

## Employment data in the US forecast a further rise in interest rates.

### Weekly commentary

Markets closed mostly higher last week, despite tensions generated by US House Speaker Nancy Pelosi's visit to Taiwan; and the surprise in the US labour market that raises analyst expectations of another 75 bps interest rate hike by the Fed at the September meeting. The Dow Jones declined 0.13% while the S&P 500 rose 0.36% and the Nasdaq gained 2.01%.

Oil prices were also affected during the week by OPEC+ announcement of a minimum 100,000 bpd increase on Tuesday, and to a greater extent by fears of a possible recession in the coming months and its effects on oil demand. Benchmark WTI declined 9.74% to 89.01 bpd and Brent was down 13.72% to 94.92 bpd.

PMI indexes for the US and Europe for July were in contractionary territory, amid rising inflation and central banks monetary policy actions to counteract it. In the US, the composite index came in at 47.7 points, down from 52.3 points in June, and the Eurozone index came in at 49.9 points, down from 52 points in the previous month.

Meanwhile, Eurozone retail sales surprised on the downside, falling 3.7% in July versus the same period last year, when a decline of 1.7% was expected. Specifically, non-food products fell the most in this period (-4.6%) amid rising inflation which stood at 8.9%.

In monetary policy, the Bank of England decided last week to raise interest rates by 50 basis points to 1.75%, its largest increase since 1997. In this regard, the UK Monetary Policy Committee took into account the sharp rise in prices and warned of a possible recession in the last quarter of this year.

Similarly, Brazil central bank continued to raise interest rates with a 50 basis point increase to 13.75%, while India's central bank surprised the market by raising its policy rate by 50 basis points. Both decisions were prompted by rising inflation that remains above the issuer's targets.

Consumer price indices in Colombia and Peru continued to rise in July. In Colombia, inflation reached 10.21% y/y (a figure not seen in 22 years) and 0.81% m/m; while in Peru, annual inflation was 8.74% y/y and 0.94% m/m. Again, in both countries, the food and beverage and energy sectors were the main contributors to the increase in the price level.

Finally, the results season continued with some companies reporting better than expected figures. These included video game companies such as Activision and EA; and others such as Airbnb, AMD, Alibaba, HSBC, PayPal and Starbucks.

