

	Price	5 Day % Change	3 Month % Change	1yr % Change
S&P/ASX300	81,358	2.30%	-6.21%	-2.31%
MSCI World Ex-Aus. (Unhedged)	13,553	3.41%	0.62%	-4.39%
MSCI World Ex-Aus. (Hedged)	2,290	3.42%	-0.98%	-7.18%
Bloomberg AusBond 0+ Composite	9,724	2.27%	0.93%	-9.21%
BloombergBarclays Global Agg. (Hedged)	1,017	0.88%	0.61%	-8.23%
S&P/ASX300 Property	60,875	3.87%	-8.40%	-1.23%
FTSE EPRA Nareit Global Real Estate (Hedged)	2,887	3.68%	-5.29%	-7.18%
S&P Global Infrastructure (Hedged)	6,077	3.20%	0.18%	12.70%
Bloomberg All Hedge Fund Index	1,937	N/A	2.18%	-0.67%
VIX	21.3	-7.38%	-36.14%	16.94%
Bloomberg Commodity Index (USD)	121.83	4.55%	-5.91%	26.54%
Iron Ore Index (62% Fe Aus. Off. China, USD)	117.00	14.15%	-19.03%	-40.76%
LME Copper Spot (USD)	7,800.50	5.81%	-20.57%	-20.25%
Coal 1st Future (Newcastle Export, USD)	405.50	-0.90%	24.16%	170.33%
Brent Crude 1st Future (USD)	103.97	0.75%	-4.91%	36.71%
LNG 1st Future (Japan/Korea)	42.23	8.30%	72.14%	176.89%
Gold in AUD	2,528	1.40%	-5.89%	2.28%
AUDUSD	0.6985	0.81%	-1.08%	-5.56%
AUDEUR	0.6834	0.79%	2.00%	8.97%
AUDNZD	1.1109	0.44%	1.54%	5.03%
AUDGBP	0.5739	-0.53%	2.16%	7.69%
AUDJPY	93.1160	-1.22%	1.58%	13.04%

Source: Bloomberg, S&P Dow Jones, MSCI, FTSE Russell, 30th July 2022

Don't forget to register for the Fin-X webinar covering macro and strategic commentary from our Chief Economist and Strategist Toby Lewis. **Save the date Tuesday 9th August @ 5pm**

registration link below:

https://us02web.zoom.us/webinar/register/WN_f8BlwDNaSwqMo654_zUOUw

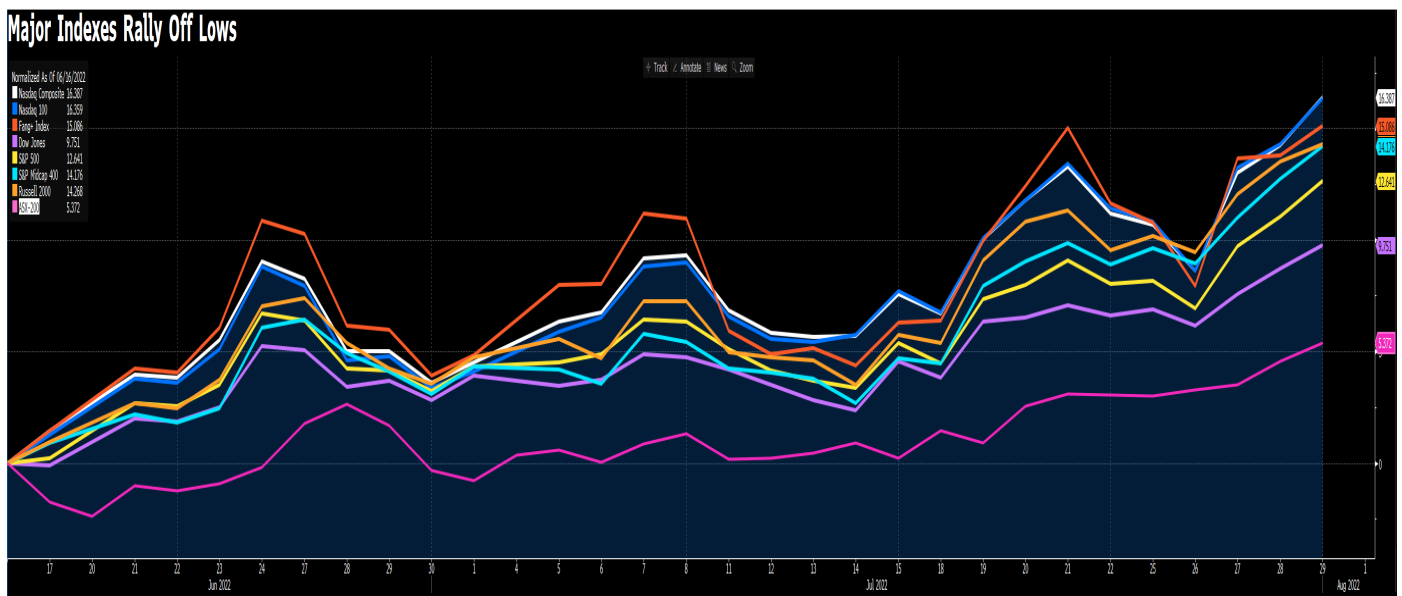
Stock markets shrugged off disappointing American GDP data, another +0.75% increase in US interest rates, and a gloomy economic outlook from the IMF last week. As well as some good earnings results, investors became more optimistic that the end of the tightening cycle is drawing near. However, wages and energy data suggest that it may still be too early to call the peak in inflation.

