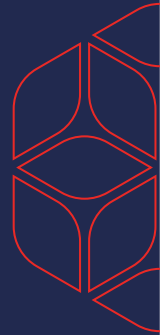


Quick recap

- As expected, the FED increased interest rates by 50bp this week, but Powell cautioned that a 75bp was not on his agenda. As a result, Treasury yields surged while the USD remained broadly unchanged.
- The hike was initially greeted with a strong rebound in U.S. equities, but the mood for risk assets soured the next day when the NASDAQ dropped by 5%.
- Despite the widely discussed extreme market moves on Wednesday and Thursday, the S&P 500 ended the week almost flat, and VIX implied volatility declined.
- The real fallout was in international equities and credit as European, and Emerging Market indices retraced further while credit spreads widened. OPEC's reluctance to meaningfully increase production pushed crude higher again, making energy stocks the week's winners.



Overview

Equities

- Equities Broad Market
- Equities Sectors
- Equities Styles
- Implied Volatility

p. 2-5
p. 2
p. 3
p. 3
p. 5

Fixed Income

- Government Yields
- Government Curve
- Credit Spreads

p. 5-6
p. 5
p. 6
p. 6

Commodities

- Precious Metals
- Oil
- Cryptocurrencies

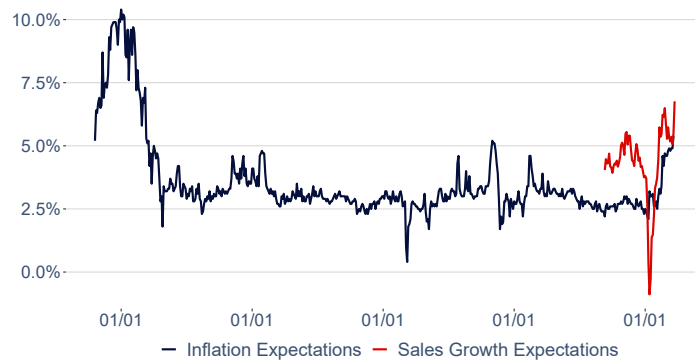
p. 7-8
p. 7
p. 7
p. 8

Economic Calendar

p. 9-10

Inflation vs Sales Growth Expectations

University of Michigan Surveys of Businesses and Consumers



Source: FRED, Amadeus 2022-05-07

While CPI growth is slowly decelerating, U.S. consumers' inflation expectations are still inching higher, as measured by the University of Michigan. The index is now at the highest level since the 80s, resulting in deteriorating consumer sentiment and surging wage growth. Nevertheless, businesses [have managed to sustain margins surprisingly well](#). The Atlanta Fed's Business Expectations [tracker indicates that companies manage to lift sales by passing on cost pressure](#).

