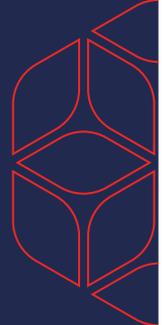


Quick recap

- After a strong July and early August rally, most equity markets finished this week at lower levels, driven primarily by cyclical sectors as Europe's energy crisis is deepening with natural gas futures hitting new record levels.
- The PBOC's surprise interest rate cut could not compensate for a disappointing Industrial Production print and further bad news from the countries struggling property developers.
- There was a relatively wide dispersion in factor returns in Europe and the U.S. as investors flocked toward Low Volatility and Yield plays, while Value and Growth stocks sold off almost equally.
- Benchmark yields were almost unchanged in the U.S. but inched higher in Europe as U.K. CPI reached double-digit while surging energy prices on the continent are not boding well for future inflation.



Overview

Equities

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

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Fixed Income

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Economic Calendar

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Gas Prices in Europe are Soaring Germany THE Natural Gas Forward Month 1



Soaring gas and electricity prices have been sounding the alarm bells over Europe's energy supply again as [Gazprom announced further "maintenance work" at North Stream 1](#). At the same time, it becomes increasingly clear that [Europe and Asia will compete over the same sources of LNG](#). The situation is becoming [particularly uncomfortable for Germany](#), still Europe's industrial powerhouse. This week, the already overburdened Deutsche Bahn announced that their passenger trains would need to make [way for coal transport](#), and the [low level of the Rhine](#), the lifeline of many industrial and power plants, is exacerbating the problem.

Markets at a glance



Major Equity Markets

Broad Markets
Total return %



Source: Amadeus Capital SA 2022-08-20

Broad Markets
Total return %



Major Equity Markets

Broad Markets
Total return %



Source: Amadeus Capital SA 2022-08-20

Broad Markets
Total return %



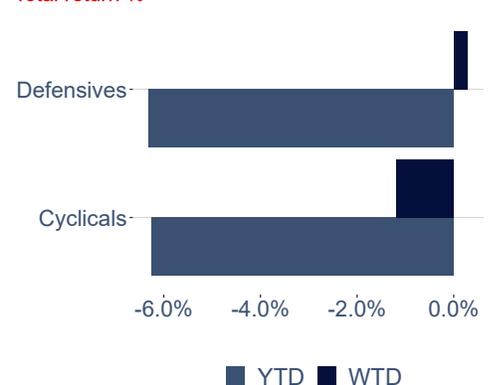
Equity Sectors

Cyclicals vs Defensives Europe
Total return %



Source: Bloomberg, Amadeus 2022-08-20

Cyclicals vs Defensives Europe
Total return %



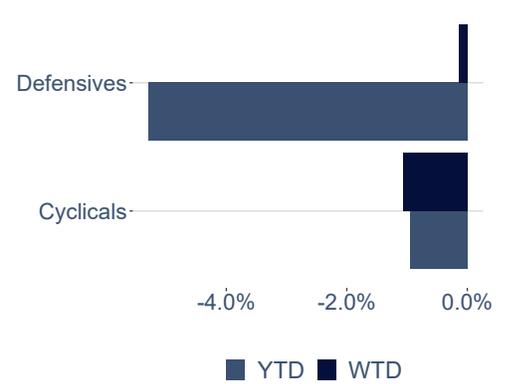
Equity Sectors

Sectors U.S.
Total return %



Source: Bloomberg, Amadeus 2022-08-20

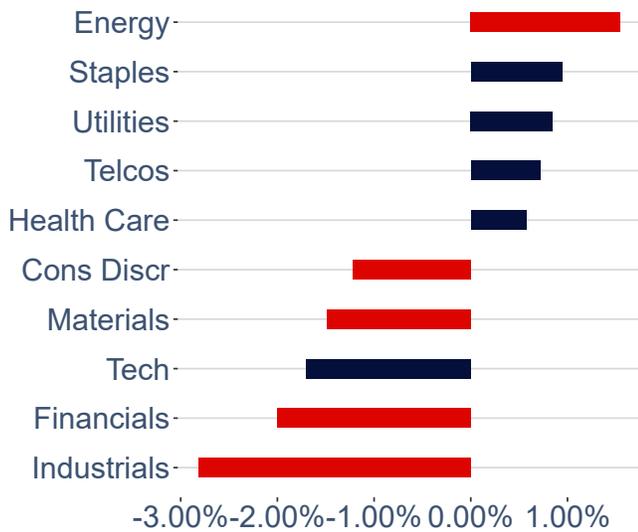
Cyclicals vs Defensives U.S.
Total return %



