

Fears of recession increase after central bank rate hikes.

Weekly commentary

The markets closed down for the second consecutive week after interest rate movements by different central banks (see Special Report: Central Banks, the cause of a recession) and preliminary economic activity data (PMI). Also, due to the rise in interest rates, two-year treasury bonds had a yield at the close of the day of 4.20%, a level not reached since the 2008 crisis. The S&P 500 fell 3.29%, the Dow Jones declined 2.99% and the Nasdaq fell 4.02%.

Similarly, oil prices ended the week lower, as talks between Joe Biden's administration and the Iranian government regarding the sanctions imposed for its nuclear program have stalled. Benchmark WTI declined 7.48% to 78.74 dpb and Brent fell 5.69% to 86.15 dpb.

U.S. used home sales continued to decline in June, reporting 4.80 million homes sold versus expectations of 4.70 million (-0.4% month-over-month). These data reflect the effects on the housing market due to the rise in interest rates that have directly affected 30-year mortgage rates, which currently stand at 6.29%. Similarly, the Wells Fargo builders' confidence index fell for the ninth consecutive month to 46 points compared to the expected 47 in September.

Meanwhile, European currencies have continued to depreciate following Friday's economic activity reports. The euro hit a new all-time low of \$0.96, while the British pound fell to \$1.09 amid Finance Minister Kwasi Kwarteng's announcement of the biggest ever tax cut for individuals and companies to stimulate the economy going forward.

Ford's share price unexpectedly fell on Tuesday to \$13.09 after the company announced an expected increase of more than \$1 billion in the current quarter due to high inflation.

Finally, Italy's elections saw the far-right position, led by Giorgia Meloni, win for the first time since World War II. The 45-year-old ultra-right-winger has already been a minister and was a candidate for the 2018 elections where she only attained 4.5% of the vote. Now with a 26% vote, Meloni's election is evidence of the increased interest in right-wing politics in Europe, following the recent elections in France where Le Pen lost by a small margin.

Relevant data and events

This week

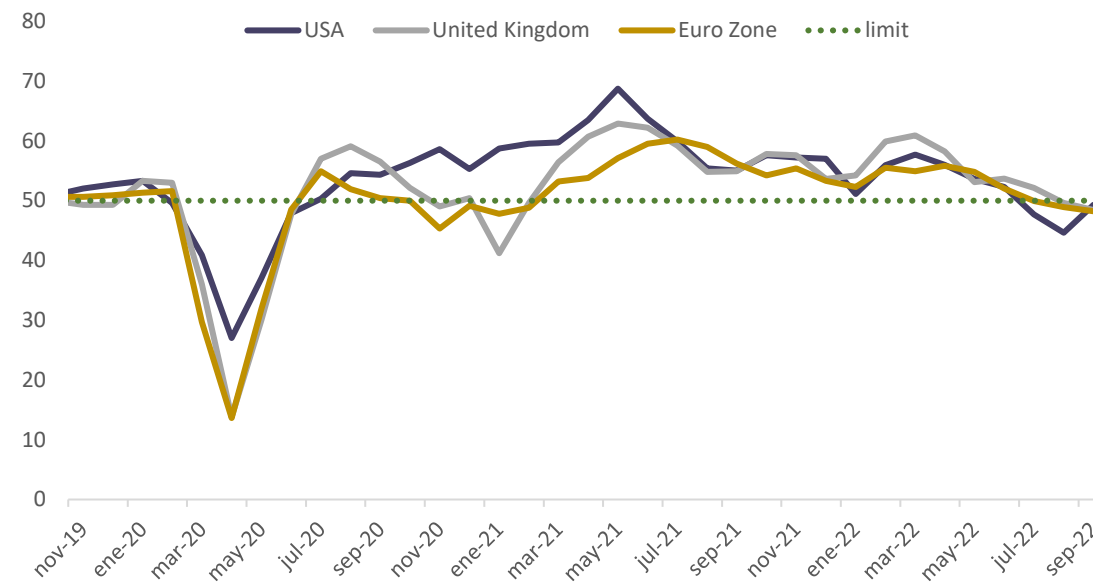
- **Consumer confidence** - U.S., Eurozone.
- **Unemployment** - Chile, Japan, Mexico.
- **Interest rate decision** - Colombia, India, Mexico, Thailand.
- **CPI** - Euro Zone.
- **PMI** - China.
- **GDP** - Canada, US*, UK.
- **New Home Sales** - U.S.