Markets at a glance



Major Equity Markets

Broad Markets

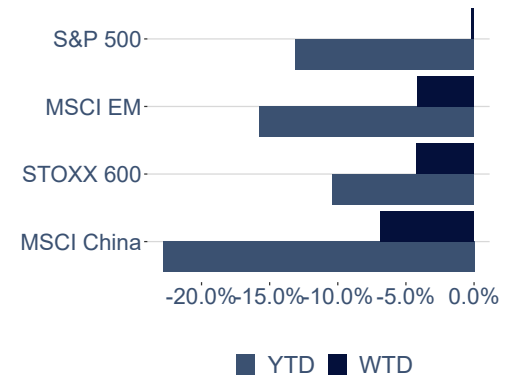
Total return %



Source: Amadeus Capital SA 2022-05-07

Broad Markets

Total return %



Major Equity Markets

Broad Markets

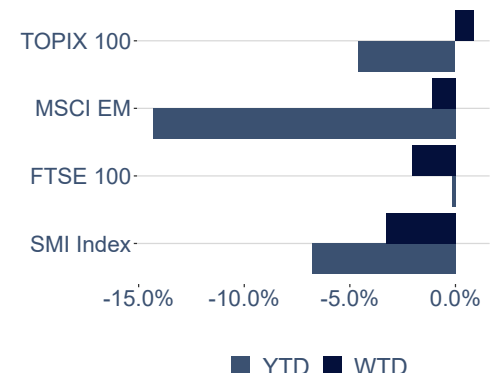
Total return %



Source: Amadeus Capital SA 2022-05-07

Broad Markets

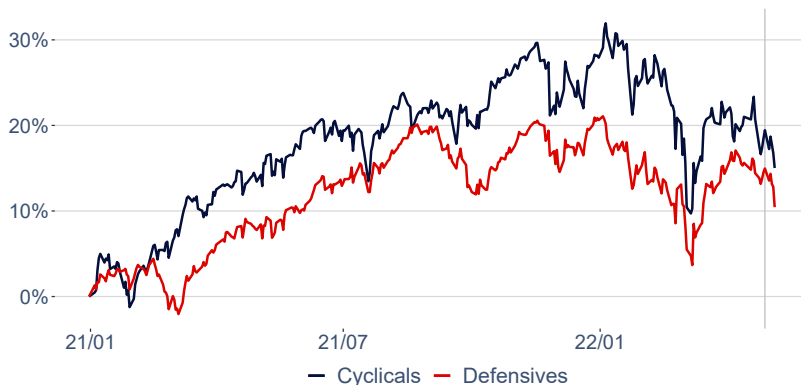
Total return %



Equity Sectors

Cyclicals vs Defensives Europe

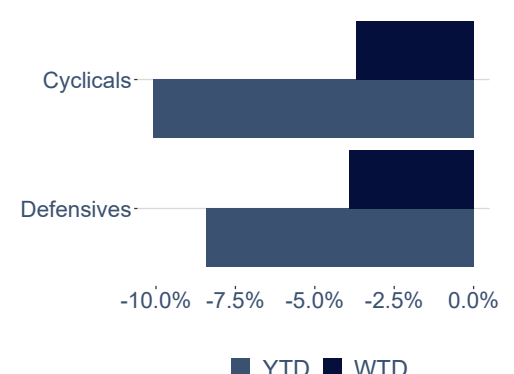
Total return %



Source: Bloomberg, Amadeus 2022-05-07

Cyclicals vs Defensives Europe

Total return %

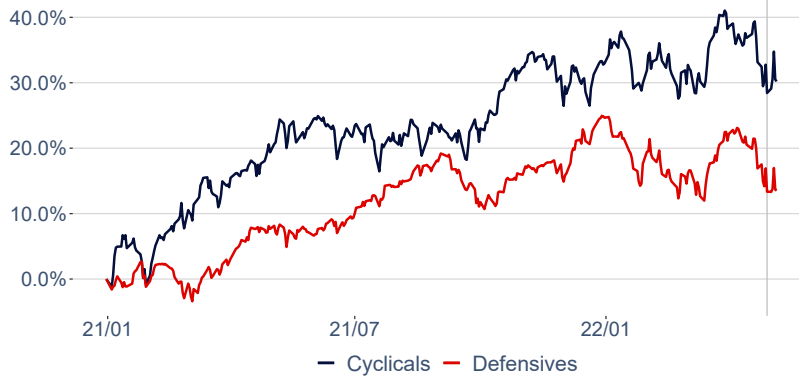


Amadeus Weekly

Equity Sectors

Sectors U.S.

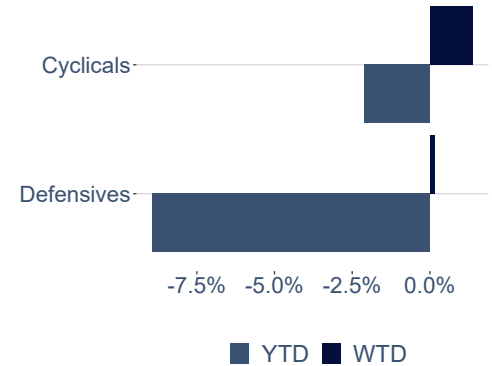
Total return %



Source: Bloomberg, Amadeus 2022-05-07

Cyclicals vs Defensive U.S.

