April 4, 2022

Monday Briefing – 4th April 2022

HIGHLIGHTS

- Major equity indexes ended the week mixed, with expectations for higher interest rates weighing on growth sectors like IT, while more defensive sectors outperformed. The S&P 500 concluded a positive month, but a negative quarter – the worst since early 2020.
- Bond markets, fared worse, ending the month in the red and recording their worst quarter since 1980 as central banks toughened their stance on fighting inflation.
- Eurozone inflation recorded a new all-time high of 7.5% on Friday, according to the flash HICP estimate for March: higher than the earlier record of 5.9% set in February and well above the forecasted 6.6%. This means that inflation is now more than triple central bank targets of 2% on both sides of the Atlantic.
- After increasing briefly on renewed Ukraine tensions, oil prices resumed their decline after US President Biden announced a massive release of oil from country's strategic petroleum reserves totaling 180 million barrels over a six month period (or roughly 1 million barrels per day).
- President Putin signed a decree stipulating that foreign buyers must pay for Russian natural gas in rubles from April 1st, raising concerns about possible supply disruptions

in Europe. G7 countries unanimously rejected the directive.

- A well-watched datapoint was the US Nonfarm payrolls which grew by 431,000 in March, a bit below the 490,000 estimate and well under February's upwardly revised 750,000. The unemployment rate, however, declined to 3.6%, below expectations. The first quarter ended with nearly 1.7 million jobs added.
- This week, the first set of PMIs (business sentiment surveys) that reflect the mood after the conflict in Ukraine begun, will be released. Investors will also pay close attention to the Fed minutes due on 6th April, hoping for more details about quantitative tightening. The first round of the French presidential election will kick-off on Sunday. While Macron leads in polls, at a rally over the weekend, he himself warned that nothing is said and done yet and that the far-right is a threat.

ECONOMIC CALENDAR

Monday – Germany Balance of Trade (February) and New Car Registration (March). Eurozone PPI (February). US Factory Orders (February). Eurogroup Meeting.

Tuesday – Japan Household Spending (February). UK, Japan, Russia, Eurozone, US Composite PMI (March). France Industrial Production (February). US Balance of Trade (February). US ISM Manufacturing and Non-Manufacturing PMI (March). Eurozone EcoFin Meeting.

Wednesday – China Caixin Composite PMI (March). Germany Factory Orders (February). Eurozone Retail Sales (February). FOMC Minutes.

Thursday – US Consumer Credit Change (February) and Weekly Jobless Claims. Germany Industrial Production (February).

Friday – Japan Consumer Confidence (March), Eco Watchers Survey (March). Spain Industrial Production (February). Italy Retail Sales (February). US Wholesale Inventories (February).

Saturday – China Vehicle Sales (March)

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