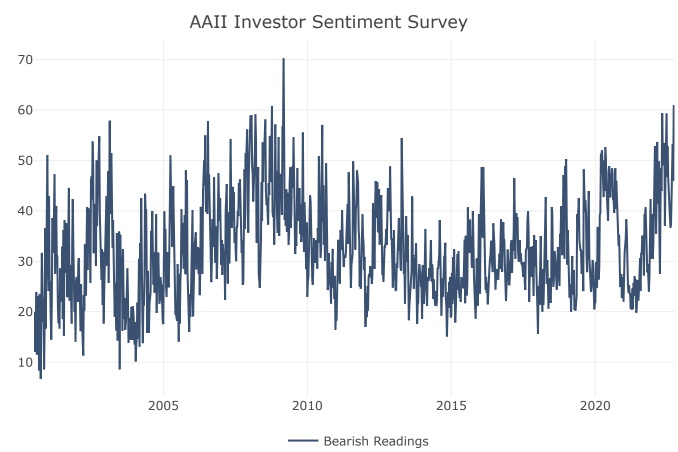
Amadeus Weekly

Quick recap

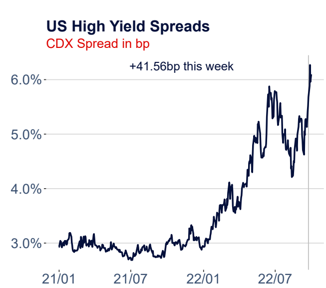
- European markets stabilized on Friday, and the SMI even managed to finish this week at a higher level but in the rest of the world, this week brought another painful decline.
- In the U.S., markets fell across all styles and industries, with the notable exception of the energy sector. In Europe, losses were driven by Value and High Dividend stocks, while Quality and Momentum gained.
- As economic sentiment sours, benchmark yields consolidated over the past few days. In Germany, short-term yields declined slightly, while European credit spreads were little changed following the dramatic surge over the past weeks.
- The GBP recovered some of its steep losses following the Bank of England's emergency intervention earlier this week. Nevertheless, the steep sell-off in the GBP and Gilts highlights a scary degree of vulnerability.

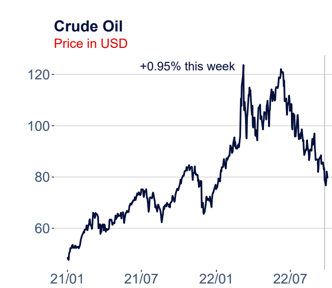
Overview



Following the longest streak of losing quarters in U.S. equities since the Great Financial Crisis, several indicators flag that markets have likely reached oversold conditions. The AAII Sentiment Survey finds that investor pessimism has reached its highest level since October 2008. Simultaneously, market participants have rushed to buy protection, as indicated by last week's Put/Call volume ratio hitting the highest level since June 2022, and Relative Strength indicators are near their lowest level since early 2022. On the other hand, implied volatility has not yet spiked but and the recent surge in High Yield spreads will take a while to cause economic fallouts - nevertheless, another bear market seems all but unlikely at this point.