Previous week

- **Interest rate decision** - Brazil, US, Japan, Norway, Sweden, Switzerland, UK.
- **CPI** - Canada, Japan.
- **PMI** - UK, Euro Zone.
- **Retail Sales** - Canada, Mexico.

*Most relevant data of the week|

PMI composite indexes of major economies.

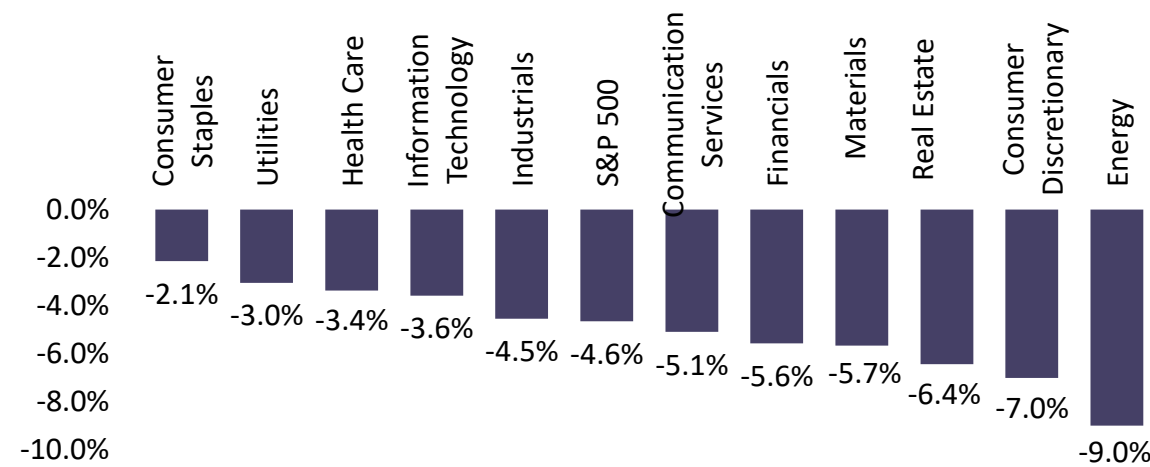


Source: Investing.com – In On Capital Compiled.

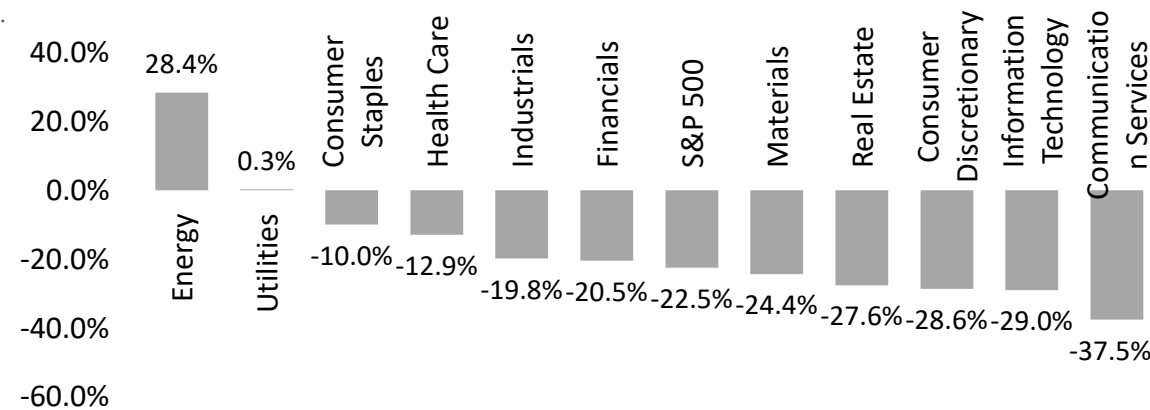
PMI indexes for the U.S., Europe and the U.K. exacerbate recession fears after a volatile week. In the **US**, the composite index came in at **49.3** compared to 44.6 in August; on the other hand, the **Euro Zone** index came in at **48.2** and in the **UK** it came in at **48.4**, both showing a deterioration compared to the previous month. Some analysts are predicting that a recession in the Euro Zone and the UK is in sight after the strong impact of these data on the currencies' performance during the year.

