

## MONDAY MORNING RECAP - June 6, 2022

### Last Week

Dow Jones Industrial Average (DJIA)	32899.70	-313.26	-0.94%
S&P 500 Index	4108.54	-49.70	-1.20%
NASDAQ Composite Index	12012.73	-118.40	-0.98%
U.S. 10 yr. Treasury Note Yield	2.96%	+22 basis points	
Gold (\$ per troy oz.)	\$1845.40	-\$5.90	-0.32%
WTI Oil (\$ per barrel)	\$118.87	+\$3.80	+3.30%

### Market Summary

**GLOBAL EQUITIES:** US stocks were volatile last week, with the S&P 500 ultimately ending down -1.20%. Investors digested cooler than expected economic data, which potentially signals a normalizing economy, and ultimately, a more balanced set of risks in the pace of monetary policy tightening. Similarly, in Europe, the STOXX 600 closed down -0.79% as the European Union (EU) levied additional sanctions on Russian oil.

**COMMODITIES:** Oil prices were mixed on the back of OPEC+'s announced production hikes. Specifically, the organization declared production increases of 648k barrels/day in July and August, up from the previous target increase of 432k barrels/day. Still, the market remains skeptical of its ability to meet such production targets. Ultimately, WTI and Brent finished at \$118.87 and \$119.72, respectively.

**FIXED INCOME:** The new month was greeted with a rise in 10-Year US Treasury yields as investors remained concerned with rising inflation and additional US interest rate hikes. Additionally supported by strong gains in the May jobs print, yields ended higher at 2.96%. The 2-Year US Treasury yield hit a two-week high as investors weighed in a higher probability of another half-point Fed rate hike. Similarly, the 10-Year UK Gilt yield rose to its highest level since July 2015, ending at 2.15%.

**FX:** The US dollar appreciated 0.76% last week against a basket of currencies, driven primarily by stronger than expected US ISM Manufacturing PMI data. Meanwhile, the euro and pound fell to \$1.07 and \$1.25 as euro zone inflation soared to a record high.

## **Economic Summary**

**LABOR:** The US labor market has continued to remain tight. As layoffs hit a record low, initial jobless claims fell to 200k in the week ending May 28. Additionally, 390k jobs were added in May, reflecting a 17th straight monthly gain. The unemployment rate remained at 3.6%, unchanged from the prior three months. Similarly, the unemployment rate in the Euro area remained unchanged at 6.8%, a record low reflecting strong labor market conditions in the post-pandemic recovery.

**INFLATION:** Euro area flash CPI increased 8.1% year-over-year in May, beating consensus of 7.8% and 7.5% the month prior, to hit the highest level on record. Energy and food prices have continued to be primary drivers, but underlying pressures remain firm. Continued inflation is likely to bring forward policy tightening, with rate hikes potentially beginning in upcoming European Central Bank (ECB) meetings.

**ACTIVITY:** In the US, the Chicago PMI rose to 60.3 in May, reflecting an expansion that was higher than consensus expectations of a decline to 55. Amid higher inflation prints, US Consumer Confidence fell month-over-month to 106.4, 2 points lower than the April reading. China Manufacturing PMI printed at 49.6, above consensus expectations and last month's release of 47.4. While still a contraction, the increase from last month represents potential emergence from the most recent wave of COVID-19 and ensuing lockdowns that have restricted economic activity.

## **Key Economic Releases**

**Monday, June 6:**

No economic releases

**Tuesday, June 7:**

Germany Factory Orders MoM (Cons: 0.5%, Prior: - 4.7%)

**Wednesday, June 8:**

Euro area GDP SA YoY (Cons: 5.1%, Prior: 5.1%)

**Thursday, June 9:**

IJC (Cons: 207k, Prior: 200k)  
China PPI YoY (Cons: 7.7%, Prior: 8.0%)  
China CPI YoY (Cons: 1.8%, Prior: 2.1%)

**Friday, June 10:**

US CPI MoM (Cons: 0.7%, Prior: 0.3%)  
U. of. Mich. Sentiment (Cons: 58.2, Prior: 58.4)

Source: Goldman Sachs Asset Management: "Market Monitor", 6/3/22

1. "Cons." and "Prior" refer to current consensus expectations and the previous data release, respectively.
2. "Fed" refers to Federal Reserve.
3. "EU" refers to the European Union.
4. "OPEC+" refers to the Organization of the Petroleum Exporting Countries.
5. "Brent" is a global benchmark for oil prices worldwide.
6. "WTI" stands for West Texas Intermediate crude oil, a common US benchmark for oil prices.
7. "Bps" refers to basis points.
8. "Chicago PMI" refers to the Chicago Purchasing Managers' Index.
9. "CPI" refers to Consumer Price Index.

## **Disclosure Statement**

Benefit Financial Services Group is a Registered Investment Advisor.

This publication is only intended for clients and interested investors residing in jurisdictions in which the Adviser is qualified to provide investment advisory services. This material is provided for informational purposes only and does not in any sense constitute a solicitation or offer for the purchase or sale of securities. Furthermore, the opinions expressed do not constitute investment advice and views expressed solely reflect those of the Adviser. The Adviser does not attempt to furnish personalized investment advice or services through this publication. Any subsequent, direct communication with a prospective client will be conducted by the Adviser's investment advisory representatives. Some of the information given in this publication has been produced by unaffiliated third parties and, while it is deemed reliable, the Adviser does not guarantee its timeliness, sequence, accuracy, adequacy, or completeness and makes no warranties with respect to results to be obtained from its use. Permission to reprint or distribute any content from this publication requires the written approval of the Adviser.

Information discussed in this report contains forward or backward-looking statements relating to anticipated financial performance, business prospects, returns, market forces, new services, technological developments, and other matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, Adviser notes that a variety of factors could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in these forward or backward-looking statements. Please remember that past performance may not be indicative of future results. Indices are not available for direct investment.