

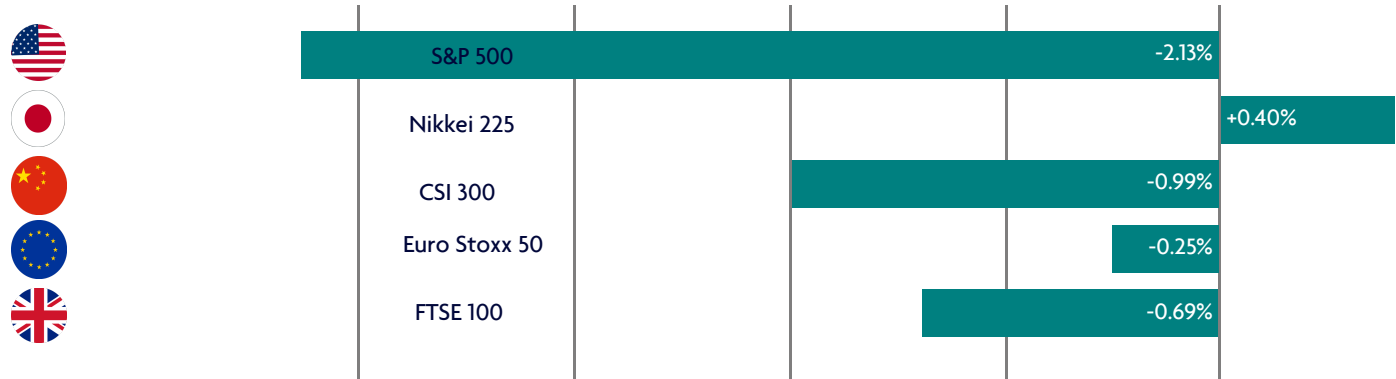
# Weekly Market Update

19 April 2022

In a holiday-shortened week, markets were mixed across the world, with inflation concerns very much at the forefront in most markets. Inflation in the UK and the US has continued to rise with many expecting the Bank of England will raise interest rates again in May. Covid-related lockdowns in Shanghai, China has fuelled supply chain concerns further. Japan's central bank continues to remain supportive of the economy and in Europe, the central bank says they have no timelines for raising interest rates.



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



### Market Update:



Economic growth slowed to 0.1% in February, versus 0.8% in January, due to a decline in construction and production output. However, the full effect of Russia's invasion of Ukraine in late February was not captured by the data. Meanwhile, inflation jumped to a 30-year high of 7.0% in March from 6.2% in February on rising fuel costs and across-the-board increases in prices. UK financial markets indicated showed traders are expecting the Bank of England will raise its key interest rate by 0.25% in May.



This week saw the release of the first major corporate earnings reports of 2022. Anticipation of a sharp deceleration in companies' earnings growth appeared to be one factor weighing on sentiment. Inflation data and how price pressures would impact companies' margins also seemed to be in the spotlight. Inflation jumped to 8.5% in March. Stocks initially rose on hopes that inflation might be peaking, but the rally appears to have been short-lived as crude oil prices rallied back through USD 100 a barrel after Putin said peace talks with Ukraine are stalled.



### Japan

Japan's stock markets rose over the week. The Bank of Japan asserted that its economy would continue to recover despite surging commodity prices, but stressed that it needs to maintain its massive stimulus to support the still-fragile post-coronavirus recovery. Japan's producer price index, which measures the price of goods traded between companies, rose by 9.5% year on year in March because of rising crude oil and commodity prices, partly due to supply constraints stemming from Russia's war with Ukraine. Consumer price inflation, however, remains subdued.



### China

Chinese markets retreated in the week to Thursday as a surging coronavirus outbreak in Shanghai, and subsequent lockdowns, fuelled concerns about supply chain disruptions. Supply chain paralysis gripped parts of China's manufacturing sector as a growing number of Chinese cities reimposed restrictions to quash the virus. China's consumer price index accelerated in March and exports rose more than expected in March.

### Europe



European shares rose amid some relief that the European Central Bank did not signal that it would withdraw its support from the economy very aggressively and indicated that there was no clear timetable for raising interest rates. In France, Marine Le Pen and President Emmanuel Macron beat other challengers in the first round of the French presidential election and will face each other in the second round on April 24.



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