

# WEEKLY MARKET REPORT

6 June – 10 June



## MCD Weekly Update

### US Equity Market drops in worst week since January

US stocks dropped sharply at the close of the week following the release of the US consumer price index report. US consumer price index surged beyond analyst expectations currently at 8.6% above analyst forecast of 8.3%, this informed panic across the stock market and prompted massive sell-offs. On the last trading session of the week, S&P 500 dropped by 2.91%, the Dow fell by 2.73%, while Nasdaq also plunged by 3.52%. US major indices dipped further as the weekly worst performance continues. On the flip side, 2-year treasury yield increased above 3% to its highest since 2008 as a reaction to the surge in CPI. We expect the market to remain volatile as the Fed plans to counter the situation with more aggressive interest rate hikes.

### Impacts of CPI

The US consumer price index reached its all-time high in May since 1981. The CPI was influenced with a surge in prices of energy, housing, and food with energy prices surging by 3.9% following a decline in April while core CPI excluding food and energy climbed 0.6% and was up 6% year on year. Along the same line, Inflation in the EU hit 8.1% in May up from 7.4% in April as the Russia-Ukraine war deteriorated and influenced energy and food prices.

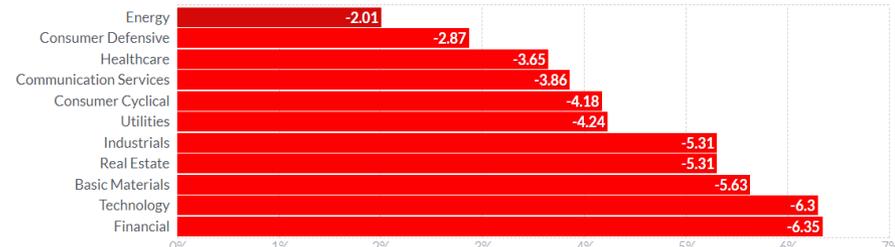
### ECB imminent rate hike by July and US rate hike in the coming week

Inflation remains high at a global level, and Central Banks are responding through the announcement of interest rate hikes. With consumer prices in the United States increasing by 8.6% in May compared to the same period last year, an announcement of a further rate hike by the Federal Reserve can be expected at its meeting next week. This comes after two interest rate hikes by the Federal Reserve earlier this year, the immediate impact of which on inflation is yet to be seen. The progress of inflation in the upcoming months may determine whether a more aggressive interest rate increase will follow in September. The speed of anticipated interest rate increases by the ECB comes as a surprise to the markets, given that the ECB has had negative real interest rates since 2014.

## Weekly Snapshot - Indices & Sectors



### 1 WEEK RELATIVE PERFORMANCE



### U.S. MARKET SNAPSHOT BAR



## Upcoming Economic Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
<b>NY Fed 1-year and 3-year inflation expectations</b> 11:00 am ET - Previous - 6.3% & 3.9%	<b>Producer price index final demand,</b> 8:30 am ET - Previous- 0.5% - Forecast- 0.8%	<b>Retail Sales, 8:30 am ET</b> - Previous- 0.9% - Forecast- 0.2% <b>FOMC Statement &amp; Projections, 2 pm ET</b>	<b>Initial Jobless Claims, 8:30 am ET</b> - Previous- 229,000 - Forecast- 219,000	<b>Industrial Production Index, 9:15 am</b> - Previous- 1.1% - Forecast- 0.4%

# UPCOMING EARNINGS



## ADOBE, INC. (ADB)

CONSENSUS EPS FORECAST : **\$3.31**

DATE : 16/06/2022

- Adobe closed at **393.84**, marking a **-7.64%** move from the prior day
- The company has achieved a total revenue increase of **9.14%** year on year in Q1 '22 compared to the **13.94%** average revenue growth of its competitors.
- Adobe's stock price has declined by **-2.49%** during the past three months, while its net income has remained relatively stable at around **\$ 1.27B** since Q1 '21



## KROGER CO. (KR)

CONSENSUS EPS FORECAST : **\$1.29**

DATE : 16/06/2022

- Kroger closed at **51.09**, marking a **+1.31%** move from the prior day. Kroger's total revenue declined by **-0.61%** year on year in Q4 2021 compared to an average revenue increase of **16.18%** of companies in the same sector. -
- Kroger's stock price increased by **2.64%** during the past 3 months overall, showing significant fluctuations, with the stock price reaching **61.83** in early April before falling to 46.5 in late May.
- Its net income decreased from **2.56B** in 2020 to **1.64B** in 2021.