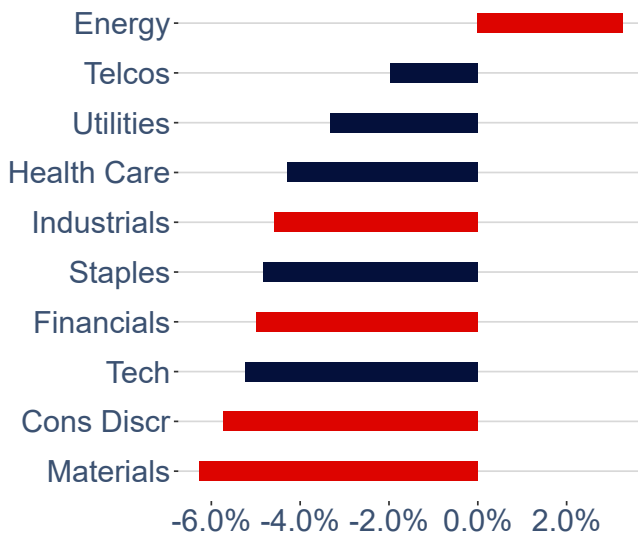
Total return %



Equity Sectors

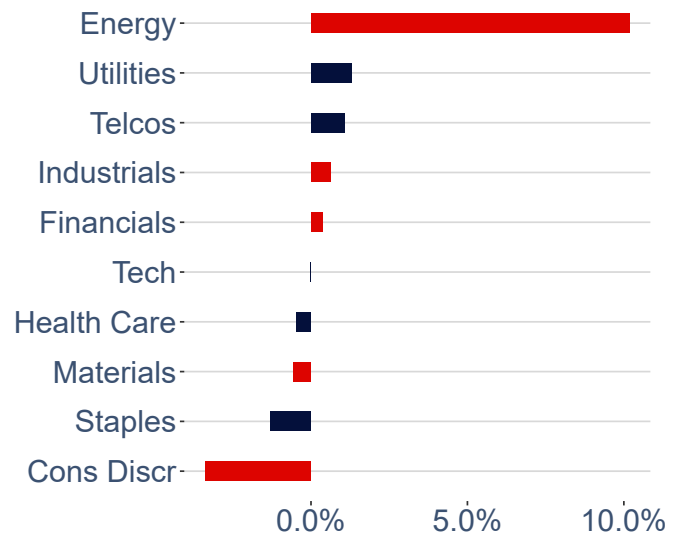
Sectors Europe

Last week's performance % (Cyc = red, def = blue)



Sectors U.S.

Last week's performance %



Equity Styles

Styles Europe

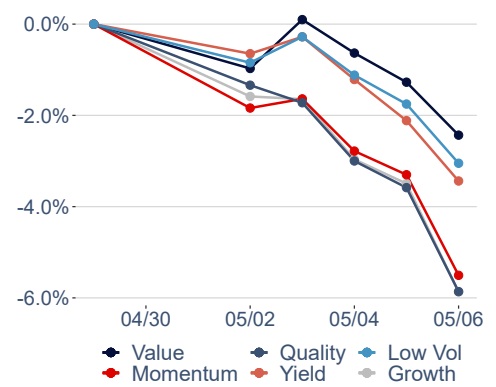
Total return %



Source: Bloomberg, Amadeus 2022-05-07

Styles Europe

Total return %



Source: Amadeus Capital SA 2022-05-07

Equity Styles

Styles U.S.

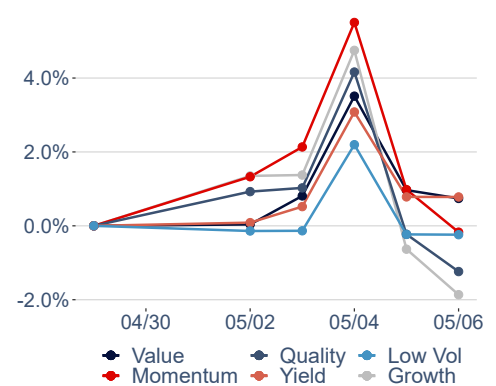
Total return %



Source: Bloomberg, Amadeus 2022-05-07

Styles U.S.