The RBA and Bank of England are both expected to raise rates by +0.50% this week, ahead of the RBA's updated forecasts due out on Friday.

The global quarterly earnings season continues this week, and the Australian half-yearly reporting season will also accelerate.

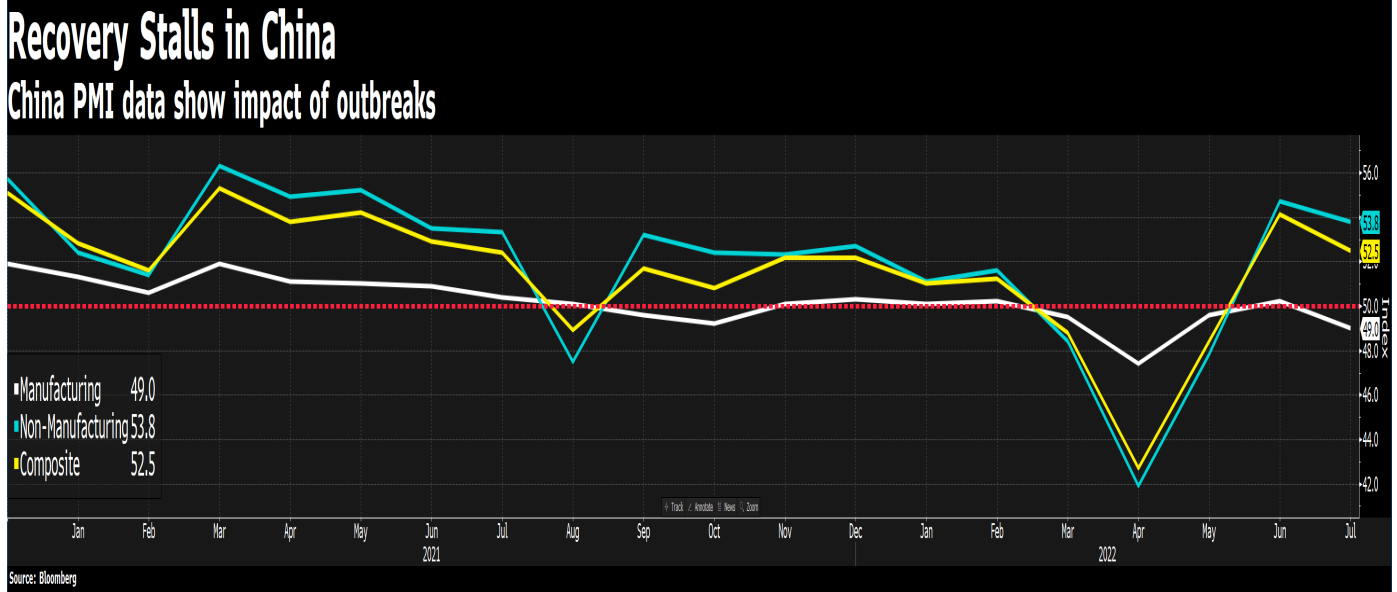
June - a positive month for equities

Normalized As Of 06/16/2022	
Nasdaq Composite	16.387
Nasdaq 100	16.359
Fang+ Index	15.086
Dow Jones	9.751
S&P 500	12.641
S&P Midcap 400	14.176
Russell 2000	14.268
ASX-200	5.652



