

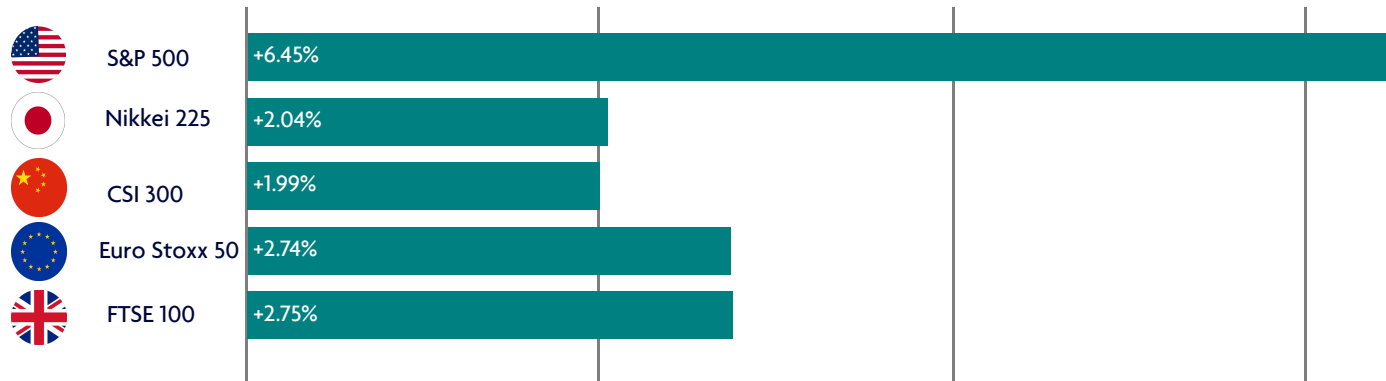
Weekly Market Update

27 June 2022

Markets took a breather this week, which came from the realisation that economies are slowing down, which should in turn help tame inflation and take the pressure of central banks applying the brakes too aggressively. Of course, there is still a lot of uncertainty around how much economies will slow down, the impact this would have on inflation and what central banks will do.



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



Market Update:



Inflation accelerated to a record 9.1% in May as food costs rose at the fastest rate in 13 years. Meanwhile, data is suggesting that the economy continues to cool down as businesses struggled with falling orders. Consumer confidence has fallen to its lowest level since records began nearly 50 years ago as surging inflation hits households' finances and the wider economy. Consumers are reining in their spending, with the volume of retail sales falling 0.5% in May from April.



There are signs that the economy is continuing to cool down which in turn is helping tame inflation. For example, existing home sales fell in May in the face of higher mortgage rates. National economic activity also fell, with both manufacturing and services appearing to be slowing down. As a result of this, it appears that manufacturers, whilst continuing to raise prices, the amount by which they are raising prices has come down somewhat.



Europe

There are now clear signs that the economy is slowing, which is raising questions on whether central banks could increase interest rates aggressively. Meanwhile, however, Norway's central bank raised interest rates. Germany moved to the second "alarm stage" of its emergency plans to reduce gas consumption and increase storage inventories of the thermal fuel after Russia sharply reduced pipeline flows. Consumer confidence in the eurozone unexpectedly tumbled in June, likely reflecting the effects of soaring inflation.



Japan

Investor sentiment was supported by continued expectations that the Bank of Japan would keep its supportive policies, despite consumer prices continuing to rise and the yen continuing to weaken. Data showed a strong expansion in business activity in the services sector, which also boosted sentiment. However, the worry that the US would continue to increase interest rates aggressively and provoke a recession kept this positivity muted.



China

President Xi Jinping pledged to roll out more measures to support the economy and minimize the impact of COVID-19. Experts have lowered their growth forecasts for China after the country's zero-tolerance approach to the coronavirus led to widespread lockdowns that disrupted economic activity and global supply chains. To top things off, the challenges the China's property markets have had over the last year, could pose an even greater risk to its economy than the recent covid lockdowns.



[The Omnis Investment Club](#)

To hear more about these topics, please search for "The Omnis Investment Club Podcast" on your podcast player.



[Omnisinvestments.com](https://www.omnisinvestments.com)

Issued by Omnis Investments Limited. This update reflects Omnis' view at the time of writing and is subject to change. The document is for informational purposes only and is not investment advice. We recommend you discuss any investment decisions with your financial adviser. Omnis is unable to provide investment advice. Every effort is made to ensure the accuracy of the information, but no assurance or warranties are given. Past performance should not be considered as a guide to future performance. The Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC are authorised Investment Companies with Variable Capital. The authorised corporate director of the Omnis Managed Investments ICVC and the Omnis Portfolio Investments ICVC is Omnis Investments Limited (Registered Address: Washington House, Lydiard Fields, Swindon SN5 8UB) which is authorised and regulated by the Financial Conduct Authority.