### Relevant data and events

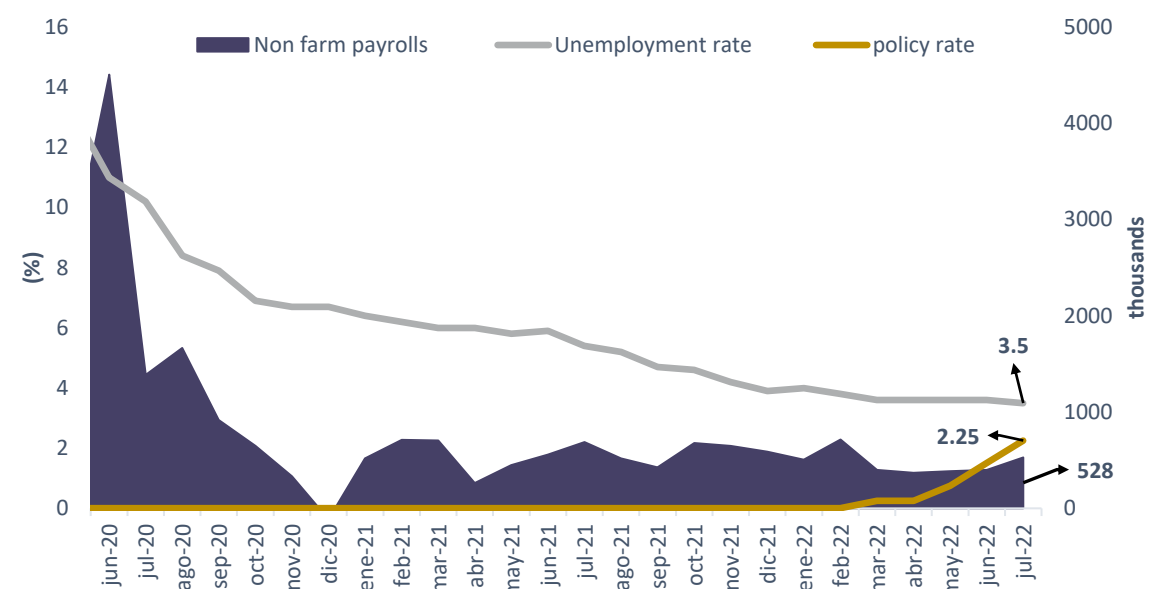
#### This week

- **CPI** - Argentina, Brazil, China, Chile, USA, India, Mexico.
- **GDP** - UK, Singapore
- **Interest rate decision** - Mexico, Peru.
- **PPI** - USA
- **Retail sales** - Brazil, Indonesia.
- **U.Michigan consumer confidence (preliminary data).**

#### Previous week

- **Unemployment** - Canada, USA, Eurozone
- **CPI** - Colombia, South Korea, Peru, Switzerland,
- **ISM Index** - US
- **PMI** - US, Mexico, UK, Euro Area
- **OPEC+ meeting**
- **Non-Farm Payrolls** - U.S.
- **2Q22 Earnings Report** - UBER, AMD, BP, PAYPAL, ALIBABA, ACTIVISION

### Labour market performance in the US.

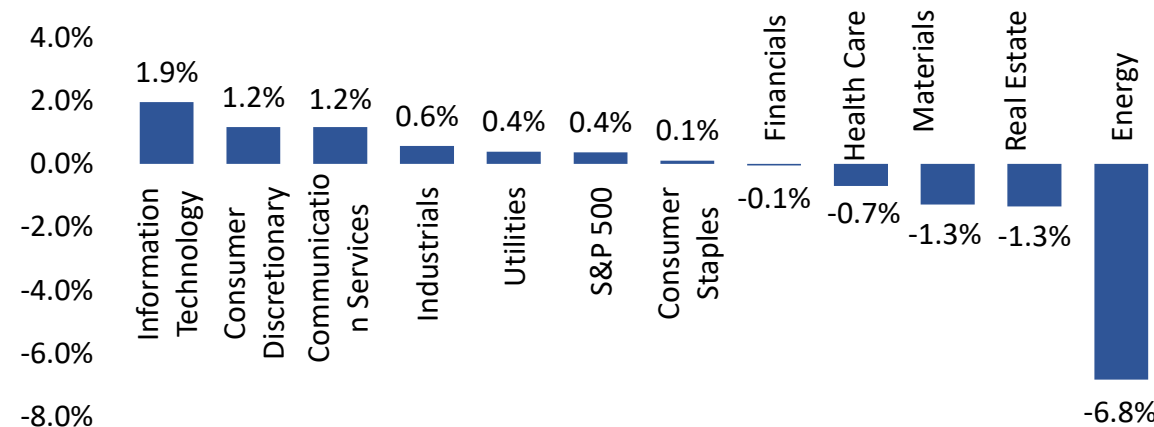


Source: Bloomberg– In On Capital Compiled.

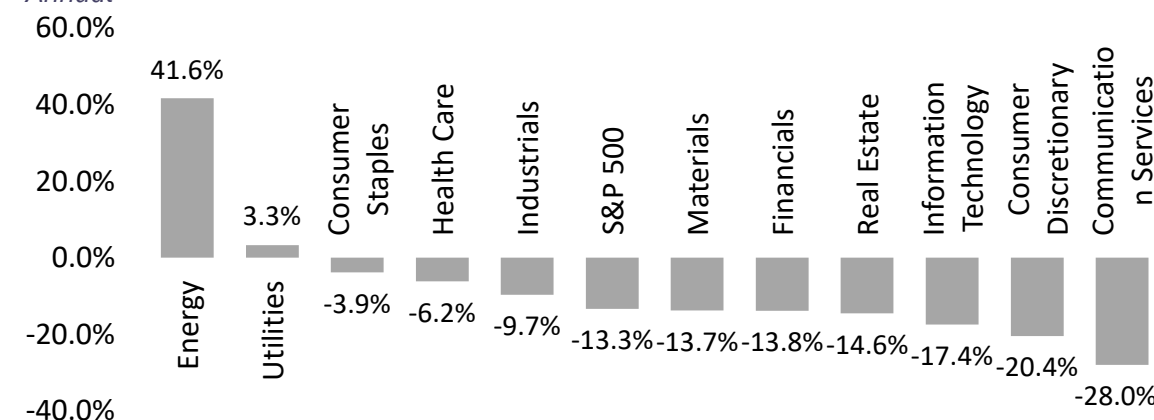
The US labour market showed dynamism in July, with better-than-expected data. The unemployment rate fell to a 5-year low of 3.5%. In addition, 598,000 non-farm payrolls were added compared to the previous month. However, there were fewer full-time jobs, so working conditions have not fully improved.