Equity Sectors

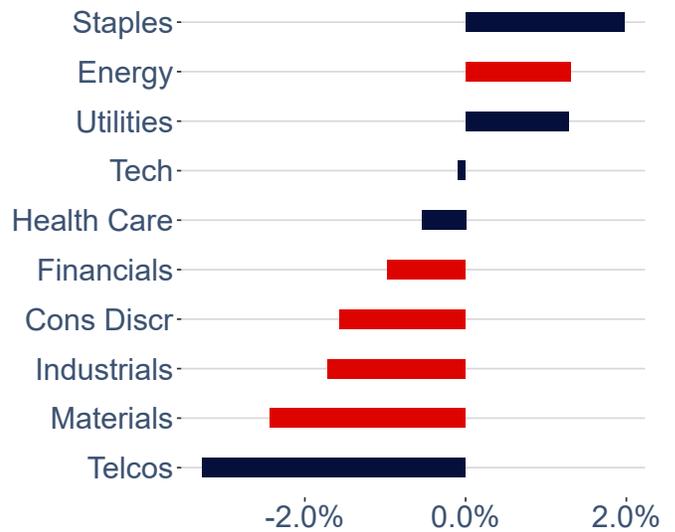
Sectors Europe

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



Sectors U.S.

Last week's performance %



Equity Styles

Styles Europe

Total return %



Source: Bloomberg, Amadeus 2022-08-20

Styles Europe

Total return %

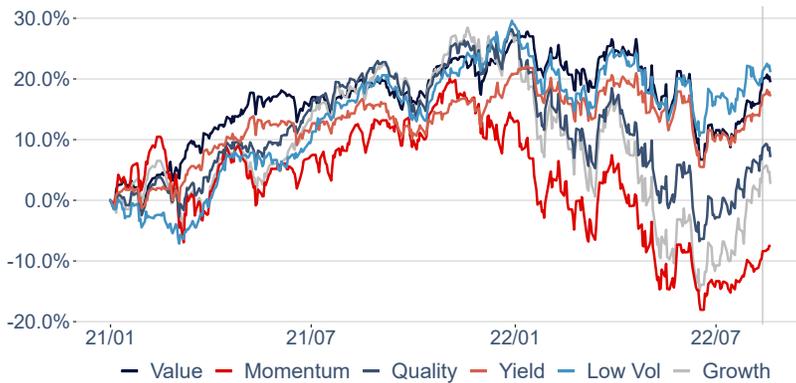


Source: Amadeus Capital SA 2022-08-20

Equity Styles

Styles U.S.

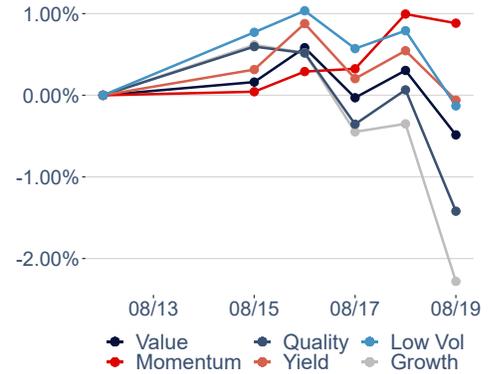
Total return %



Source: Bloomberg, Amadeus 2022-08-20

Styles U.S.