Markets at a glance

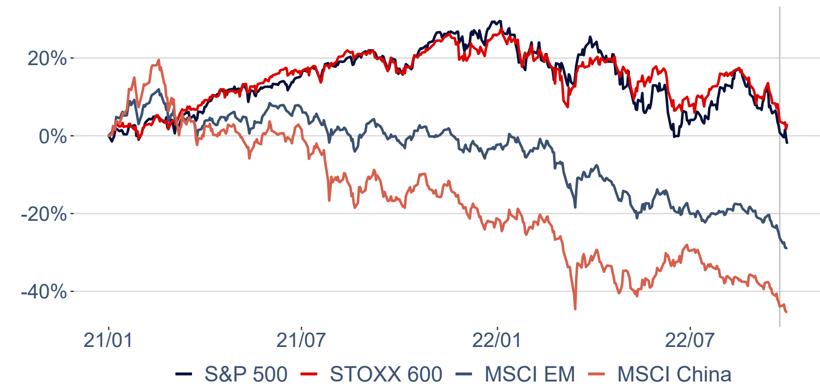




Amadeus Weekly

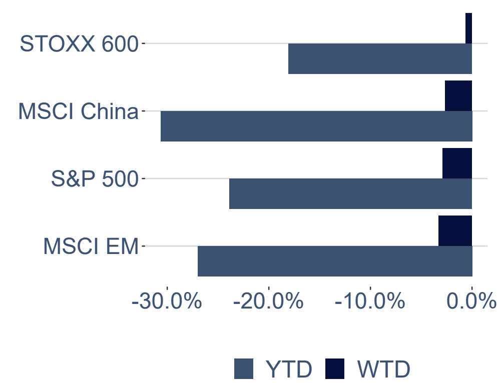
Major Equity Markets

Broad Markets
Total return %



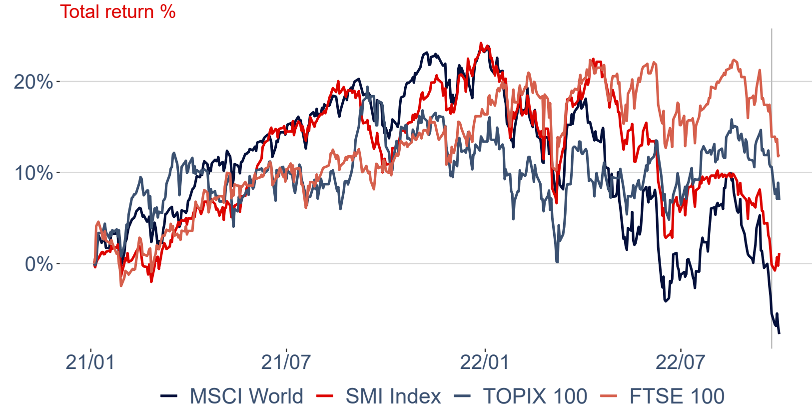
Source: Amadeus Capital SA 2022-10-01

Broad Markets
Total return %



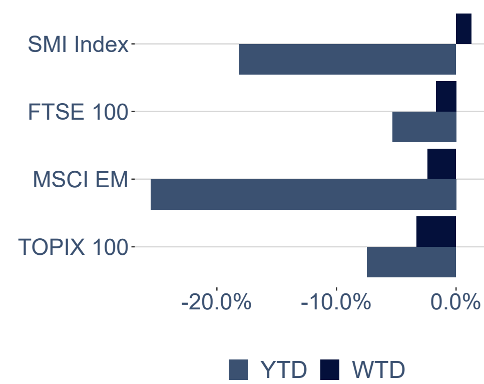
Major Equity Markets

Broad Markets
Total return %



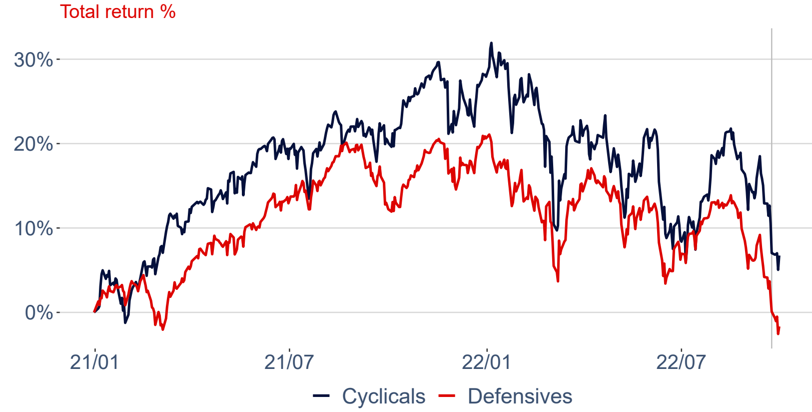
