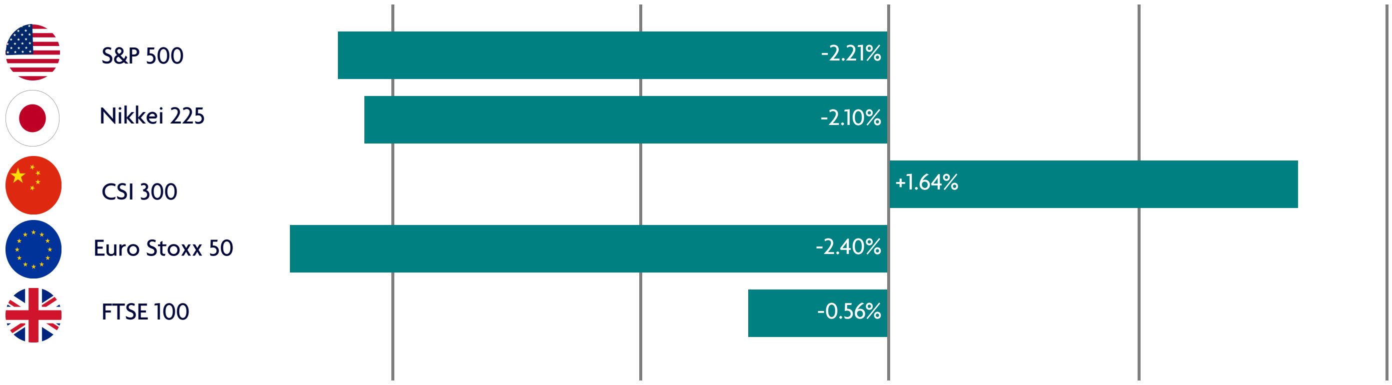
# Weekly Market Update

4 July 2022

**After taking a breather in the previous week, markets returned to its losing streak, with pessimism centred around economic growth deteriorating and the impact that the actions of central banks around the world could have on tipping economies into a recession. Markets continue to be challenging, and we will of course keep you updated on our latest thoughts and give you our best assessment of what is going on in markets. You can access Omnis' latest views at www.omnisinvestments.com**

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




## Market Update:

### UK

The UK's trade performance this year fell to its worst level since records began. The weak performance of UK exports and a surge in imports highlight the economic effects of Brexit. The governor of the Bank of England said that the UK economy is probably weakening more than others attributing the problems to the energy price shock alongside the problem of people dropping out of the labour market. This will likely mean that UK inflation is likely to stay higher than other economies and for longer.

### US

Worries grow that the Federal Reserve's fight against inflation would push the economy into recession. These ongoing fears has meant that the S&P 500 index, had the worst first-half of a year since 1970. Economic data published during the week was poor. Consumer confidence, manufacturing, personal consumption all indicated overall pessimism in the economy.

### Europe

Shares in Europe fell on fears that soaring inflation and rising interest rates could hit companies' earnings and tip economies into a recession. Inflation in the Eurozone rose to 8.6% in June due to soaring energy and food costs. The European Central Bank is set to raise interest rates later this month to tackle inflation, with investors worried about how aggressive the central bank will be. At the same time, sentiment among consumers in the continent appears to be deteriorating.

### Japan

The escalating risk of a global recession prompted by major central banks aggressively raising interest rates to combat inflation continued to worry investors. Japan's large manufacturers are increasingly concerned about the global economy and the impact that China's covid lockdowns could have on supply chains. On the other hand, confidence among services sector firms, which benefited from the lifting of domestic coronavirus restrictions, improved.

### China

Stocks advanced on the back of strong factory data and easing covid restrictions for travellers. China has halved the quarantine times for inbound travellers to 10 days, which signals a shift in China's previously rigid approach to restrictions and quarantine. In economic readings, manufacturing and services sectors both appear to have grown in June as a drop in new omicron infections allowed the government to ease restrictions.

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