

S&P 500 hits new lows in September.

Weekly commentary

Markets closed September with a negative performance, the week was mostly marked by the release of the US second quarter GDP and the sabotage in Nord stream 1 and 2 gas pipelines, which has further increased geopolitical tensions in Europe (see: Market Flash - Alleged sabotage in Nord Stream 1 and 2 gas pipelines). The S&P 500 declined 2.91% and touched a new low of 3,640.47 for the year, Dow Jones declined 2.92% and the Nasdaq declined by 3.01%.

On the contrary, oil prices ended the week higher, as OPEC members consider cutting production at the next meeting on October 5, after ending September with a daily extraction of 29.81 million barrels, the highest since 2020. Benchmark WTI rose 0.95% to 79.49 dpb and Brent increased by 2.10% to 87.96 dpb.

Eurozone inflation recorded a new high in September, prices rose 10% from a year earlier placing it above expectations of 9.7%. Once again, the food and energy sectors were the sectors that pushed up prices, amid the war conflict in Ukraine and the depreciation of the euro against the dollar, which reached a new low of 0.96 dollars during the week.

Likewise, the PCE inflation figure, the main indicator used by the FED, stood at 6.2% YoY in August (previously: 6.4%). On the other hand, the underlying component increased to 4.9% compared to 4.6% in July and the expected 4.7%. This shows the reaction of the indicator to the interest rate hikes and the decrease in gasoline prices.

Meanwhile, consumer confidence indices in the US and Europe showed greater uncertainty about the current outlook. In Europe, the European Commission's indicator continued to fall into pessimistic territory in September to 92.6 points (compared to 96.1 points in the previous month). Likewise, in the US, the Conference Board's confidence indicator scored 108, while the University of Michigan's index stood at 58.6, amid a slowdown in US price increases and the latest rate hike by the FED.

On the other hand, the Mexican Central Bank continued to raise interest rates, increasing them by 75 basis points to 9.25%; in turn, the Central Bank of Mexico increased rates by 100 basis points.

The BoE, in line with its objective of maintaining financial stability in the United Kingdom, decided to temporarily purchase long-term government debt as of September 29. This comes after 30-year UK gilts reached a yield of more than 5%, something not seen in 30 years. Following this at the beginning of the month, Finance Minister Kwasi Kwarteng decided to backtrack on the tax plan to eliminate the 45% income tax rate for the country's wealthiest individuals.

Finally, in a tighter election than polls showed, Brazil will elect its next president in a second round on October 30, between Jair Bolsonaro and Lula da Silva, who reached a vote of 43.28% and 48.33% respectively.

Relevant data and events

This week

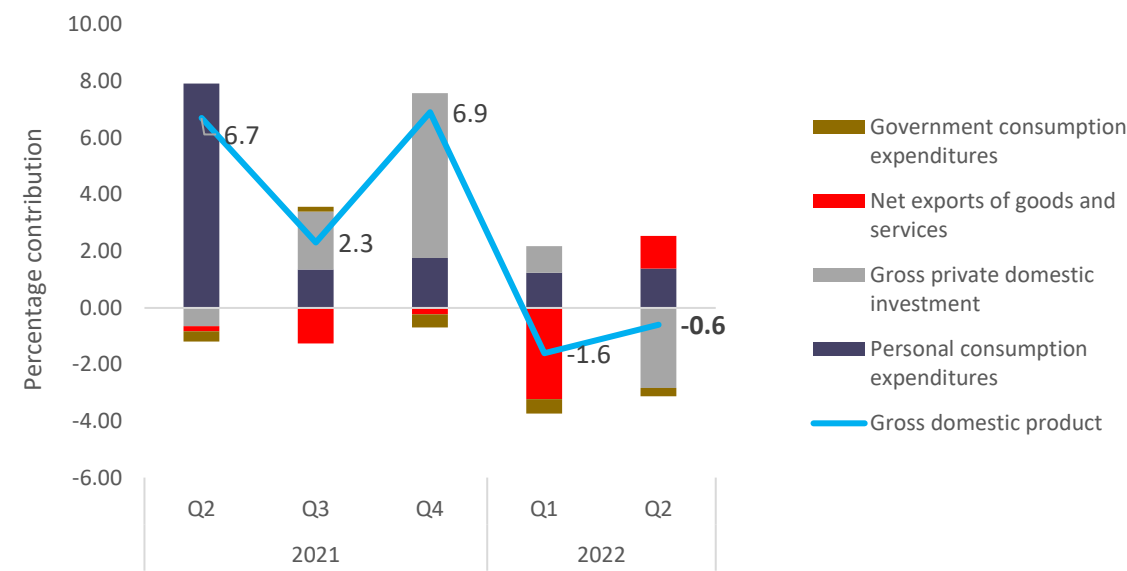
- **CPI** - Chile, Colombia.
- **Interest rate decision** - Peru.
- **PMI** - US, Japan, UK, Euro Zone.
- **Retail Sales** - Brazil.
- **Unemployment** - Canada, **USA***.

