

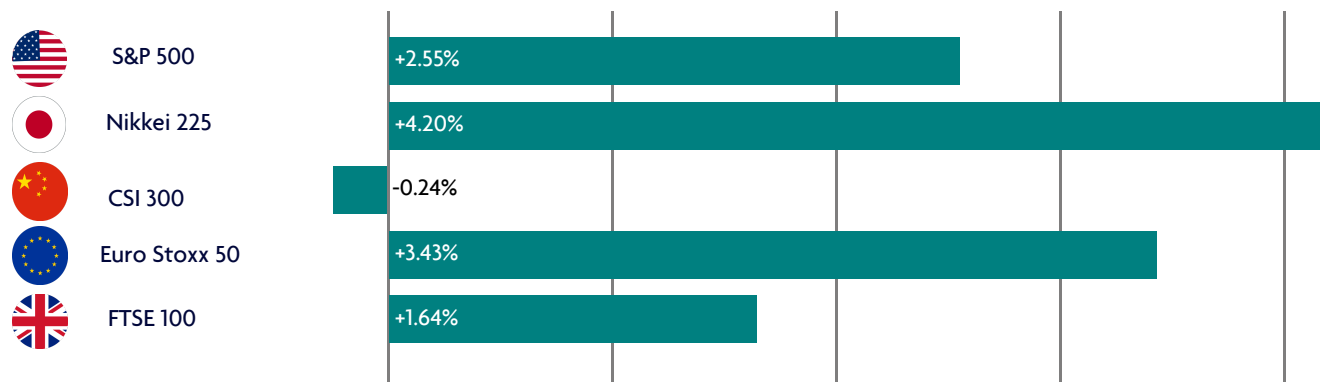
# Weekly Market Update

25 July 2022

The US begins to see clear signs of a slowing economy and inflationary pressures beginning to fade, whilst the UK inflation continues to rise. The Japanese central bank bucks the trend and keeps interest rates low as the European Central Bank raises interest rates. Meanwhile, China faces a challenge in meeting its growth targets.



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



## Market Update:



UK consumer price inflation reached a new 40-year high of 9.4% year on year in June. The main driver of inflation was an increase in fuel and energy costs and food prices. High inflation is hitting retail sales, business activity and consumer confidence, strengthening predictions of an economic recession this year. The UK labour market continued to tighten as the number of people employed continued to rise, and unemployment fell.



Investors welcomed signs of a slowing economy and fading inflationary pressures. Economic data pointed towards a slowing of the economy and was further emphasised by company reports for the period between April and June. Despite indications of an easing economy, many companies reported greater resilience in profits than many had expected. However, companies where a big portion of revenue coming from advertising are showing signs of stress. Advertising is typically one of the first things companies trim as demand slows down.



## Europe

The ECB raised interest rates by 0.5% points as part of its efforts to curtail rising inflation. The eurozone economy showed signs of slowing. Russia restarted Nord Stream gas flows to Europe, but shipments remained at approximately 30% of previous capacity. The European Union announced plans for member states to cut demand by 15% amid Russian supply fears. Following the resignation of Italian Prime Minister Mario Draghi, elections are scheduled for end September.



## Japan

The Bank of Japan maintained its ultra-loose monetary policy (low interest rates) to support the country's still-fragile economic recovery. Data showed a slowing down in economic growth and less optimism from companies as they battle inflation stemming from sustained material shortages and the prolonged impact of the war between Russia and Ukraine. Japan's daily Covid-19 cases rose to record high. While the government is watching the impact on the medical system with maximum caution, it has ruled out the possibility of imposing movement restrictions.



## China

Premier Li Keqiang said that as long as employment is relatively sufficient, household income grows, and prices are stable, slightly lower economic growth rates are both acceptable. Many economists believe that China will have a hard time meeting its 5.5% growth target for 2022. A growing number of homebuyers are threatening to stop making mortgage payments on unfinished projects. The China Banking and Insurance Regulatory Commission asked lenders to provide credit to eligible developers so they can complete halted projects.



[The Omnis Investment Club](#)

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



## 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.