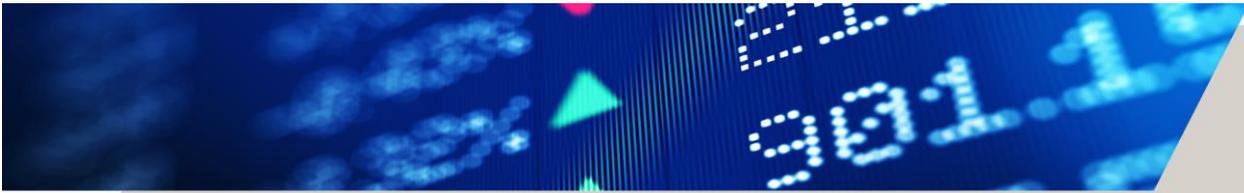


# Monthly Market Summary



April 2022



## Summary: Equity and bond markets under pressure

In April, investor sentiment deteriorated as the prospect of even tighter monetary policy moved into focus. Global equities lost 8.0% over the month (in USD terms), while global investment grade bonds fell 4.2% (in USD). Key themes included:

- Stocks fell despite upbeat earnings reports because of growth concerns;
- Yields of 10-year US Treasuries rose to highest level since the end of 2018;
- China's economy suffers from severe Covid-19 lockdowns.

Lacklustre results by tech heavyweights such as Amazon, Netflix and Paypal weighed on markets and overshadowed a so far positive corporate earnings season. First companies warned that China's lockdowns, including factory shutdowns, and resulting supply chain bottlenecks pose a risk for their outlook. Commodities recorded mixed results: The price of Brent Crude oil ended April at \$109 per barrel and gold closed April at \$1,897 per ounce, down 2.1% over the month. The International Monetary Fund (IMF) cut its global growth forecast for 2022 to 3.2% due to the war in Ukraine. In the case of an embargo on Russian oil and gas, growth could deteriorate further.

### US: Q1 Contraction; surging dollar; hawkish Fed

Economic output unexpectedly declined in the first quarter (-1.4% Q/Q, SAAR) as temporary factors – including earlier Omicron-related weakness – led to a widening trade deficit and inventory destocking. Inflationary pressures continued to build, with the annual rate accelerating to 8.5% in March (from 7.9%), its highest since 1981. Despite headwinds from rising costs, ongoing logistical and supply chain challenges, the ISM Services PMI increased to 58.3 (from 56.5), and the wider labour continued to strengthen, with jobless claims falling to a half century low. The US dollar surged to its highest level in two decades as the market discounted an even more aggressive path of hiking ahead. Fed Chair Powell signalled that the Fed remains committed to taming inflation, opening the door for a 50bp interest rate hike in May and June.

### Europe: Euro depreciates; weak GDP growth

The Euro Area economy expanded by 0.2% QoQ in the first three months of 2022, the least since Q1 20221 and below market expectations of a 0.3% advance. Meanwhile, investors are coming to terms that the ECB is faced with slowing growth and surging inflation. The annual inflation rate in the Euro Area was revised slightly lower to 7.4% in March (from 7.5%) but remains the highest inflation rate on record as the war in Ukraine and sanctions on Russia pushed fuel and natural gas prices to record high levels. ECB president Lagarde said that the central bank is likely to end its bond purchase scheme in early third quarter and raise rates before the end of 2022. On the political stage, Macron defeated his far-right rival Marine Le Pen to be re-elected president of France.

### ROW: Chinese GDP rises; Yen hits a multi- decade year low

China's GDP rose 4.8% compared with the same period a year earlier, but official data revealed a contraction in consumer activity as lockdown measures to counter the spread of Covid-19 weighed on the country's outlook and the Renminbi which saw its steepest monthly fall. Meanwhile, China's central bank reduced the amount of reserves that banks must maintain in an attempt to boost the economy. Japanese yen hit a 20-year low (¥129.39 against the dollar) after the Bank of Japan vowed to keep bond yields at zero. Driven by tax payments supporting the currency, the Russian rouble clipped a more than two-year high against the dollar and euro.