Sector performance

Weekly



Annual



In On Financial Markets Monitor

	Level	Price return (%)		Features
	09/23/2022	1 Week	YTD	Fwd P/E
Equities				
S&P 500	3693.23	▼ -4.65	▼ -22.51	16.54
Dow Jones 30	29590.41	▼ -4.00	▼ -18.57	15.83
Nasdaq 100	11311.24	▼ -4.64	▼ -30.69	21.07
Russell 2000	1679.59	▼ -6.60	▼ -25.20	20.83
Russell 1000 Growth	2179.89	▼ -4.58	▼ -29.11	22.63
Russell 1000 Value	1375.67	▼ -5.22	▼ -16.91	13.14
MSCI Emerging Markets	35.98	▼ -4.79	▼ -26.35	10.79
MSCI Developed & Emerging World	567.86	▼ -4.97	▼ -24.77	14.05
MSCI China	58.76	▼ -5.68	▼ -30.29	10.84
Topix - Japan	1916.12	▲ 0.87	▼ -3.83	12.15
EuroStoxx 50	3348.60	▼ -4.34	▼ -22.10	10.04
FTSE 100 - United Kingdom	7018.60	▼ -3.01	▼ -4.96	8.80

	Yield	Total return (%)	
	09/23/2022	1 Week	YTD
Fixed income			
U.S. Aggregate	4.62	▼ -1.56	▼ -13.75
U.S. Corporate High Yield	9.25	▼ -1.75	▼ -13.57
Global Aggregate	3.59	▼ -2.44	▼ -19.31
Global High Yield	9.78	▼ -2.44	▼ -17.60
Emerging Markets Hard Currency	4.57	▼ -2.71	▼ -24.89
Emerging Markets Local Currency	4.64	▼ -2.26	▼ -16.17

	Yield		Change in Basic Points	
	09/23/2022	12/31/2021	1 Week	YTD
Interest rate				
2-yr U.S. Treasuries	4.20	0.73	▲ 0.33	▲ 3.47
10-yr U.S. Treasuries	3.68	1.51	▲ 0.24	▲ 2.17
10-yr German Bund	2.02	-0.18	▲ 0.27	▲ 2.20

	Levels		Percentage change (%)	
	09/23/2022	12/31/2021	1 Week	YTD
Currencies				
Dolar Index	113.19	95.67	▲ 3.12	▲ 18.32
Euro	0.97	1.14	▼ -3.28	▼ -14.80
British pound	1.09	1.35	▼ -4.91	▼ -19.75
Japanease Yen	143.31	115.08	▲ 0.27	▲ 24.53
Yuan renminbi chinese	7.14	6.36	▲ 1.97	▲ 12.28
Mexican peso	20.21	20.53	▲ 0.85	▼ -1.57
Colombian peso	4438.50	4070.00	▲ 0.07	▲ 9.05

	Level	Percentage change (%)	
	09/23/2022	1 Week	YTD
Commodities			
Crude oil WTI	78.74	▼ -7.48	▲ 4.69
Crude oil Brent	86.15	▼ -5.69	▲ 10.76
Natural Gas	6.83	▼ -12.06	▲ 83.06
Gold	1643.94	▼ -1.86	▼ -10.13
Copper	337.15	▼ -5.32	▼ -24.47
Corn	676.75	▼ -0.07	▲ 14.08
Coffee (US\$/pound)	2.20	▲ 1.10	▼ -2.50
Bloomberg Commodity Index	112.40	▼ -3.72	▲ 13.34

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