

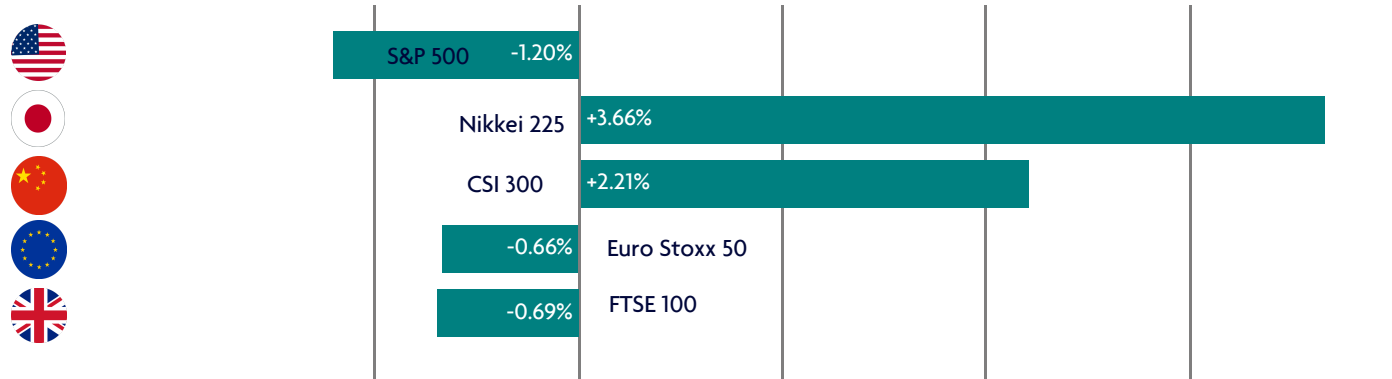
# Weekly Market Update

6 June 2022

It was a mixed week for markets across the world. Investors in the UK, US and Europe continue to worry about inflation, slowing growth and the impact that rising interest rates could have on these economies. Meanwhile, some relaxation in restrictions in China and Japan gave Japanese and Chinese stock markets a boost during the week.



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



### Market Update:



Markets were closed on Thursday and Friday for the Platinum Jubilee celebrations. Data shows that the housing market may be beginning to cool as sellers are having to cut asking prices, the average time to sell a home is lengthening and mortgage approvals fall to their lowest level since June 2020 as higher interest rates and the cost of living squeeze cooled people's desire to buy homes.



Stocks lost ground as investors continued to question whether the Federal Reserve will be able to rein in inflation without causing a recession. Whilst inflation appears to have peaked, there are still signs that the Federal Reserve will continue to raise interest rates moving forwards, even if it risks tipping the US economy into recession. Data on the labour market was mixed, but consumer confidence fell in May as workers grew somewhat less enthusiastic about their job prospects.



### Europe

Investors continued to struggle with concerns about elevated inflation, slowing economic growth, the pace of interest rate hikes, and the invasion of Ukraine. European Union leaders agreed to ban all seaborne Russian oil deliveries, covering about two-thirds of such imports, within months. The European Commission also announced a €300 billion plan to end the EU's dependence on Russian energy imports before 2030. Inflation in the euro area accelerated in May to another record high of 8.1%.



### Japan

Stocks ended the week up, as a further relaxation of Japan's strict border controls and Chinese authorities' decision to allow segments of the economy to reopen following stringent coronavirus lockdowns supported investor sentiment. Inflation in Japan rose to 2.1%, ahead of the Bank of Japan's 2% target, but well below inflation felt in other large economies. The central bank remains committed to supporting the economy.



### China

Stocks rallied in a holiday-shortened week after Beijing unveiled a raft of support measures to cushion an economic slowdown triggered by the country's zero-tolerance approach to the coronavirus. China's factory activity shrank less sharply in May as virus restrictions eased and some production resumed. Headlines regarding China's debt-laden property developers turned slightly positive. A survey showed that new home prices rose slightly in May and there are signs that property sales are on the rise.



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