In a direct challenge to the G7 and the global economic order, Russian President Putin announced the development of a new global reserve currency with China and other BRICS nations, with the aim of challenging the dominance of the US dollar. The new reserve currency will supposedly comprise of a basket of currencies from the member groups being Brazil, Russia, India, China and South Africa.

Chinese PMI was released on Friday with manufacturing PMI coming in at 49.0 (v 50.3 consensus)



US Employment Cost Index (% yoy)



Source: Bloomberg, BLS, 30th July 2022

Despite somewhat negative economic data, financial assets and commodities continued to rebound last week. The US dollar weakened, and the Japanese yen rallied as currency bets unwound after the Federal Reserve meeting.

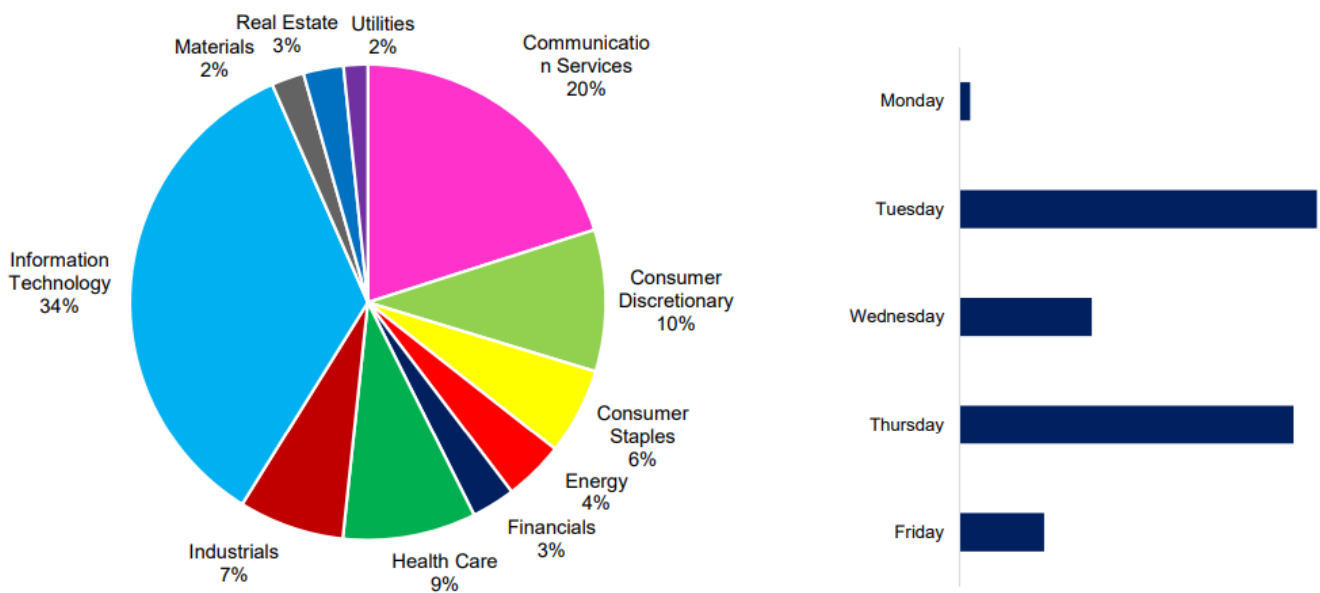
Equity markets responded to lower yields and better-than-expected earnings results from Amazon and Apple at the end of the week. Global earnings results have been mixed but tended, on average, to exceed forecasts. In Australia, Rio Tinto beat estimates but halved the interim dividend. Fund managers Perpetual and Pandal also said that talks are ongoing. The Australian newspaper reported that a tie-up was likely. However, this has not been confirmed by other sources. This week, more Australian companies will begin to report half-yearly results.

Last week was a busy week for US company reporting. We are now about halfway through earnings season with 76% of companies beating the consensus number.