Total return %

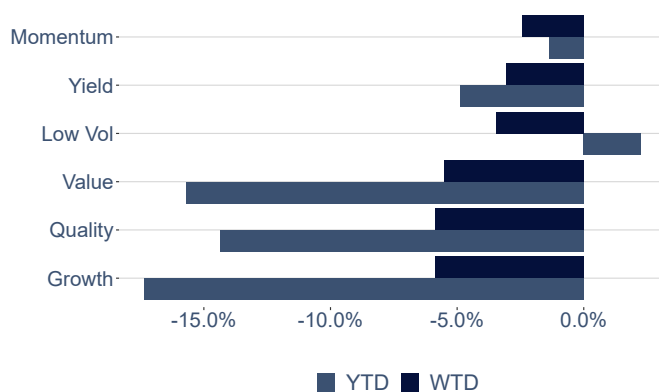


Source: Amadeus Capital SA 2022-05-07

Equity Styles

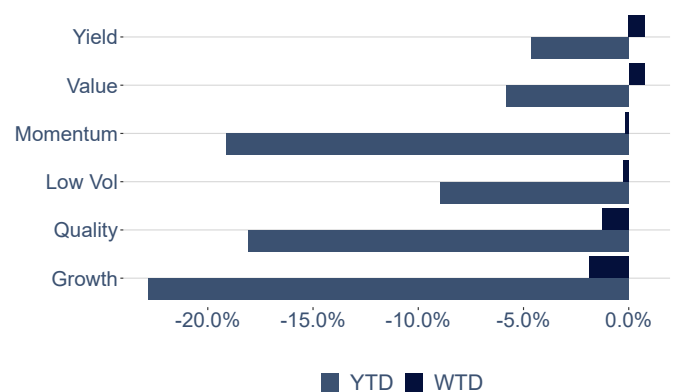
Styles Europe

Total return %

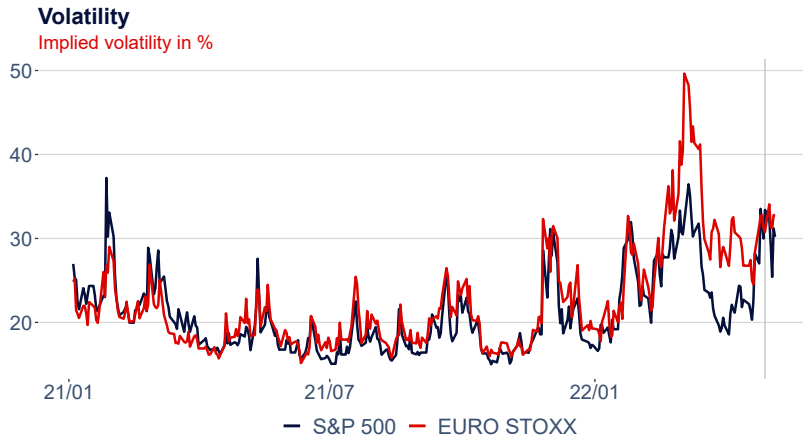


Styles U.S.