Performance figures (as of 29/04/2022 in local currency)

Fixed Income	Yield	1M %	YTD %
US 10 Yr	2.94%	-4.2%	-10.5%
UK 10 Yr	1.90%	-2.1%	-6.6%
Swiss 10 Yr	0.87%	-1.7%	-6.7%
German 10 Yr	0.94%	-3.0%	-8.6%
Global IG (hdg \$)	3.74%	-4.2%	-10.7%
Global HY (hdg \$)	7.40%	-3.5%	-8.5%

Equity Index	Level	1M %	YTD %
MSCI World (\$)	339	-8.0%	-12.9%
S&P 500	4,132	-8.7%	-12.9%
MSCI UK	13,645	1.0%	5.8%
SMI	12,129	0.9%	-3.5%
Eurostoxx 50	3,803	-2.0%	-10.7%
DAX	14,098	-2.2%	-11.2%
CAC	6,534	-1.3%	-7.9%
Hang Seng	21,089	-4.1%	-9.5%
MSCI EM (\$)	534	-5.6%	-12.1%

Currencies (trade-weighted)	1M %	YTD %
US Dollar	3.7%	4.5%
Euro	-0.6%	-1.8%
Yen	-3.9%	-9.3%
Pound Sterling	-0.9%	-3.1%
Swiss Franc	-1.8%	-2.5%
Chinese Yuan	-1.7%	-0.6%

Commodities	Level	1M %	YTD %
Gold (\$/oz)	1,897	-2.1%	3.7%
Brent (\$/bl)	109	1.3%	40.6%
Copper (\$/t)	9,771	-5.8%	0.3%

Source: Bloomberg, Rothschild & Co

### Development of 10-year government bond yields



Source: Bloomberg, Rothschild & Co, 1.1.2011 – 28.4.2022



## Wealth Insights

For our latest publications, please visit our [Wealth Insights page](#).



## Important information

This content is produced by Rothschild & Co Wealth Management UK Limited, Rothschild & Co Bank AG and Rothschild & Co Vermögensverwaltung GmbH for information and marketing purposes only. This content does not constitute a personal recommendation or an offer or invitation to buy or sell securities or any other banking or investment product.

Nothing in this content constitutes legal, accounting or tax advice. The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your original investment. Past performance should not be taken as a guide to future performance. Investing for return involves the acceptance of risk: performance aspirations are not and cannot be guaranteed. Should you change your outlook concerning your investment objectives and/or your risk and return tolerance(s), please contact your client adviser. Where an investment involves exposure to a foreign currency, changes in rates of exchange may cause the value of the investment, and the income from it, to go up or down.

Income may be produced at the expense of capital returns. Portfolio returns will be considered on a "total return" basis meaning returns are derived from both capital appreciation or depreciation as reflected in the prices of your portfolio's investments and from income received from them by way of dividends and coupons.

Holdings in example or real discretionary portfolios shown herein are detailed for illustrative purposes only and are subject to change without notice. As with the rest of this content, they must not be considered as a solicitation or recommendation for separate investment.

Although the information and data herein are obtained from sources believed to be reliable, no representation or warranty, expressed or implied, is or will be made and, save in the case of fraud, no responsibility or liability is or will be accepted by Rothschild & Co Bank AG as to or in relation to the fairness, accuracy or completeness of this content or the information forming the basis of this content or for any reliance placed in this content by any person whatsoever. In particular, no representation or warranty is given as to the achievement or reasonableness of any future projections, targets, estimates or forecasts contained in this content. Furthermore, all opinions and data used in this content are subject to change without prior notice.

This content is distributed in Switzerland by Rothschild & Co Bank AG and in the UK by Rothschild & Co Wealth Management UK Limited. Law or other regulation may restrict the distribution of this content in certain jurisdictions. Accordingly, recipients of this content should inform themselves about and observe all applicable legal and regulatory requirements. For the avoidance of doubt, neither this content nor any copy thereof may be sent to or taken into the United States or distributed in the United States or to a US person. References in this content to Rothschild & Co are to any of the various companies in the Rothschild & Co Continuation Holdings AG operating/trading under the name "Rothschild & Co" and not necessarily to any specific Rothschild & Co company. None of the Rothschild & Co companies outside the UK are authorised under the UK Financial Services and Markets Act 2000 and accordingly, in the event that services are provided by any of these companies, the protections provided by the UK regulatory system for private customers will not apply, nor will compensation be available under the UK Financial Services Compensation Scheme. If you have any questions on this content, your portfolio or any elements of our services, please contact your client adviser.

The Rothschild & Co group includes the following wealth management businesses (amongst others): Rothschild & Co Wealth Management UK Limited. Registered in England No 04416252. Registered office: New Court, St Swithin's Lane, London, EC4N 8AL. Authorised and regulated by the Financial Conduct Authority. Rothschild & Co Bank International Limited. Registered office: St Julian's Court, St Julian's Avenue, St Peter Port, Guernsey, GY1 3BP. Licensed and regulated by the Guernsey Financial Services Commission for the provision of Banking and Investment Services. Rothschild & Co Bank AG. Registered office: Zollikerstrasse 181, 8034 Zurich, Switzerland. Authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).