US GDP missed expectations in the second quarter, registering -0.2% growth for the quarter. This was better than the previous quarter's -0.4% figure but worse than the +0.1% estimate (figures not annualised). However, with the exception of Germany's flat GDP result, the larger eurozone economies of France (+0.5%), Italy (+1.0%) and Spain (+1.1%) all exceeded forecasts.

Friday also saw the release of the PCE deflator in the US. The month-on-month number was 1.0% v consensus of 0.9% and prior month of 0.6%, whilst the annual number was 6.8%. This is the Fed's preferred measure of inflation, which excludes food and energy prices.

US corporate earnings last week by sector



Source: MNI

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Bond yields tumbled after the American GDP miss and after the Federal Reserve raised rates by +0.75% to 2.5% on Wednesday, while appearing to suggest that rate rises could slow. At the press conference, Fed. Chair Jerome Powell stated, "We are now at levels broadly in line with estimates of neutral interest rates, and after front-loading our hiking cycle until now, we will be much more data dependant going forward". It was clear that the FOMC still sees further rate rises as likely, although no updated dot plots were released. The central banks of the US, Europe, the UK, and Australia have all abandoned forward guidance, leaving only the bank of Japan maintaining specific interest rate targets irrespective of the data.

The market now expects US rates to peak at 3.3% in December before falling next year. However, those expectations also took a dent on Friday as the quarterly employment cost index indicated that wage growth had accelerated above +5% yoy. With energy prices stabilising, wage inflation is now the primary concern for policymakers. Last week, Treasurer Jim Chalmers told Australian workers that they would have to wait 18 months for a real wage increase, with the Treasury expecting inflation to peak at 7.75% later this year. However, winter could still prove difficult for energy prices as Russia has reduced the flow of gas to western Europe to levels that are insufficient to build up winter reserves.

The RBA will update its forecasts in the quarterly Statement on Monetary Policy this Friday. The RBA is expected to raise rates on Tuesday by half a percentage point to 1.85%. The Bank of England is also expected to raise by half a point to 1.75% on Thursday.

China will publish PMI data, and the US labour report rounds out the week, with unemployment expected to hold at 3.6%.

The IMF slashed growth forecasts for the third time, summarising the outlook with the following paragraph: "A tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022 as risks began to materialize. Global output contracted in the second quarter of this year, owing to downturns in China and Russia, while US consumer spending undershot expectations. Several shocks have hit a world economy already weakened by the pandemic: higher-than-expected inflation worldwide—especially in the United States and major European economies—triggering tighter financial conditions; a worse-than-anticipated slowdown in China, reflecting COVID-19 outbreaks and lockdowns; and further negative spill overs from the war in Ukraine."

Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	PROJECTIONS		
	2021	2022	2023
World Output	6.1	3.2	2.9
Advanced Economies	5.2	2.5	1.4
United States	5.7	2.3	1.0
Euro Area	5.4	2.6	1.2
Germany	2.9	1.2	0.8
France	6.8	2.3	1.0
Italy	6.6	3.0	0.7
Spain	5.1	4.0	2.0
Japan	1.7	1.7	1.7
United Kingdom	7.4	3.2	0.5
Canada	4.5	3.4	1.8
Other Advanced Economies	5.1	2.9	2.7
Emerging Market and Developing Economies	6.8	3.6	3.9
Emerging and Developing Asia	7.3	4.6	5.0
China	8.1	3.3	4.6
India	8.7	7.4	6.1
ASEAN-5	3.4	5.3	5.1
Emerging and Developing Europe	6.7	-1.4	0.9
Russia	4.7	-6.0	-3.5
Latin America and the Caribbean	6.9	3.0	2.0
Brazil	4.6	1.7	1.1
Mexico	4.8	2.4	1.2
Middle East and Central Asia	5.8	4.8	3.5
Saudi Arabia	3.2	7.6	3.7
Sub-Saharan Africa	4.6	3.8	4.0
Nigeria	3.6	3.4	3.2
South Africa	4.9	2.3	1.4
<i>Memorandum</i>			
Emerging Market and Middle-Income Economies	7.0	3.5	3.8
Low-Income Developing Countries	4.5	5.0	5.2

Source: IMF, *World Economic Outlook Update*, July 2022

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2021/2022 starting in April 2021. For the July 2022 WEO Update, India's growth projections are 7.4 percent in 2022 and 5.3 percent in 2023 based on calendar year.