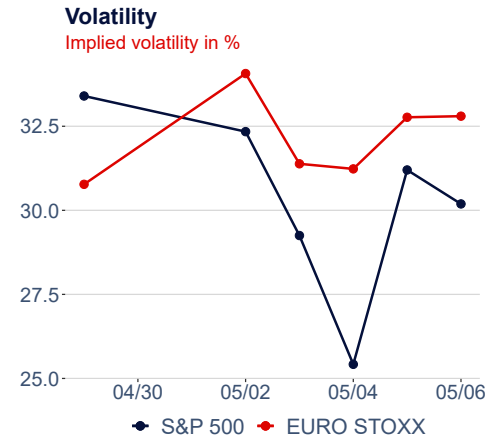
Total return %



Volatility

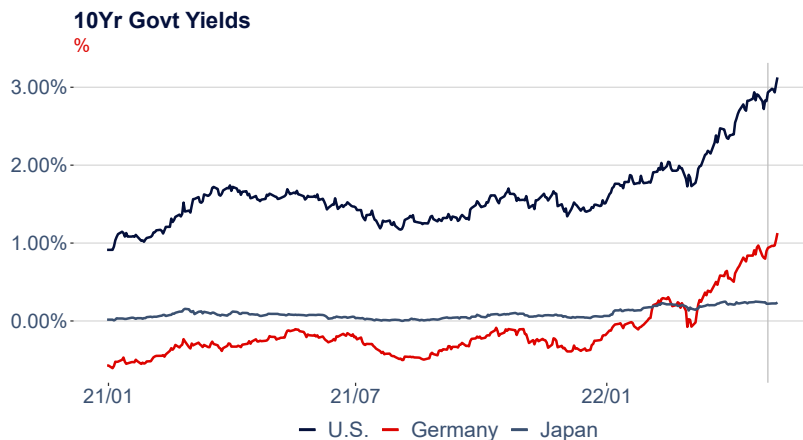


Source: Amadeus Capital SA 2022-05-07



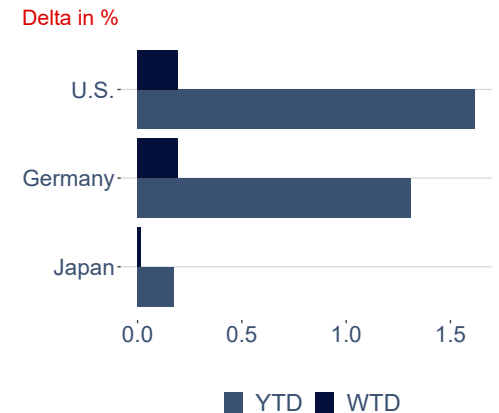
Source: Amadeus Capital SA 2022-05-07

Government Bond Yields

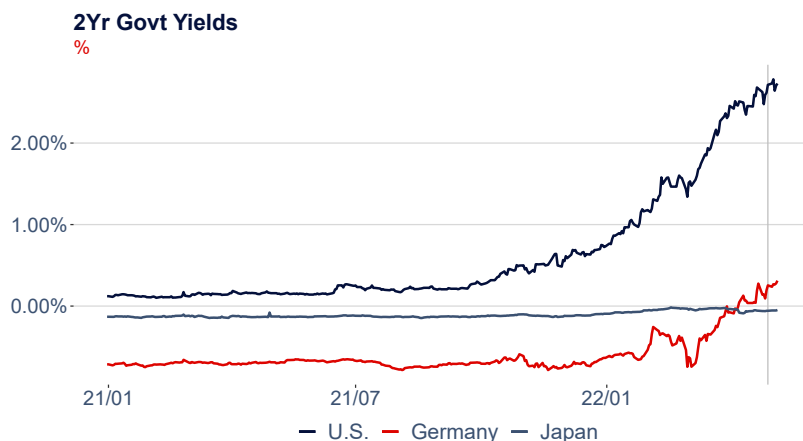


Source: Bloomberg, Amadeus 2022-05-07

10Yr Govt Yields

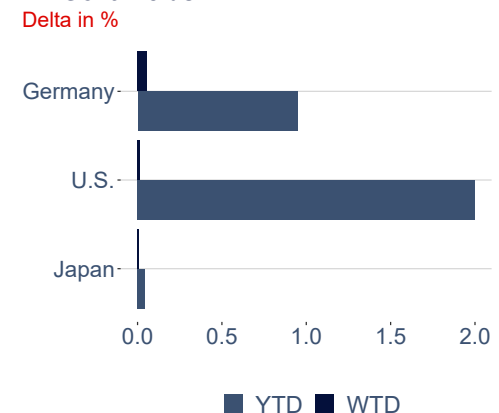


Government Bond Yields



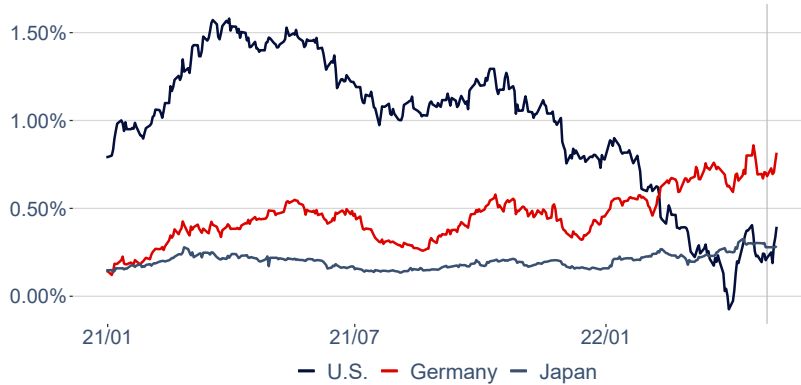
Source: Bloomberg, Amadeus 2022-05-07

2Yr Govt Yields



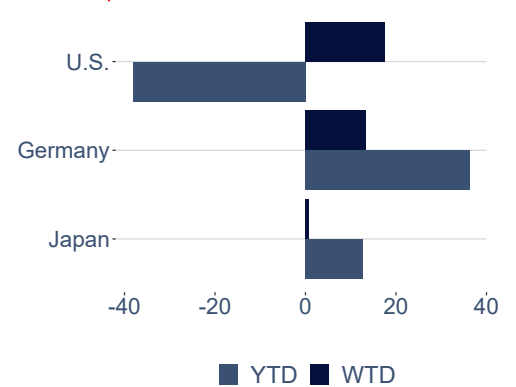
Government Bond Yields

Steepness of the curve
10Yr - 2Yr Govt Yields %



Source: Amadeus Capital SA 2022-05-07

10Yr-2Yr Govt Yields
Delta in bp



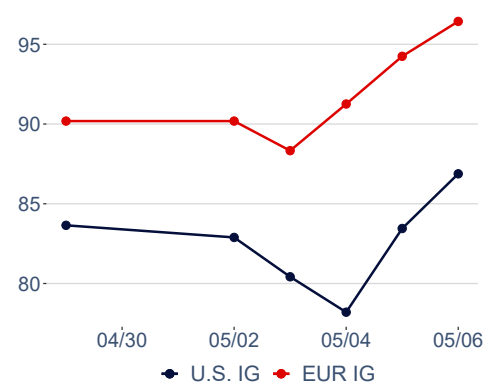
Credit Spreads

Investment grade credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-05-07

Investment grade credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-05-07

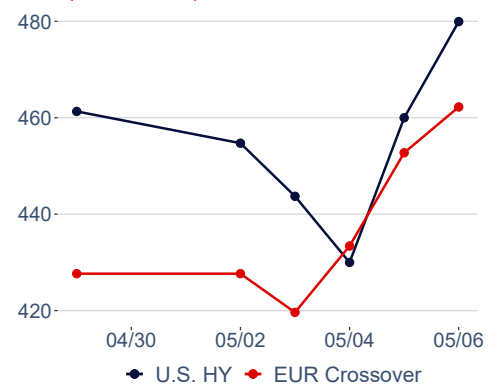
Credit Spreads

High yield credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-05-07

High yield credit spreads
Spread in basis points

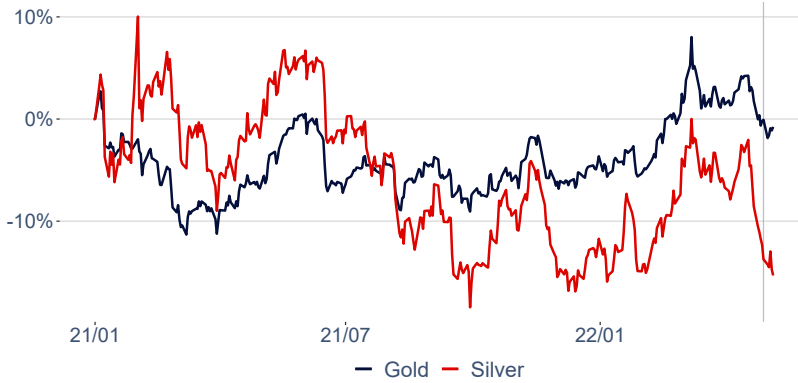


Source: Amadeus Capital SA 2022-05-07

Precious Metals

Precious metals

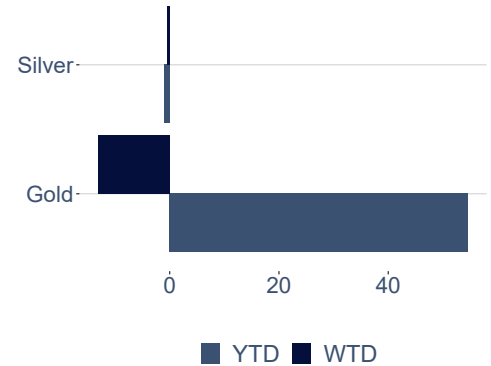
Price change %



Source: Amadeus Capital SA 2022-05-07

Precious metals

Price change in USD



Commodities

Crude oil

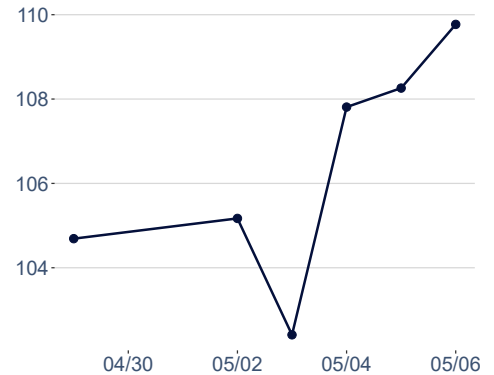
Price in USD



Source: Amadeus Capital SA 2022-05-07

Crude oil

Price in USD



Source: Amadeus Capital SA 2022-05-07

Currencies

Trade weighted currencies

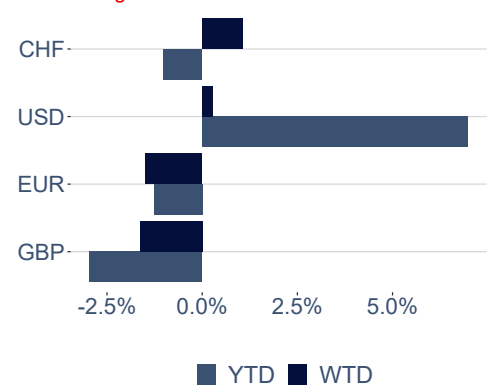
Price change %



Source: Amadeus Capital SA 2022-05-07

Trade weighted currencies

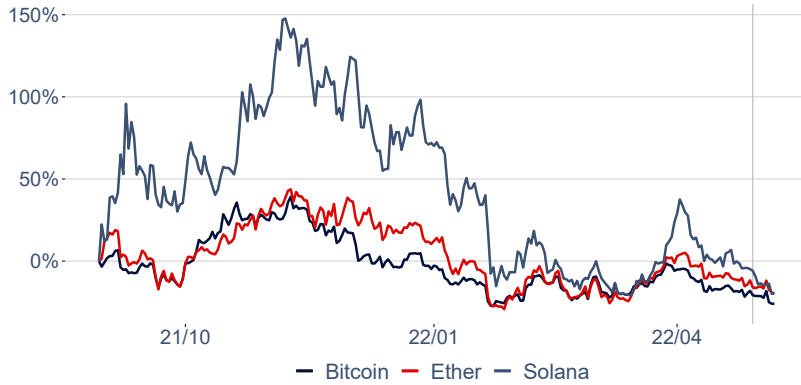
Price change %



Cryptocurrencies

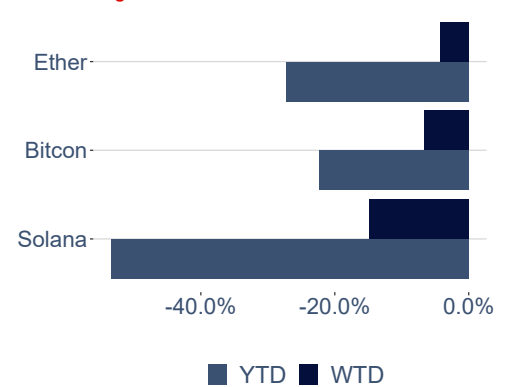
Major cryptocurrencies in USD