Source: Amadeus Capital SA 2022-10-01

Broad Markets
Total return %



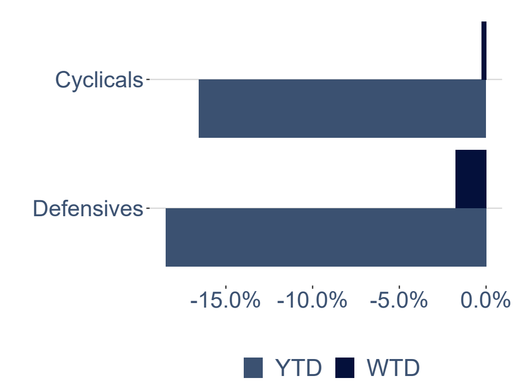
Equity Sectors

Cyclicals vs Defensives Europe
Total return %

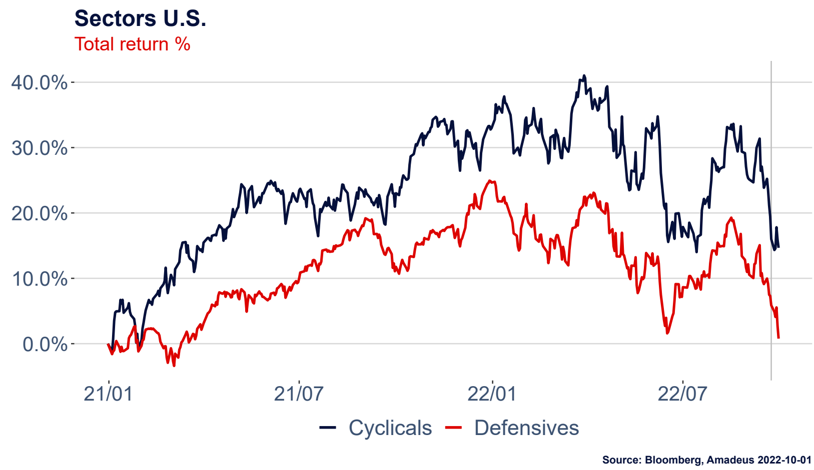


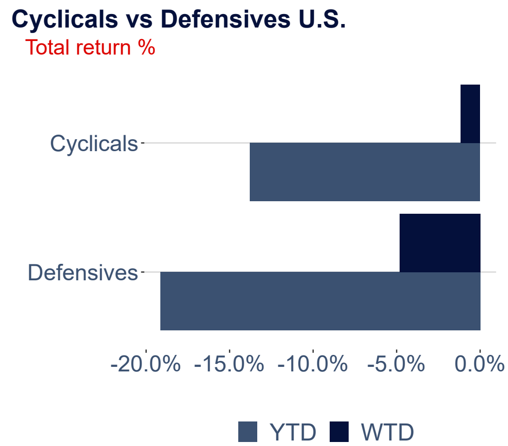
Source: Bloomberg, Amadeus 2022-10-01

Cyclicals vs Defensives Europe
Total return %

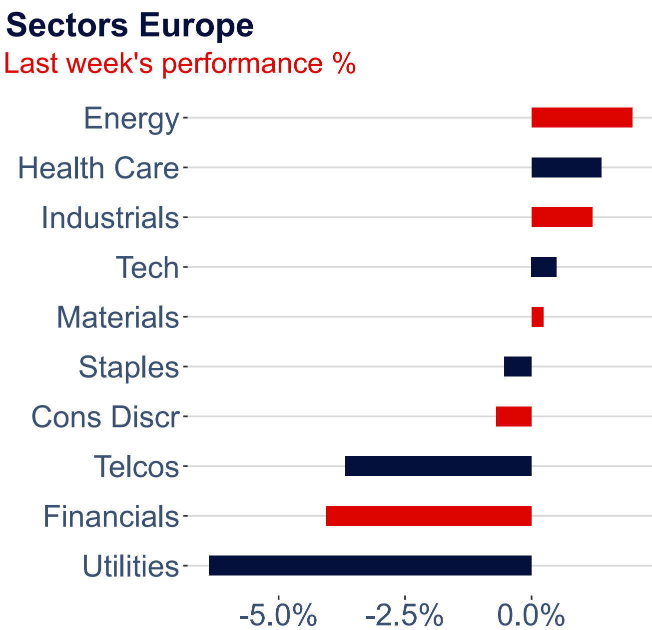


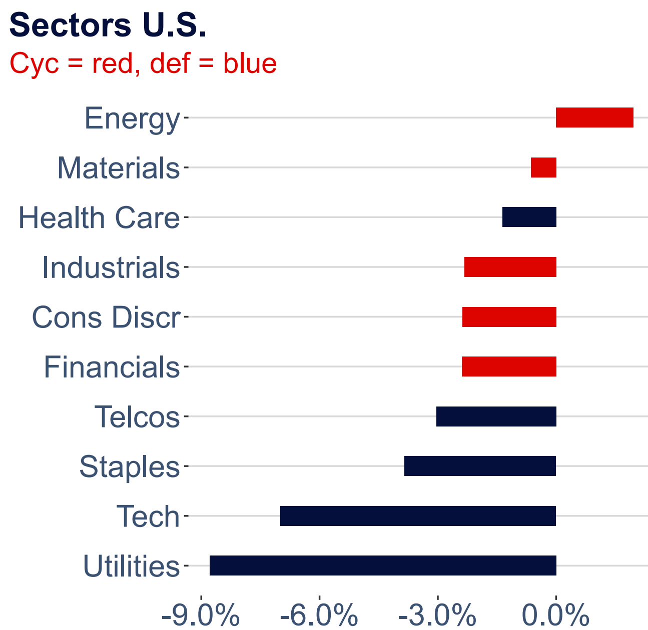
Equity Sectors