Significant Upcoming Data:

	Monday	Tuesday	Wednesday	Thursday	Friday
Australia	NSW Bank Holiday ANZ Job Ads; CoreLogic House Prices; S&P Global Manuf. PMI (Final); Melbourne Inst. Inflation;	RBA Meeting; Commodity Index; Building Apps.; Private Sector Houses; Home Loans	S&P Global Serv. & Comp. PMI (Final); Retail Sales ex-Inf. QoQ	Trade Balance	RBA Quarterly Statement on Monetary Policy
US	ISM Manuf. Survey; Construction Spending; S&P Global Manuf. PMI (Final); [Wards Total Vehicle Sales]	JOLTS Openings	ISM Serv. Survey; Durable Goods; Factory Orders; S&P Global Serv. & Comp. PMI (Final); MBA Mortgage Apps.	Trade Balance; Challenger Job Cuts; Weekly Jobless Claims	Labour Report; Consumer Credit
Europe	EZ, Italian & Belgian Unemp.; German Retail Sales; Tier 2 Manuf. PMIs;	Spanish Unempl.; UK Nationwide House Prices; Italian New Car Reg. AIB Ireland Manuf. PMI; Swiss Manuf. PMI	EZ PPI; EZ & Italian Retail Sales; German Trade; Swiss PPI; Tier 2 Serv. & Comp. PMIs (Final); French Budget Balance	Bank of England Rates; German Factory Orders; ECB Econ. Bulletin; Dutch CPI; Norwegian Cred. Ind.; AIB Ireland Serv. & Comp. PMI; S&P German & UK Constr. PMI UK New Car Reg. Irish Unempl.;	German, French, Italian & Spanish Ind. Prod.; French Curr. Acc. & Wages; French & Finnish Trade; Swiss For. Curr. Reserves; Spanish House Trans.; Swedish Budget Bal.; Austrian Wsale Prices;
Japan	Vehicle Sales; Jibun Manuf. PMI (Final);	Monetary Base	Jibun Serv. & Comp. PMI (Final);		Leading & Coinc. Indices; Household Spending; Labour & Real Cash Earnings;
China	[Official PMIs]; Caixin Manuf. PMI	Caixin Global Serv. & Comp. PMI		BoP Curr. Account	[Trade Balance]

Corporate reporting calendar for the week:

US

2nd Aug: WMB, ATVI, CAT, UBER

3rd Aug: PYPL, COKE, AMD, MRNA

4th Aug: EBAY, K, SQ

5th Aug: AMGN, TWLO, TEAM, NVAX

AUSTRALIA

CCP, IPD, COF

BWP, PNI, CIM,

CIP,

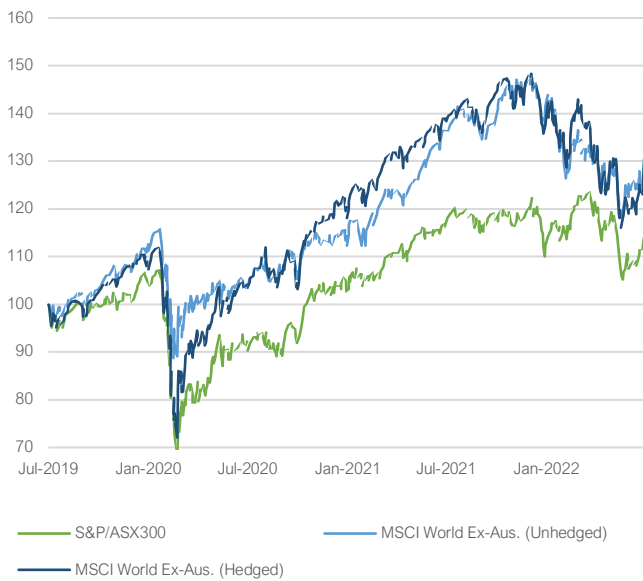
Market pulse

Fear Subsiding or Complacency?