Price change %



Major cryptocurrencies in USD

Price change %



Major Events Last Week

Both the FED and the BoE raised interest rates to 1% this week. As the violent moves in U.S. Treasuries and growth-oriented equities on Wednesday and Thursday indicate, investors struggle to make sense of the situation. Powell's statement to refrain from a 75bp hike speaks for the FED's attempt to manufacture a soft-landing that balances the fight against inflation with the desire to avoid a recession. The chances for this may not be as bad as the general sentiment seems to indicate as more robust than expected labour market data this week underpinned. The curve steepening in the U.S. and Germany this week, driven by increasing long-term yields and broadly stable two-year bonds, might indicate that investors were initially prepared for a more hawkish short-term outlook.

Date	Zone	Event	Previous	Forecast	Actual
30/04/2022	China	Manufacturing PMI (Apr)	49.5	48.0	47.4
30/04/2022	China	Caixin Manufacturing PMI (Apr)	48.1	47.0	46.0
02/05/2022	Germany	German Manufacturing PMI (Apr)	56.9	54.1	54.6
02/05/2022	United States	ISM Manufacturing PMI (Apr)	57.1	57.6	55.4
03/05/2022	Australia	RBA Interest Rate Decision (May)	0.10%	0.25%	0.35%
03/05/2022	Australia	RBA Rate Statement	-	-	-
03/05/2022	Germany	German Unemployment Change (Apr)	-18K	-15K	-13K
03/05/2022	United Kingdom	Manufacturing PMI (Apr)	55.2	55.3	55.8
03/05/2022	Euro Zone	ECB President Lagarde Speaks	-	-	-
03/05/2022	United States	JOLTs Job Openings (Mar)	11.344M	11.000M	11.549M
03/05/2022	New Zealand	Employment Change (QoQ) (Q1)	0.1%	0.1%	0.1%
04/05/2022	New Zealand	RBNZ Gov Orr Speaks	-	-	-
04/05/2022	New Zealand	RBNZ Press Conference	-	-	-
04/05/2022	Australia	Retail Sales (MoM) (Mar)	1.8%	0.6%	1.6%
04/05/2022	India	Interest Rate Decision	4.40%	4.00%	4.40%
04/05/2022	United States	ADP Nonfarm Employment Change (Apr)	479K	395K	247K