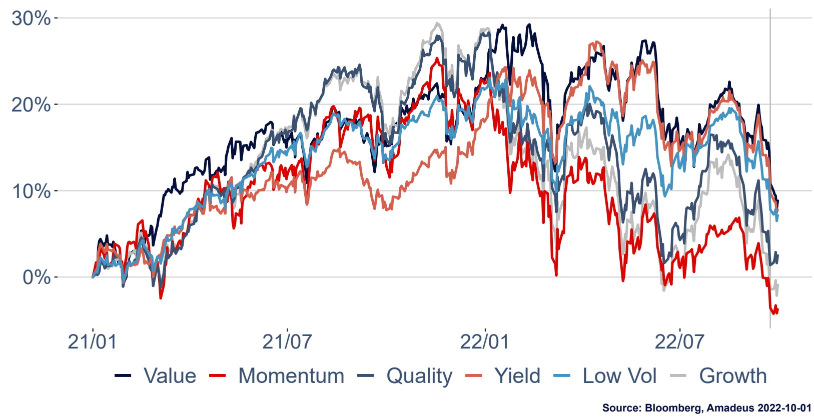
Equity Sectors



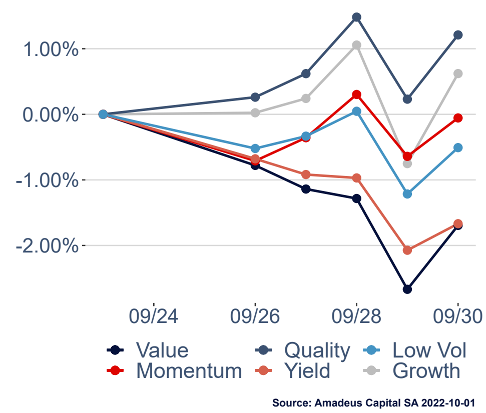


Equity Styles

Styles Europe
Total return %



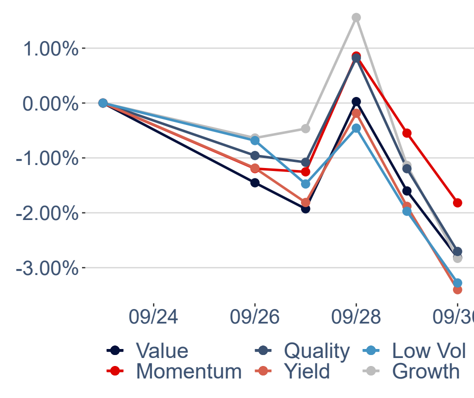
Styles Europe
Total return %



Equity Styles

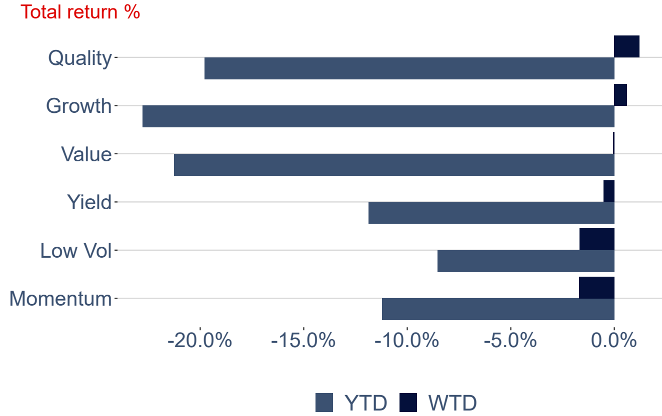
Styles U.S.
Total return %

Styles U.S.
Total return %

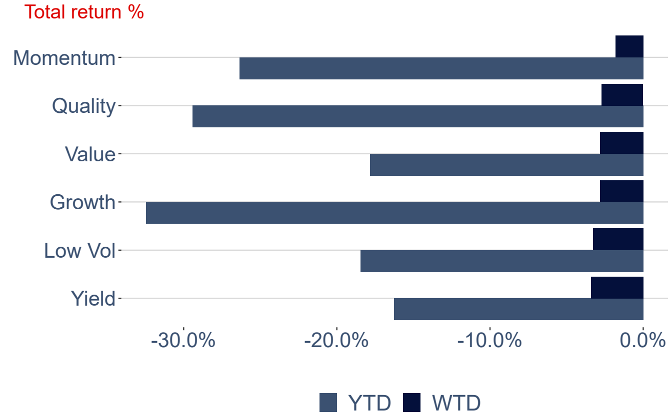


Equity Styles

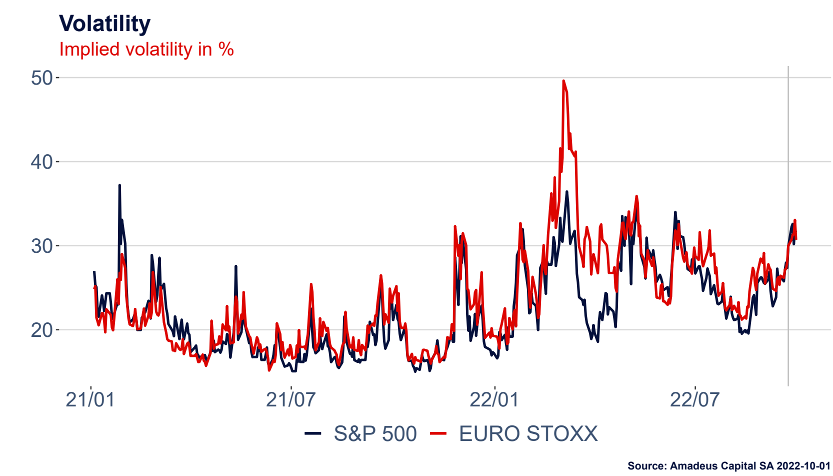