Total return %

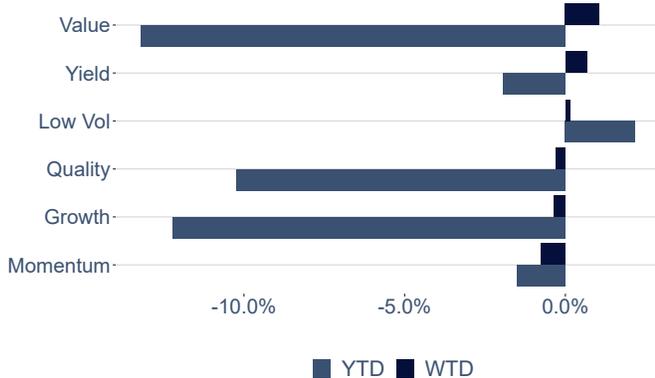


Source: Amadeus Capital SA 2022-08-20

Equity Styles

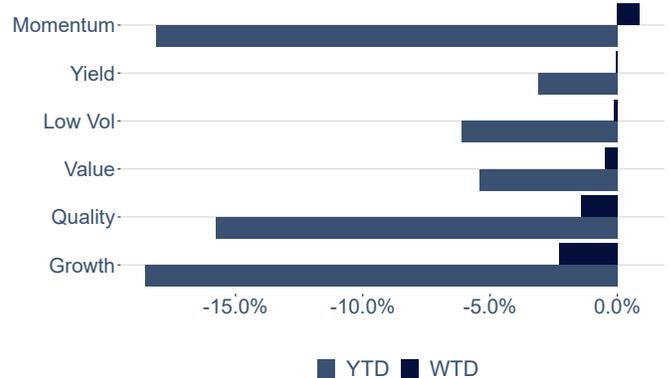
Styles Europe

Total return %

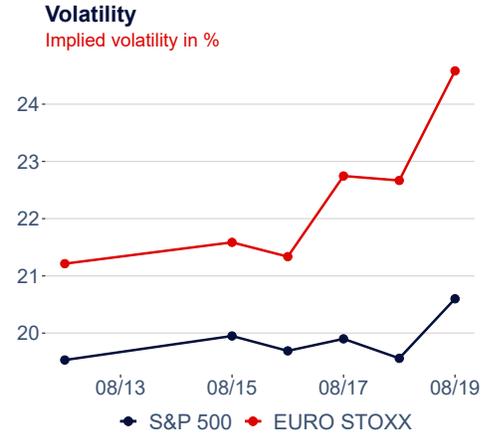


Styles U.S.

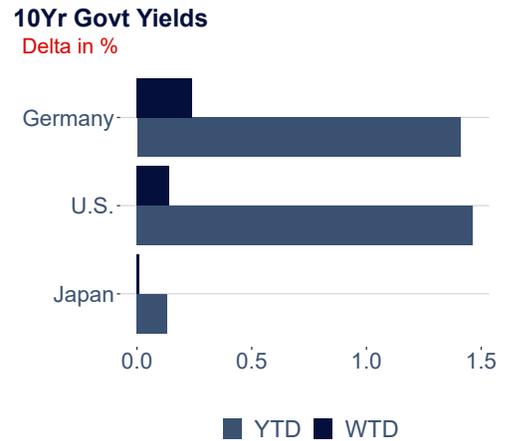
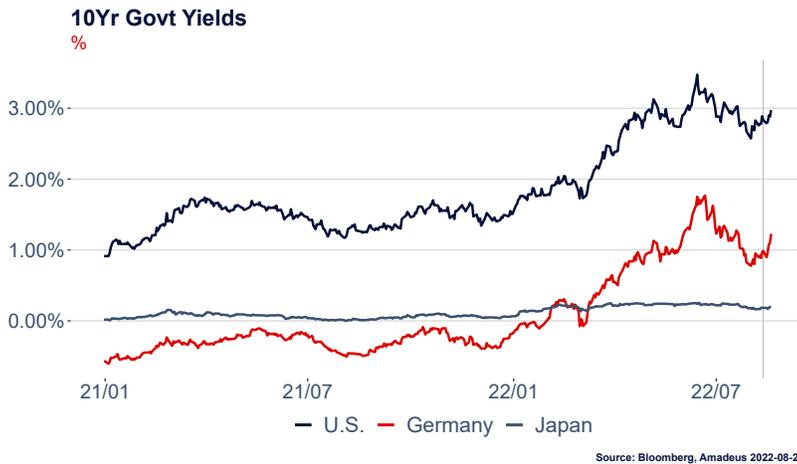
Total return %