Previous 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.

*Most relevant data of the week|

Composition of U.S. GDP

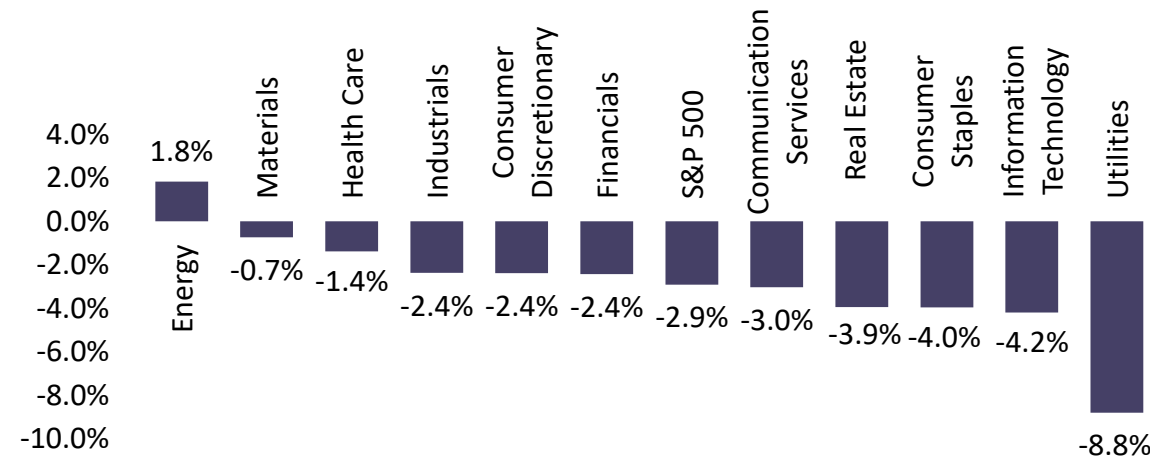


Source: Bureau of Economic Analysis – In On Capital Compiled.

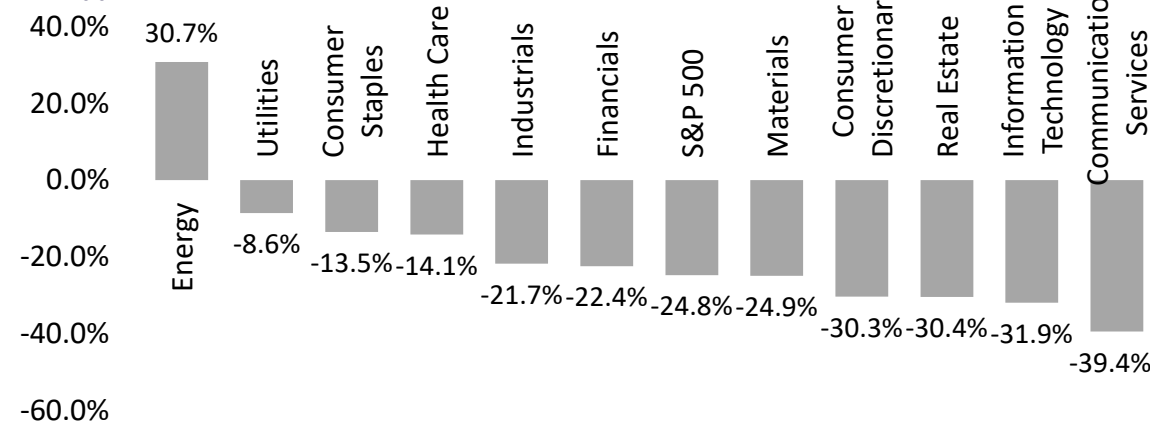
In the second reading, it was revealed that the U.S. economy contracted by 0.6% in the second quarter of this year, a figure equal to the previously published data. Investment and government spending contributed the most to the decline by 2.83 p.p. and 0.29 p.p. respectively, while consumption and the trade balance boosted GDP positively by 1.38 p.p. and 1.16 p.p. respectively.