Styles Europe
Total return %

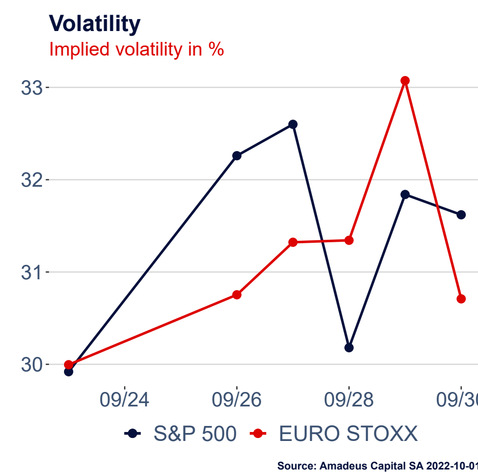


Styles U.S.
Total return %

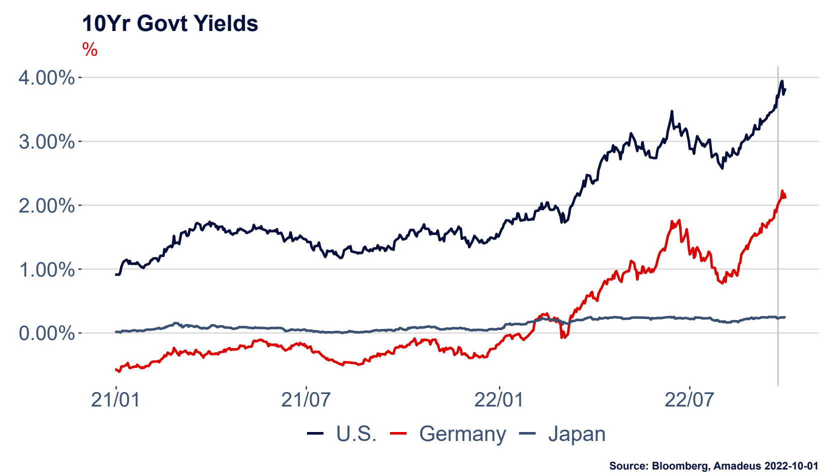


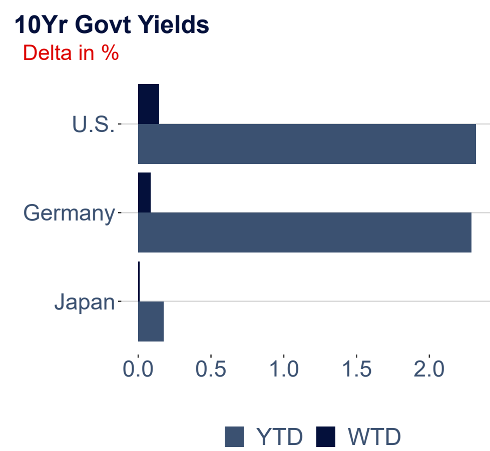
Volatility



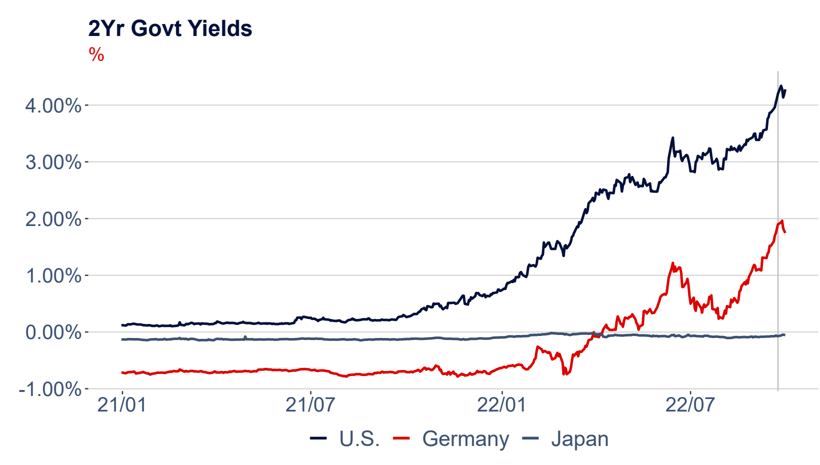


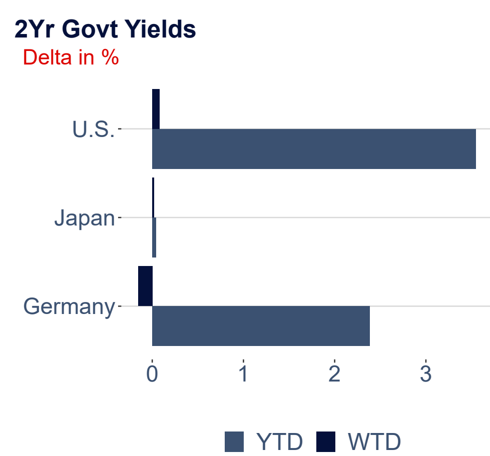
Government Bond Yields





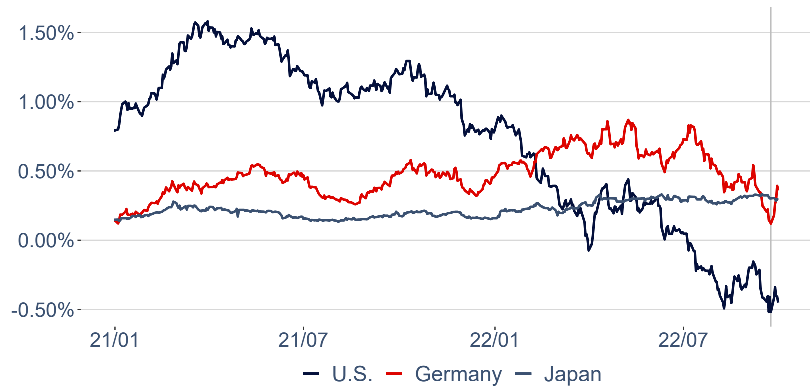
Government Bond Yields





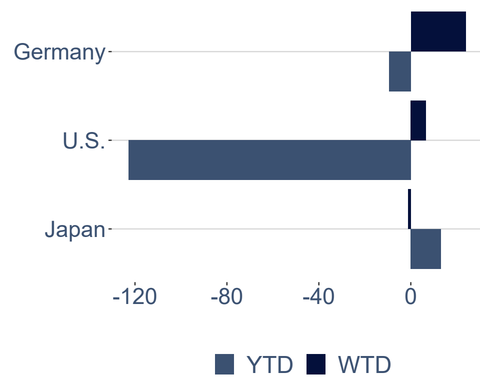
Government Bond Yields