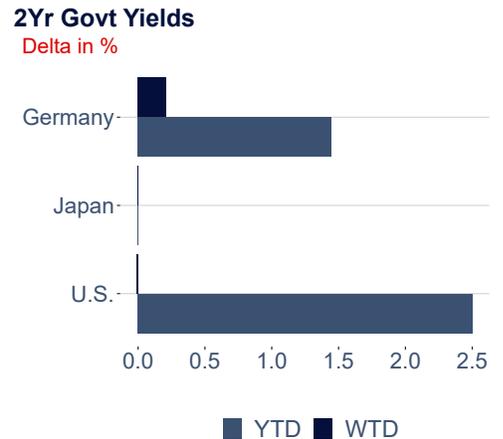
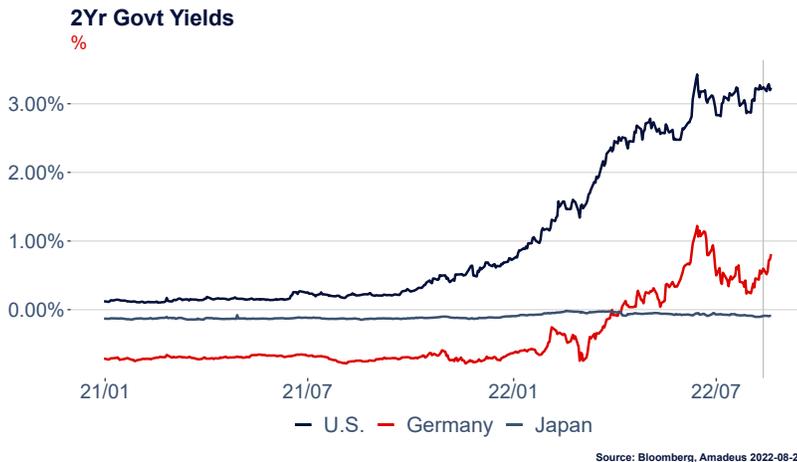
Volatility