Sector performance

Weekly



Annual



In On Financial Markets Monitor

Equities	Level	Price return (%)		Features
	09/30/2022	1 Week	YTD	Fwd P/E
S&P 500	3585.62	▼ -2.91	▼ -24.77	16.01
Dow Jones 30	28725.51	▼ -2.92	▼ -20.95	15.41
Nasdaq 100	10971.22	▼ -3.01	▼ -32.77	20.55
Russell 2000	1664.72	▼ -0.89	▼ -25.86	21.76
Russell 1000 Growth	2117.70	▼ -2.85	▼ -31.13	22.04
Russell 1000 Value	1339.62	▼ -2.62	▼ -19.09	12.73
MSCI Emerging Markets	34.88	▼ -3.06	▼ -28.60	10.61
MSCI Developed & Emerging World	553.37	▼ -2.55	▼ -26.69	13.75
MSCI China	57.21	▼ -2.64	▼ -32.13	10.75
Topix - Japan	1835.94	▼ -4.18	▼ -7.85	11.66
EuroStoxx 50	3318.20	▼ -0.91	▼ -22.80	9.97
FTSE 100 - United Kingdom	6893.81	▼ -1.78	▼ -6.65	8.34

Fixed income	Yield	Total return (%)	
	09/30/2022	1 Week	YTD
U.S. Aggregate	4.75	▼ -0.99	▼ -14.61
U.S. Corporate High Yield	9.68	▼ -1.36	▼ -14.74
Global Aggregate	3.70	▼ -0.72	▼ -19.89
Global High Yield	10.34	▼ -1.88	▼ -19.15
Emerging Markets Hard Currency	5.60	▼ -3.08	▼ -27.20
Emerging Markets Local Currency	4.72	▼ -1.73	▼ -17.62

Interest rate	Yield		Change in Basic Points	
	09/30/2022	12/31/2021	1 Week	YTD
2-yr U.S. Treasuries	4.28	0.73	▲ 0.08	▲ 3.55
10-yr U.S. Treasuries	3.83	1.51	▲ 0.14	▲ 2.32
10-yr German Bund	2.11	-0.18	▲ 0.09	▲ 2.29

Currencies	Levels		Percentage change (%)	
	09/30/2022	12/31/2021	1 Week	YTD
Dolar Index	112.12	95.67	▼ -0.95	▲ 17.19
Euro	0.98	1.14	▲ 1.19	▼ -13.79
British pound	1.12	1.35	▲ 2.86	▼ -17.45
Japanese Yen	144.74	115.08	▲ 1.00	▲ 25.77
Yuan renminbi chinese	7.14	6.36	▲ 0.06	▲ 12.35
Mexican peso	20.14	20.53	▼ -0.35	▼ -1.91
Colombian peso	4610.00	4070.00	▲ 3.86	▲ 13.27

Commodities	Level	Percentage change (%)	
	09/30/2022	1 Week	YTD
Crude oil WTI	79.49	▲ 0.95	▲ 5.69
Crude oil Brent	87.96	▲ 2.10	▲ 13.09
Natural Gas	6.77	▼ -0.91	▲ 81.39
Gold	1660.61	▲ 1.01	▼ -9.22
Copper	341.25	▲ 1.22	▼ -23.55
Corn	677.50	▲ 0.11	▲ 14.20
Coffee (US\$/pound)	2.22	▲ 0.50	▼ -2.01
Bloomberg Commodity Index	111.49	▼ -0.81	▲ 12.42

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