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



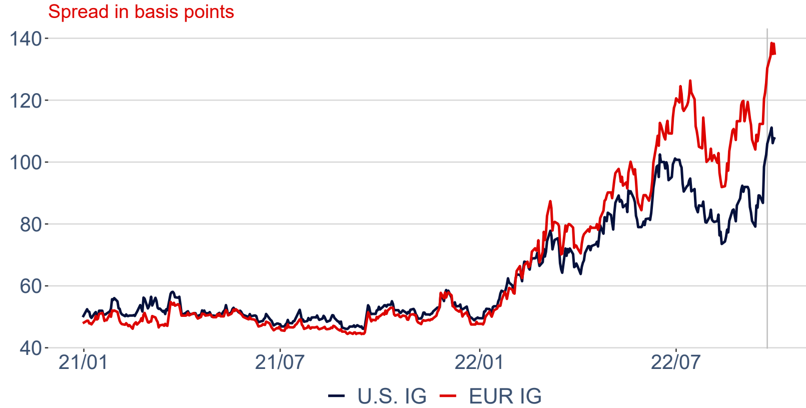
Source: Amadeus Capital SA 2022-10-01

10Yr-2Yr Govt Yields
Delta in bp



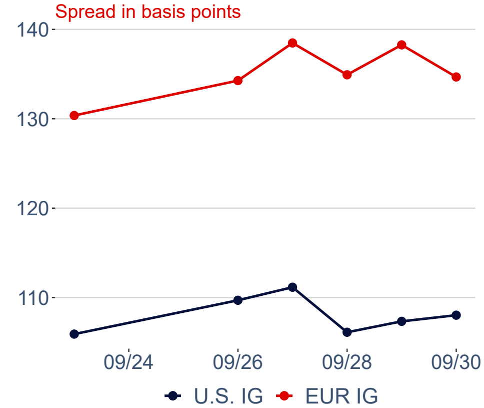
Credit Spreads

Investment grade credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-10-01

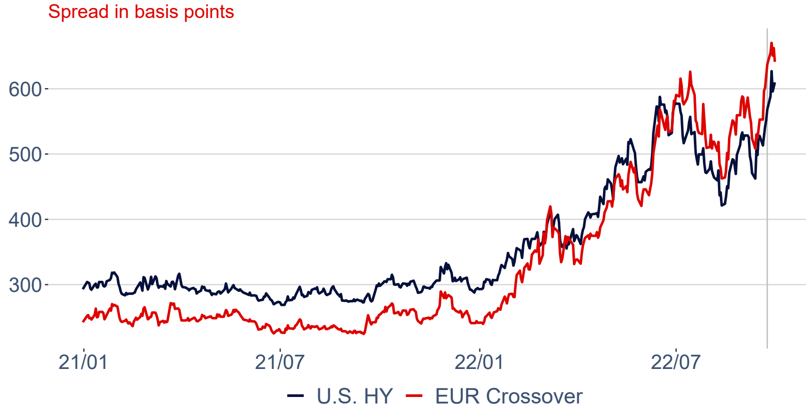
Investment grade credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-10-01