Government Bond Yields



Government Bond Yields



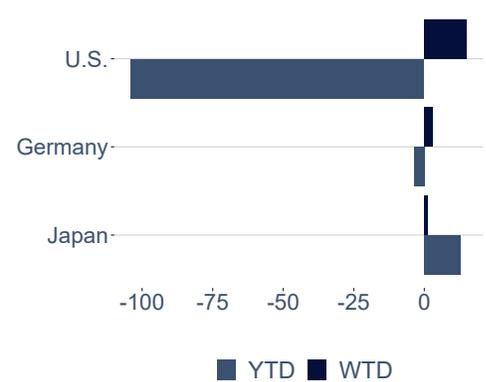
Government Bond Yields

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



Source: Amadeus Capital SA 2022-08-20

10Yr-2Yr Govt Yields
Delta in bp



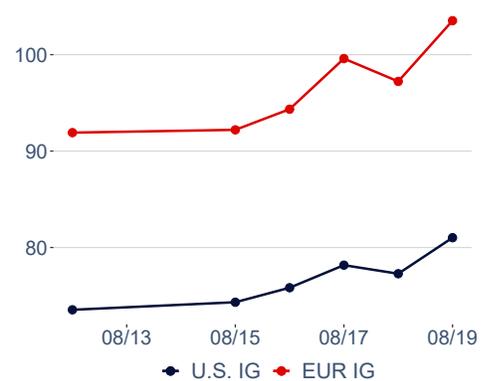
Credit Spreads

Investment grade credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-08-20

Investment grade credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-08-20

Credit Spreads

High yield credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-08-20

High yield credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-08-20

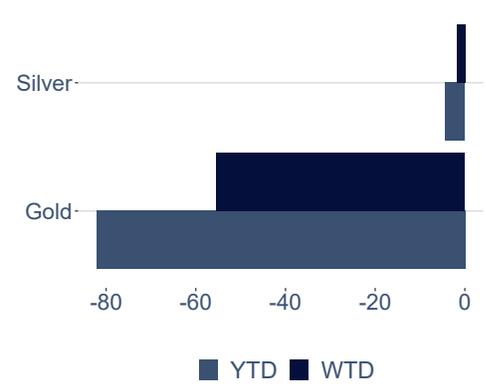
Precious Metals

Precious metals
Price change %



Source: Amadeus Capital SA 2022-08-20

Precious metals
Price change in USD



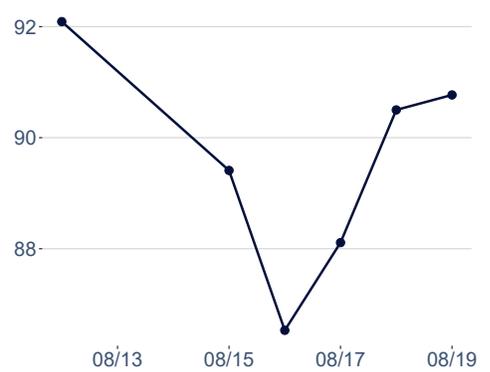
Commodities

Crude oil
Price in USD



Source: Amadeus Capital SA 2022-08-20

Crude oil
Price in USD



Source: Amadeus Capital SA 2022-08-20

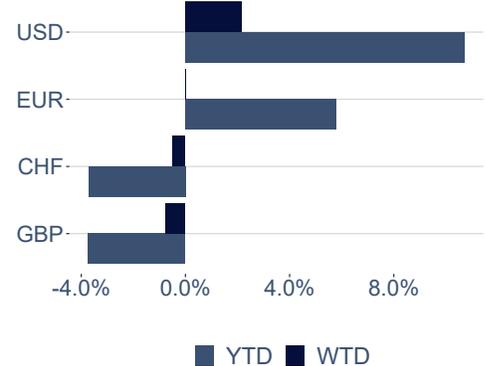
Currencies

Trade weighted currencies
Price change %



Source: Amadeus Capital SA 2022-08-20

Trade weighted currencies
Price change %



Cryptocurrencies

Major cryptocurrencies in USD

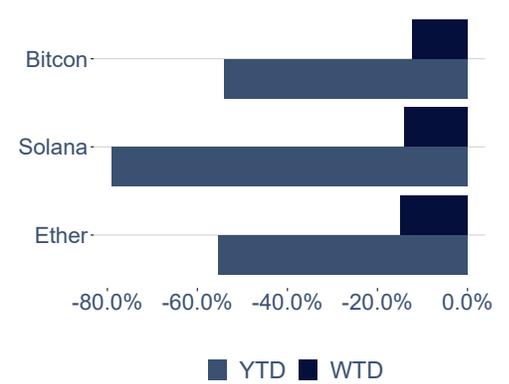
Price change %



Source: Amadeus Capital SA 2022-08-20

Major cryptocurrencies in USD

Price change %



Major Events Last Week

Macroeconomic announcements this week indicate further divergence between the strong U.S. economy and disappointing developments in Europe and China. In the U.S., the strong rebound of the Philadelphia Fed Manufacturing Index, better than expected Core Retail Sales and lower than forecasted Initial Claims were a pleasant surprise. Still, investors' mood soured following the release of the FOMC minutes which found "little evidence inflation pressures were subsiding". Again, it's noteworthy that the minutes are published with a significant lag and don't incorporate the most recent inflation data. Regardless of this, the FOMC members are probably envied by their British colleagues, who are getting under increasing pressure as inflation hit 10.1% this week.