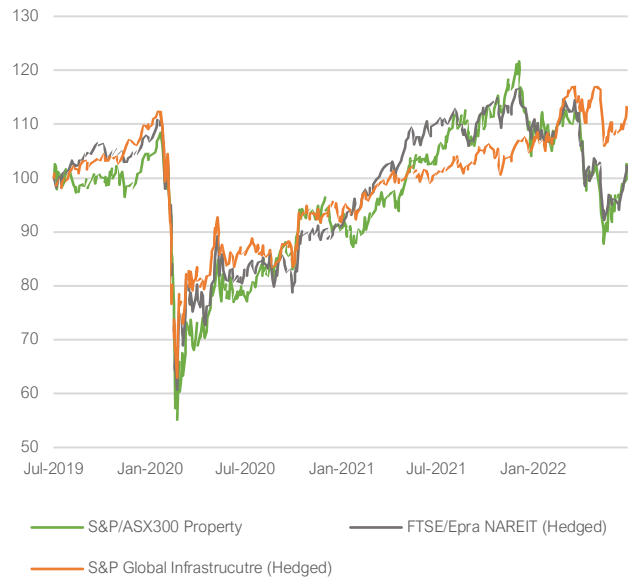
SPX's skew and put-to-call ratio

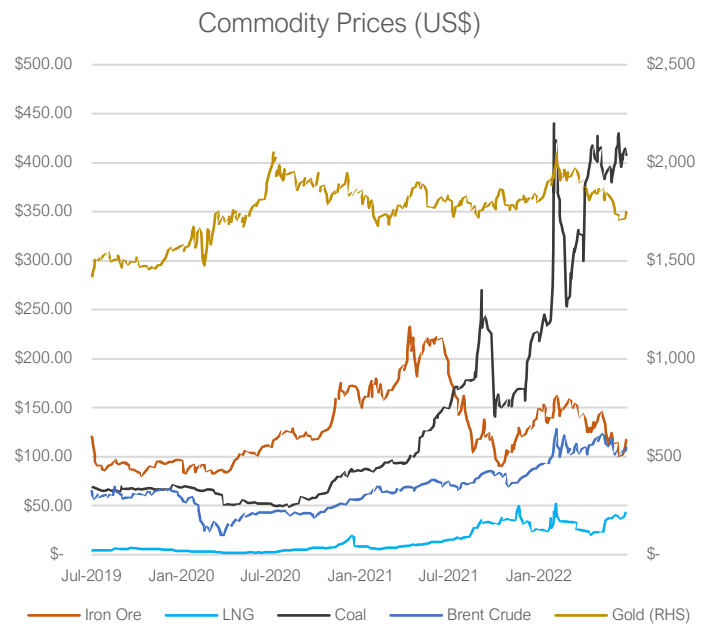
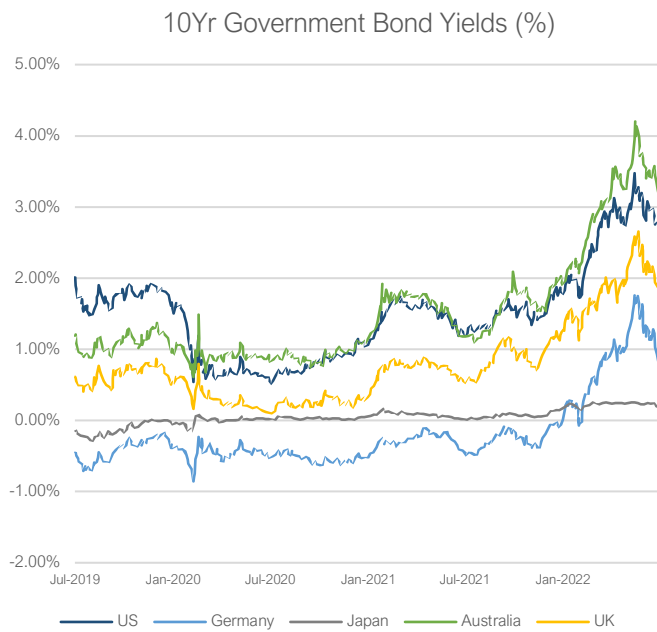


3Yr Equity Indices (Rebased to 100)



3Yr Prop. & Infr. Indices (Rebased to 100)





Source: Bloomberg, S&P Dow Jones, MSCI, FTSE Russell, 30th July 2022

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