### Sector performance

#### Weekly



#### Annual



### In On Financial Markets Monitor

	Level	Price return (%)		Features
	08/05/2022	1 Week	YTD	Fwd P/E
<b>Equities</b>				
S&P 500	4145.19	▲ 0.36	▼ -13.03	18.22
Dow Jones 30	32803.47	▼ -0.13	▼ -9.73	17.48
Nasdaq 100	13207.69	▲ 2.01	▼ -19.07	24.09
Russell 2000	1921.82	▲ 1.94	▼ -14.41	22.47
Russell 1000 Growth	2501.90	▲ 1.50	▼ -18.64	25.49
Russell 1000 Value	1516.14	▼ -0.25	▼ -8.43	14.24
MSCI Emerging Markets	40.06	▲ 0.25	▼ -17.99	11.42
MSCI Developed & Emerging World	639.53	▲ 0.28	▼ -15.27	15.43
MSCI China	67.09	▲ 0.13	▼ -20.41	11.77
Topix - Japan	1947.17	▲ 2.50	▼ -2.27	12.47
EuroStoxx 50	3725.39	▲ 0.47	▼ -13.33	11.50
FTSE 100 - United Kingdom	7439.74	▲ 0.22	▲ 0.75	9.71

	Yield	Total return (%)	
	08/05/2022	1 Week	YTD
<b>Fixed income</b>			
U.S. Aggregate	3.64	▼ -1.04	▼ -9.11
U.S. Corporate High Yield	7.61	▲ 0.66	▼ -8.53
Global Aggregate	2.73	▼ -0.87	▼ -12.85
Global High Yield	8.39	▲ 0.80	▼ -12.82
Emerging Markets Hard Currency	4.69	▲ 0.51	▼ -18.88
Emerging Markets Local Currency	4.48	▼ -0.03	▼ -13.08

	Yield		Change in Basic Points	
	08/05/2022	12/31/2021	1 Week	YTD
<b>Interest rate</b>				
2-yr U.S. Treasuries	3.23	0.73	▲ 0.34	▲ 2.49
10-yr U.S. Treasuries	2.83	1.51	▲ 0.18	▲ 1.32
10-yr German Bund	0.95	-0.18	▲ 0.14	▲ 1.13

	Levels		Percentage change (%)	
	08/05/2022	12/31/2021	1 Week	YTD
<b>Currencies</b>				
Dolar Index	106.62	95.67	▲ 0.68	▲ 11.45
Euro	1.02	1.14	▼ -0.36	▼ -10.44
British pound	1.21	1.35	▼ -0.81	▼ -10.78
Japanese Yen	135.01	115.08	▲ 1.31	▲ 17.32
Yuan renminbi chinese	6.77	6.36	▲ 0.24	▲ 6.43
Mexican peso	20.40	20.53	▲ 0.18	▼ -0.61
Colombian peso	4345.10	4070.00	▲ 1.36	▲ 6.76

	Level	Percentage change (%)	
	08/05/2022	1 Week	YTD
<b>Commodities</b>			
Crude oil WTI	89.01	▼ -9.74	▲ 18.35
Crude oil Brent	94.92	▼ -13.72	▲ 22.04
Natural Gas	8.06	▼ -2.01	▲ 116.19
Gold	1775.50	▲ 0.54	▼ -2.94
Copper	355.20	▼ -0.60	▼ -20.42
Corn	610.25	▼ -0.97	▲ 2.87
Coffee (US\$/pound)	2.09	▼ -3.57	▼ -7.36
Bloomberg Commodity Index	117.85	▼ -3.26	▲ 18.84

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