04/05/2022	United States	ISM Non-Manufacturing PMI (Apr)	58.3	58.5	57.1
04/05/2022	United States	Crude Oil Inventories	0.692M	-0.829M	1.302M
04/05/2022	United States	FOMC Statement	-	-	-
04/05/2022	United States	Fed Interest Rate Decision	0.50%	1.00%	1.00%
04/05/2022	United States	FOMC Press Conference	-	-	-
05/05/2022	United Kingdom	Composite PMI (Apr)	57.6	57.6	58.2
05/05/2022	United Kingdom	Services PMI (Apr)	58.3	58.3	58.9
05/05/2022	United Kingdom	BoE Inflation Report	-	-	-
05/05/2022	United Kingdom	BoE Interest Rate Decision (May)	0.75%	1.00%	1.00%
05/05/2022	United Kingdom	BoE MPC Meeting Minutes	-	-	-
05/05/2022	United States	Initial Jobless Claims	181K	182K	200K
05/05/2022	United Kingdom	BoE Gov Bailey Speaks	-	-	-
06/05/2022	United Kingdom	Construction PMI (Apr)	59.1	58.0	58.2
06/05/2022	United States	Nonfarm Payrolls (Apr)	428K	391K	428K
06/05/2022	United States	Unemployment Rate (Apr)	3.6%	3.5%	3.6%
06/05/2022	Canada	Employment Change (Apr)	72.5K	55.0K	15.3K
06/05/2022	Canada	Ivey PMI (Apr)	74.2	60.0	66.3

The Week Ahead

U.S. CPI and PPI data, published on Wednesday and Thursday, will be critical announcements this week as investors are poised to carefully gauge the future path of the FED. A slow but steady normalization of y/y price increases would help the goldilocks scenario in which the FED manages to bring inflation back to manageable levels without triggering an economic contraction. In this case, consumer sentiment would recover on the back of a continuously strong labour market, and corporations will continue to compensate for high wage growth with modest price increases. On the contrary, the outlook for Europe seems bleak as the ECB has to navigate the Energy crisis caused by the war in Ukraine. This week's divergence in equity performance was a good description of the current mood.