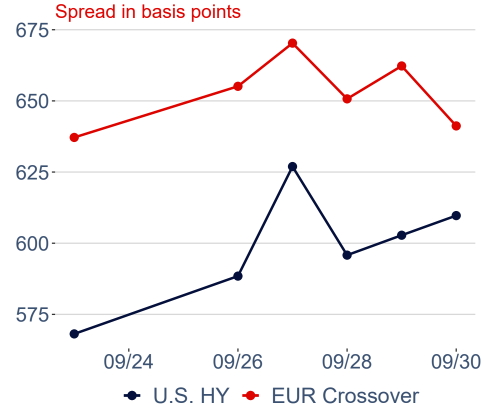
Credit Spreads

High yield credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-10-01

High yield credit spreads
Spread in basis points



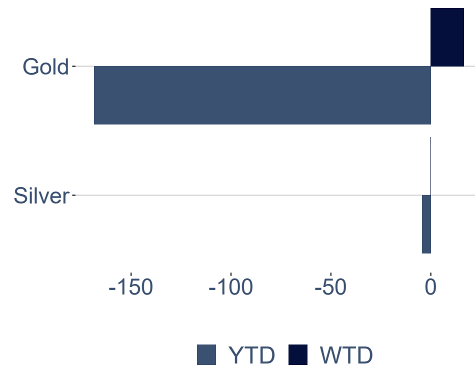
Source: Amadeus Capital SA 2022-10-01

Precious Metals

Precious metals
Price change %

Source: Amadeus Capital SA 2022-10-01

Precious metals
Price change in USD

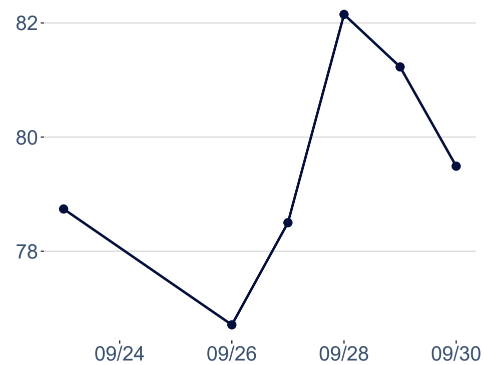


Commodities

Crude oil
Price in USD

Source: Amadeus Capital SA 2022-10-01

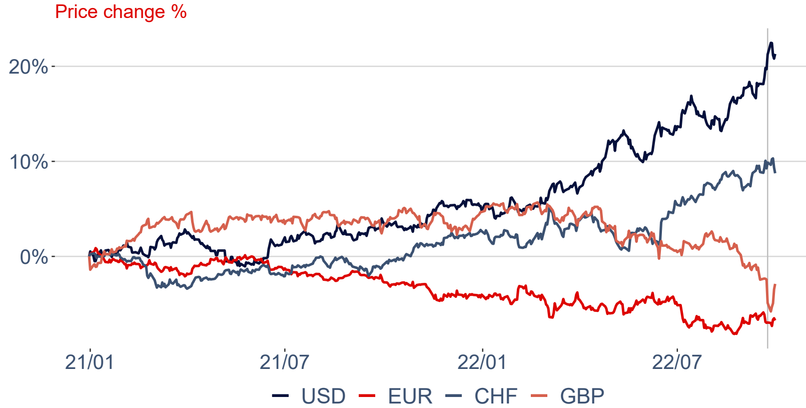
Crude oil
Price in USD



Source: Amadeus Capital SA 2022-10-01

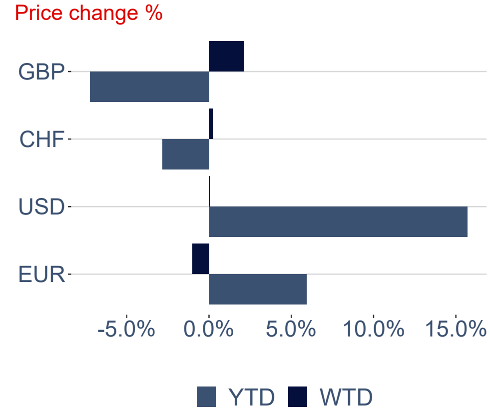
Currencies

Trade weighted currencies
Price change %

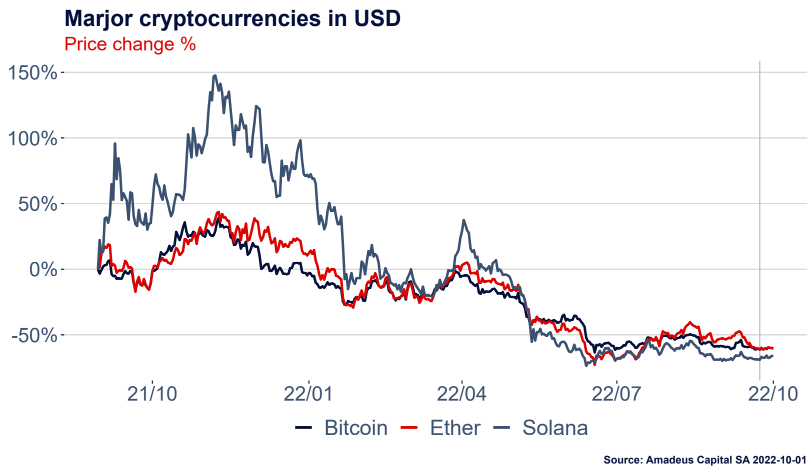


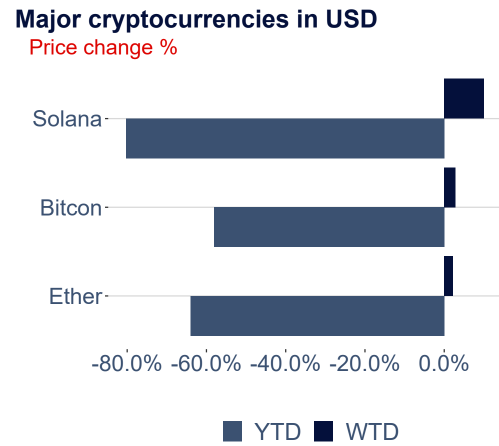
Source: Amadeus Capital SA 2022-10-01

Trade weighted currencies
Price change %



Cryptocurrencies





Major Events Last Week

Eurozone inflation surprised on the upside again, hitting the psychologically critical mark of 10%, fueled by a 40.8% y/y increase in energy cost and an 11.8% surge in food, alcohol and tobacco prices. The Eurostat release also continues to show notable differences between members of the single currency union as the baltic states suffer from inflation rates north of 20%, while numbers in France, Malta and Finland are still in the single-digit range. Lagarde's speech brought little news. Meanwhile, Italian government bond yields were little changed following the election that brought Meloni's far rightcoalition to power. In the U.S., robust consumer confidence data, lower than expected initial claims and a higher than anticipated Core PCE showed that the Fed has still a long way to go.

Date	Zone	Event	Previous	Forecast	Actual
24/09/2022	United States	Fed Chair Powell Speaks	-	-	-
25/09/2022	Italy	Italian General Election	-	-	-
26/09/2022	Germany	German Ifo Business Climate Index (Sep)	88.6	87.0	84.3
26/09/2022	Euro Zone	ECB President Lagarde Speaks	-	-	-
27/09/2022	Brazil	BCB Copom Meeting Minutes	-	-	-
27/09/2022	Euro Zone	ECB President Lagarde Speaks	-	-	-
27/09/2022	United States	Core Durable Goods Orders (MoM) (Aug)	0.2%	0.2%	0.2%
27/09/2022	United States	CB Consumer Confidence (Sep)	103.6	104.5	108.0
27/09/2022	United States	New Home Sales (Aug)	532K	500K	685K
28/09/2022	Australia	Retail Sales (MoM) (Aug)	1.3%	0.4%	0.6%
28/09/2022	Euro Zone	ECB President Lagarde Speaks	-	-	-
28/09/2022	United States	Pending Home Sales (MoM) (Aug)	-0.6%	-1.4%	-2.0%
28/09/2022	United States	Fed Chair Powell Speaks	-	-	-
28/09/2022	United States	Crude Oil Inventories	1.142M	0.443M	-0.215M
29/09/2022	Germany	German CPI (YoY) (Sep)	7.9%	9.4%	10.0%
29/09/2022	United States	GDP (QoQ) (Q2)	-1.6%	-0.6%	-0.6%
29/09/2022	United States	Initial Jobless Claims	209K	215K	193K
29/09/2022	Canada	GDP (MoM) (Jul)	0.1%	-0.1%	0.1%
29/09/2022	New Zealand	RBNZ Gov Orr Speaks	-	-	-
30/09/2022	China	Manufacturing PMI (Sep)	49.4	49.6	50.1
30/09/2022	China	Caixin Manufacturing PMI (Sep)	49.5	49.5	48.1
30/09/2022	India	Interest Rate Decision	5.40%	5.90%	5.90%
30/09/2022	United Kingdom	GDP (YoY) (Q2)	8.7%	2.9%	4.4%
30/09/2022	United Kingdom	GDP (QoQ) (Q2)	0.8%	-0.1%	0.2%
30/09/2022	Germany	German Unemployment Change (Sep)	26K	20K	14K
30/09/2022	Euro Zone	CPI (YoY) (Sep)	9.1%	9.7%	10.0%
30/09/2022	United States	Core PCE Price Index (MoM) (Aug)	0.1%	0.5%	0.6%

