

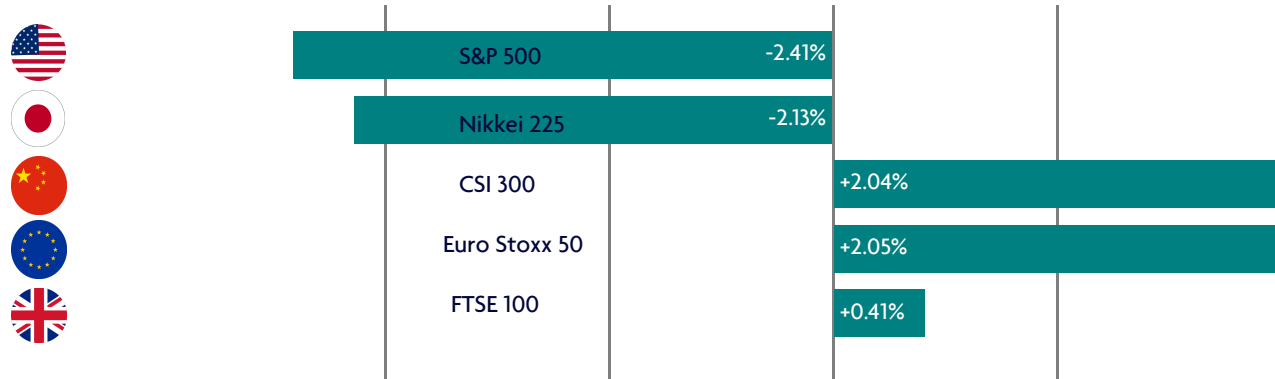
# Weekly Market Update

16 May 2022



It was another volatile week in markets, with mixed results at the end. The focus remains on how central banks plan on taming inflation and the impact this could have as economic growth around the world continues to slow. In the US, whilst inflation has fallen, it has fallen by less than economists expected. In the UK, the economy shrank in the month of May.

## Market Monitor (%): How did major stock markets perform last week?



### Market Update:



In a volatile week, the FTSE 100 ended higher as gains in oil and banking stocks lifted the index towards the end of the week. The UK economy unexpectedly contracted 0.1% in March mainly due to a decline in service sector activity. The economy grew 0.8% in the period between January and March, compared to a growth of 1.3% in the last three months of 2021. UK Retail sales fell in April as shoppers tightened their belts in response to rising costs of living.



Stocks recorded another week of losses, as investors appeared to grow increasingly sceptical that the US central bank, the Federal Reserve will be able raise rates without causing a recession. During the week, it was reported that inflation in April had fallen compared to March, but it fell by less than investors had hoped. A preliminary survey of consumer sentiment in May indicated the steep toll that inflation was taking on Americans' confidence in their finances.



### Europe

Shares in Europe rebounded to finish higher, despite ongoing concerns about inflation, tightening monetary policy (central banks looking to raise interest rates, and the economic outlook. Finland is poised to decide on joining NATO, with Russia threatening retaliation. Russia imposed sanctions on EU energy companies and has cut shipments to Europe even further. The European Central Bank hinted at its first interest rate hike taking place in the third quarter (Jul-Sep) of 2022.



### Japan

Japan's stock markets fell, as expectations that the U.S. Federal Reserve would aggressively raise interest rates, concerns about slowing global growth, and the economic implications of the war between Russia and Ukraine continued to weigh on investors. Contrary to other central banks, the Bank of Japan remains committed to support the economy, particularly as economic growth has not yet recovered to pre-pandemic levels.



### China

Chinese stocks rallied as a fall in coronavirus cases and reassuring comments from the securities regulator lifted investor sentiment. The China Securities Regulatory Commission aims to increase the participation of institutional investors in the country's stock markets and expand the investible universe of the exchange link with Hong Kong, giving a boost to the stock market during the week.



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