Date	Zone	Event	Previous	Forecast	Actual
10/05/2022	Germany	German ZEW Economic Sentiment (May)	-41.0	-42.5	-
10/05/2022	Brazil	BCB Copom Meeting Minutes	-	-	-
11/05/2022	Euro Zone	ECB President Lagarde Speaks	-	-	-
11/05/2022	United States	Core CPI (MoM) (Apr)	0.3%	0.4%	-
11/05/2022	United States	Crude Oil Inventories	1.302M	-0.829M	-
12/05/2022	United Kingdom	GDP (MoM)	0.1%	-	-
12/05/2022	United Kingdom	GDP (QoQ) (Q1)	1.3%	1.0%	-
12/05/2022	United Kingdom	GDP (YoY) (Q1)	6.6%	9.0%	-
12/05/2022	United Kingdom	Manufacturing Production (MoM) (Mar)	-0.4%	-0.5%	-
12/05/2022	United Kingdom	Monthly GDP 3M/3M Change	1.0%	-	-
12/05/2022	United States	Initial Jobless Claims	200K	-	-
12/05/2022	United States	PPI (MoM) (Apr)	1.4%	0.5%	-
15/05/2022	Israel	CPI (YoY) (Apr)	3.5%	-	-
15/05/2022	Israel	CPI (MoM) (Apr)	0.6%	0.8%	-

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We cater to wealthy families and institutions with a pronounced ownership approach, making sure that the interests of our clients and ourselves are aligned by investing alongside them.

We offer a special know-how in niche strategies and we provide access to exclusive investment opportunities through our network

Amadeus Capital finds itself in the centre of a full-service ecosystem controlled by the Brockmann family, which allows us to easily connect all aspects of private wealth management.

While we are proud of our heritage, we constantly seek to adapt to a rapidly changing financial industry and don't shy away from undertaking the necessary investments to stay ahead of the curve.

We actively foster and cultivate an entrepreneurial corporate culture, encourage continuous innovation and work closely together with our external network of specialists and consultants.

Amadeus Capital merged in 2019 with Nucleo Capital, a Geneva based multi-family office created in 2005 by Laurent Timonier; further to the merger Laurent Timonier and Marovita Holding are the sole shareholders of Amadeus Capital.

Amadeus Capital is a member of the Swiss Association of Asset Managers and is audited by Ernst & Young.

Where to find us

Address

Amadeus Capital SA
14, rue Rodolphe-Toepffer
1206 Geneva - Switzerland

Contact

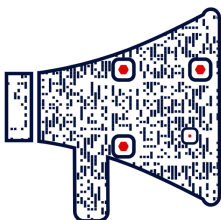
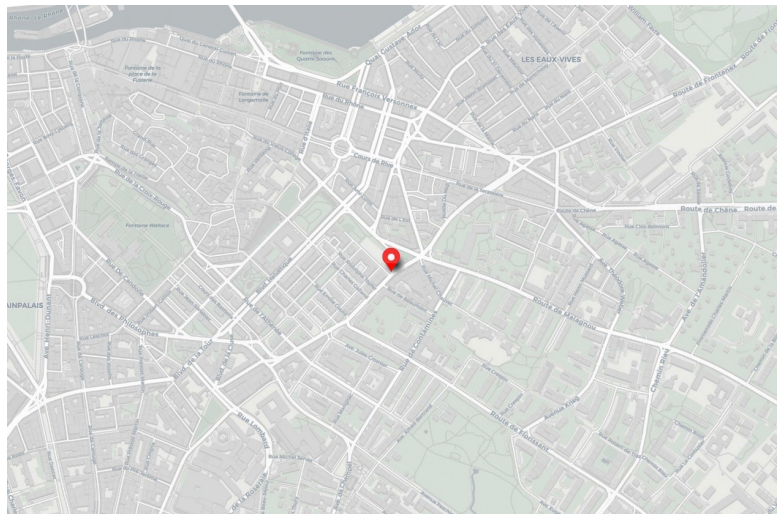
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Contact: digital@amadeus.com