March 28, 2022

Monday Briefing – 28th March 2022

HIGHLIGHTS

- Inflation pressures gave multiple Fed members a platform to espouse preferences for a more aggressive monetary policy tightening cycle. Last week, we saw a procession of Fed speakers, including the more dovish members, conceding that they need to get on with it sooner and faster rather than later and softer
- Rates rose significantly across developed markets throughout the week as markets continued to digest the possibility of larger hike(s) from the Fed, with US Treasuries on course for one of their worst quarterly routs since at least the early 1970s. The yield on the benchmark 10-year US Treasury note jumped by roughly 35 basis points over the week, mirroring a sharp drop in Treasury prices
- While the Fed is climbing an uphill battle to fight inflation, risk appetite on financial markets supported equity markets with a notable buy-on-the-close trend through much of the week and investors obviously not too concerned around the multiple headlines du jour
- Meanwhile, commodity markets continued to experience stress given persistent geopolitical tensions in Europe and limited supply. Brent crude oil prices rose and

reached a high of $123 per barrel mid-week amid increasing sanctions pressure on Russia

- The US, the EU and the G7 members blocked financial transactions with Russia's Central Bank that involve gold, aiming to further restrict the country's ability to use its international reserves and to close sanctions loopholes
- German Chancellor Scholz warned the Bundestag that halting Russian energy imports would “mean plunging our country and the whole of Europe into a recession”
- Russian President Putin is demanding that "hostile states" pay rubles for Russian energy, a move that helped the Russian currency, but there are questions as to what this means on a contractual basis
- The US Securities and Exchange Commission formally proposed new rules that would for the first time require businesses to report their greenhouse gas emissions, along with details of how climate change is affecting their businesses

ECONOMIC CALENDAR

- Monday – EU Bond Auction. US Goods Trade Balance and Inventories (Adv, Feb).
- Tuesday – Japan Unemployment (February), BoJ Summary of Opinions. France Consumer Confidence (March). Germany Gfk Consumer Confidence (April). Spain Retail Sales (February). US House Price Index (January), Conference Board Consumer Confidence (March), JOLTs Job Openings/Quits (February).
- Wednesday – Japan Retail Sales (February). Germany and Spain Inflation (Preliminary, March). Spain Business Confidence (March). Italy PPI (February), Industrial Sales (January). Eurozone Economic and Industrial Sentiment (March), Consumer Confidence (Final, March). US ADP Employment Change (March), GDP (Final Q4).
- Thursday – Japan Industrial Production (Preliminary, February). China NBS PMI (March). Germany Retail Sales (February) and Unemployment (March). UK GSP (Final, Q4). Italy and France Inflation (Preliminary, March), Household Consumption (February), PPI (February). Eurozone Unemployment (February). US Personal Income and Spending, PPI (All February), Weekly Jobless Claims. OPEC and non-OPEC Ministerial Meeting.
- Friday – Japan Tankan Index (Q1). China (Caixin), Japan, Eurozone, US, UK, Russia Manufacturing PMI (Final, March). Eurozone Inflation (Flash, March). France, Italy, Spain New Car Registrations (March). US Unemployment, Average Hourly Earnings, Non-Farm Payrolls (March). US Total Vehicle Sales (March).

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