The Week Ahead

Markets will focus on U.S. labour market data next week, with consensus expecting Nonfarm Payrolls to decrease to 250k alongside an unchanged Participation Rate. This week's lower-than-anticipated Initial Claims could point to another surprise on the upside in employment or a softer than expected Participation Rate. Stubbornly robust economic data, despite the Fed's increasingly aggressive policy, has driven interest rate expectations higher and put pressure on equity markets over the past week. Another 'positive' surprise in labour market data may, therefore, not be well received. On the other hand, some indication of a slow cooling off may finally result in some stabilization in risk assets, especially given extremely negative sentiment and increased hedging activity by institutional investors.

Date	Zone	Event	Previous	Forecast	Actual
03/10/2022	Japan	Tankan Large Manufacturers Index (Q3)	9	11	-
03/10/2022	Japan	Tankan Large Non-Manufacturers Index (Q3)	13	13	-
03/10/2022	Germany	German Manufacturing PMI (Sep)	48.3	48.3	-
03/10/2022	United Kingdom	Manufacturing PMI (Sep)	48.5	48.5	-
03/10/2022	Israel	Interest Rate Decision (Oct)	2.00%	-	-
03/10/2022	United States	ISM Manufacturing PMI (Sep)	52.8	52.2	-
04/10/2022	Australia	RBA Interest Rate Decision (Oct)	2.35%	2.85%	-
04/10/2022	Australia	RBA Rate Statement	-	-	-
04/10/2022	United States	JOLTs Job Openings (Aug)	11.239M	10.650M	-
05/10/2022	Australia	Retail Sales (MoM)	0.6%	-	-
05/10/2022	New Zealand	RBNZ Interest Rate Decision	3.00%	3.50%	-
05/10/2022	New Zealand	RBNZ Rate Statement	-	-	-
05/10/2022	United Kingdom	Composite PMI (Sep)	48.4	48.4	-
05/10/2022	United Kingdom	Services PMI (Sep)	49.2	49.2	-
05/10/2022	United States	ADP Nonfarm Employment Change (Sep)	132K	205K	-
05/10/2022	United States	ISM Non-Manufacturing PMI (Sep)	56.9	56.0	-
05/10/2022	United States	Crude Oil Inventories	-0.215M	-	-
06/10/2022	United Kingdom	Construction PMI (Sep)	49.2	48.0	-
06/10/2022	Euro Zone	ECB Publishes Account of Monetary Policy Meeting	-	-	-
06/10/2022	United States	Initial Jobless Claims	193K	203K	-
06/10/2022	Canada	Ivey PMI (Sep)	60.9	-	-
07/10/2022	China	Caixin Manufacturing PMI	49.5	-	-
07/10/2022	China	Manufacturing PMI	49.4	-	-
07/10/2022	United States	Nonfarm Payrolls (Sep)	315K	250K	-
07/10/2022	United States	Unemployment Rate (Sep)	3.7%	3.7%	-
07/10/2022	Canada	Employment Change (Sep)	-39.7K	20.0K	-

About Amadeus

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.

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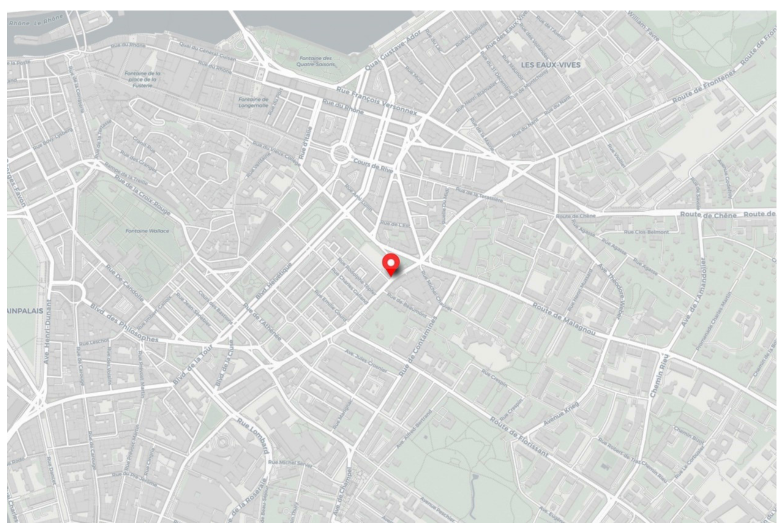

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