	▲ 2.24
10-yr U.S. Treasuries	2.75	1.51	▼ -0.16	▲ 1.24
10-yr German Bund	1.03	-0.18	▼ -0.10	▲ 1.21

	Levels		Percentage change (%)	
	07/22/2022	12/31/2021	1 Week	YTD
<b>Currencies</b>				
Dolar Index	106.73	95.67	▼ -1.23	▲ 11.56
Euro	1.02	1.14	▲ 1.32	▼ -10.18
British pound	1.20	1.35	▲ 1.21	▼ -11.33
Japanese Yen	136.12	115.08	▼ -1.77	▲ 18.28
Yuan renminbi chinese	6.77	6.36	▲ 0.09	▲ 6.45
Mexican peso	20.53	20.53	▼ -0.03	▼ 0.00
Colombian peso	4465.00	4070.00	▲ 2.43	▲ 9.71

	Level	Percentage change (%)	
	07/22/2022	1 Week	YTD
<b>Commodities</b>			
Crude oil WTI	94.70	▼ -2.96	▲ 25.91
Crude oil Brent	103.20	▲ 2.02	▲ 32.68
Natural Gas	8.30	▲ 18.29	▲ 122.49
Gold	1727.64	▲ 1.14	▼ -5.55
Copper	334.85	▲ 3.52	▼ -24.98
Corn	564.25	▼ -6.62	▼ -4.89
Coffee (US\$/pound)	2.07	▲ 1.47	▼ -8.58
Bloomberg Commodity Index	116.52	▲ 2.69	▲ 17.50

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