

# The Market Place

- Global equities returned +0.1% last week
- US core inflation reaches its highest level since 1991
- Brent crude fell -0.7% last week to \$73.6 per barrel
- Gold rose +0.8% last week to \$1812.1 an ounce

## US

US equities rose +0.2% last week

In Federal Reserve chairman Powell's testimony before Congress last week he stated that he views the US economy as "still a ways off" from the standard of having made the 'substantial further progress' in order to cut down asset purchases and reach employment and inflation targets. The FOMC will be discussing tapering at the next meeting in two weeks

US retail sales for June surprised to the upside with a +0.6% increase (vs. -0.3% expected), but this was partly offset by a downward revision to the May reading

Headline and core (excluding food and energy) consumer prices jumped +0.9% in June, roughly twice consensus estimates. Year over year CPI is now at +5.4% whilst core inflation is at 4.5%, which marks the latter's highest level in 30 years

Initial jobless claims for the week through July 10 fell to a post-pandemic low of 360k, (vs. 350K expected)

## Europe

European equities returned +0.8% last week

Euro-area industrial production fell by a larger-than-expected -1.0% in May (vs. -0.3% expected)

The final June CPI reading for the Eurozone showed prices rose +1.9%, unchanged from the initial reading

ECB President Christine Lagarde said that next week's Governing Council meeting would focus on changing guidance on interest rates after the adoption of a new inflation target last week. She also said she did not expect "unanimous consent" at policy meetings "because there will be some variations, some slightly different positioning."

France and the Netherlands have reimposed new restrictions around hospitality after a surge in Covid-19 cases

## UK

UK equities fell by -0.2% last week

The CPI reading for June came in at +2.5% (vs. +2.2% expected), which is the highest rate of inflation in nearly 3 years. Food, fuel, clothing and second-hand cars were the key drivers

The UK unemployment rate unexpectedly rose in the three months to May, coming in at +4.8% (vs. 4.7% expected), however, the number of payrolled employees saw a +356k increase in May

England has lifted almost all remaining legal lockdown restrictions. Whilst the move is controversial, the government successfully hit its target of fully vaccinating two-thirds of the adult population by today, with 2/3 of adults having now received both doses and nearly 90% having had at least one dose

Rightmove says the average asking house price is up almost +7% in six months as house prices rose +0.7% in July, the biggest increase for the time of year since 2007

## Asia / ROW

The benchmark Global Emerging Markets index returned +1.9% last week

Japanese equities ended the week up +0.6%

Chinese equities rose +3.4% last week

China's Q2 GDP reading showed year-on-year growth at +7.9% (vs. +8.0% expected). June's data beat expectations, with retail sales coming in at a year-on-year growth rate of +12.1% (vs. +10.8% expected), while industrial production was up +8.3% (vs. +7.9% expected)

The Bank of Japan's July meeting left short and long-term interest policy unchanged and unanimously agreed to maintain its asset buying program. The GDP forecast for this year was revised downwards to +3.8% from +4.0% in April, however growth in 2022 was raised to +2.7% from +2.4%



# Performance

Asset Class/Region	Currency				
		Week ending 16 July 2021	Month to date	YTD 2021	12 Months
<b>Developed Market Equities</b>					
United States	USD	0.2%	0.7%	15.8%	36.0%
United Kingdom	GBP	-0.2%	-0.1%	11.3%	15.8%
Continental Europe	EUR	0.8%	0.5%	15.6%	24.7%
Japan	JPY	0.6%	-0.6%	8.3%	25.0%
Asia Pacific (ex Japan)	USD	1.7%	-2.1%	4.6%	30.0%
Australia	AUD	0.1%	0.5%	13.5%	26.0%
Global	USD	0.1%	0.3%	13.4%	34.1%
<b>Emerging markets equities</b>					
Emerging Europe	USD	-0.4%	-1.5%	12.8%	28.3%
Emerging Asia	USD	2.0%	-2.6%	3.3%	30.0%
Emerging Latin America	USD	3.6%	-1.4%	7.4%	34.5%
BRICs	USD	2.8%	-3.3%	1.8%	21.6%
China	USD	3.4%	-4.7%	-3.0%	13.5%
MENA countries	USD	-0.1%	-1.1%	18.9%	36.9%
South Africa	USD	1.3%	-1.3%	9.0%	27.0%
India	USD	1.5%	1.1%	12.5%	51.3%
Global emerging markets	USD	1.9%	-2.3%	5.0%	30.5%
<b>Bonds</b>					
US Treasuries	USD	-0.1%	0.9%	-1.9%	-3.2%
US Treasuries (inflation protected)	USD	0.9%	1.5%	3.1%	7.0%
US Corporate (investment grade)	USD	-0.2%	0.8%	-0.5%	2.0%
US High Yield	USD	-0.1%	0.3%	3.9%	13.3%
UK Gilts	GBP	-0.1%	1.4%	-4.5%	-4.9%
UK Corporate (investment grade)	GBP	-0.1%	0.9%	-1.9%	2.5%
Euro Government Bonds	EUR	0.4%	1.2%	-1.9%	0.6%
Euro Corporate (investment grade)	EUR	0.2%	0.6%	0.2%	3.5%
Euro High Yield	EUR	0.1%	0.2%	3.3%	10.4%
Japanese Government	JPY	0.1%	0.5%	0.3%	0.4%
Australian Government	AUD	0.3%	1.5%	-0.9%	-0.5%
Global Government Bonds	USD	-0.1%	0.9%	-3.8%	-0.3%
Global Bonds	USD	-0.1%	0.6%	-2.9%	1.3%
Global Convertible Bonds	USD	-1.2%	-1.8%	-0.2%	16.4%
Emerging Market Bonds	USD	0.4%	0.8%	-2.3%	3.6%



# Performance

Asset Class/Region	Currency				
		Week ending 16 July 2021	Month to date	YTD 2021	12 Months
<b>Property</b>					
US Property Securities	USD	2.5%	4.0%	26.1%	44.4%
Australian Property Securities	AUD	-1.1%	-0.9%	6.8%	26.6%
Asia Property Securities	USD	0.6%	0.3%	7.4%	14.3%
Global Property Securities	USD	1.6%	2.8%	17.0%	35.1%
<b>Currencies</b>					
Euro	USD	-0.3%	-0.3%	-3.4%	3.5%
UK Pound Sterling	USD	0.0%	-0.2%	0.9%	9.5%
Japanese Yen	USD	-0.3%	0.9%	-6.2%	-2.6%
Australian Dollar	USD	-0.4%	-1.1%	-3.6%	6.1%
South African Rand	USD	-0.6%	-0.5%	1.9%	16.1%
Swiss Franc	USD	-0.4%	0.7%	-3.7%	2.6%
Chinese Yuan	USD	0.2%	-0.3%	0.7%	7.9%
<b>Commodities &amp; Alternatives</b>					
Commodities	USD	1.6%	-0.2%	28.1%	54.1%
Agricultural Commodities	USD	4.2%	-0.2%	19.6%	53.3%
Oil	USD	-0.7%	-2.0%	42.1%	69.7%
Gold	USD	0.8%	2.2%	-4.3%	0.6%
Hedge funds	USD	-0.1%	-0.1%	3.9%	11.0%



# Global Matters Weekly

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