Date	Zone	Event	Previous	Forecast	Actual
15/08/2022	Japan	GDP (QoQ) (Q2)	0.0%	0.6%	0.5%
15/08/2022	China	Industrial Production (YoY) (Jul)	3.9%	4.6%	3.8%
15/08/2022	China	PBoC Loan Prime Rate	3.70%	-	2.75%
15/08/2022	Israel	CPI (YoY) (Jul)	4.4%	4.6%	5.2%
15/08/2022	Israel	CPI (MoM) (Jul)	0.4%	0.7%	1.1%
16/08/2022	Australia	RBA Meeting Minutes	-	-	-
16/08/2022	United Kingdom	Average Earnings Index +Bonus (Jun)	6.4%	4.5%	5.1%
16/08/2022	United Kingdom	Claimant Count Change (Jul)	-26.8K	-32.0K	-10.5K
16/08/2022	Germany	German ZEW Economic Sentiment (Aug)	-53.8	-53.8	-55.3
16/08/2022	United States	Building Permits (Jul)	1.696M	1.650M	1.674M
16/08/2022	Canada	Core CPI (MoM) (Jul)	0.3%	-	0.5%
17/08/2022	New Zealand	RBNZ Interest Rate Decision	2.50%	3.00%	3.00%
17/08/2022	New Zealand	RBNZ Press Conference	-	-	-
17/08/2022	United Kingdom	CPI (YoY) (Jul)	9.4%	9.8%	10.1%
17/08/2022	United States	Core Retail Sales (MoM) (Jul)	0.9%	-0.1%	0.4%
17/08/2022	United States	Retail Sales (MoM) (Jul)	0.8%	0.1%	0.0%
17/08/2022	United States	Crude Oil Inventories	5.458M	-0.275M	-7.056M
18/08/2022	United States	FOMC Meeting Minutes	-	-	-
18/08/2022	Australia	Employment Change (Jul)	88.4K	25.0K	-40.9K
18/08/2022	Euro Zone	CPI (YoY) (Jul)	8.6%	8.9%	8.9%
18/08/2022	Türkiye	One-Week Repo Rate (Aug)	14.00%	14.00%	13.00%
18/08/2022	Türkiye	Overnight Borrowing Rate (Aug)	12.50%	-	11.50%
18/08/2022	United States	Initial Jobless Claims	252K	265K	250K
18/08/2022	United States	Philadelphia Fed Manufacturing Index (Aug)	-12.3	-5.0	6.2
18/08/2022	United States	Existing Home Sales (Jul)	5.11M	4.89M	4.81M
19/08/2022	United Kingdom	Retail Sales (MoM) (Jul)	-0.2%	-0.2%	0.3%
19/08/2022	Canada	Core Retail Sales (MoM) (Jun)	1.9%	0.9%	0.8%

The Week Ahead

The focus will be on the ECB next week as Europe's cost of living crisis is deepening, and the latest inflation print from the U.K. was all but encouraging. Recently, Isabel Schnabel expressed that inflation concerns have "not been alleviated" while even a "recession would not be enough to control inflation". Given that recent inflationary pressure stems mainly from an unprecedented and uncontrollable rise in energy prices, it is indeed hard to see how anything but a massive drop in demand could bring it down. However, as some observers are already warning of the potential deindustrialisation of Germany, the ECB's fight against inflation is a tightrope act. Futures currently price a >80% chance of a 50bp hike in September but expect the hike cycle to slow down quickly in 2023.

Date	Zone	Event	Previous	Forecast	Actual
22/08/2022	Israel	Interest Rate Decision (Aug)	1.25%	-	-
22/08/2022	China	PBoC Loan Prime Rate	2.75%	-	-
23/08/2022	Germany	German Manufacturing PMI (Aug)	49.3	48.3	-
23/08/2022	United Kingdom	Composite PMI	52.1	-	-
23/08/2022	United Kingdom	Manufacturing PMI	52.1	-	-
23/08/2022	United Kingdom	Services PMI	52.6	-	-
23/08/2022	United States	New Home Sales (Jul)	590K	575K	-
24/08/2022	United States	Core Durable Goods Orders (MoM) (Jul)	0.4%	0.2%	-
24/08/2022	United States	Pending Home Sales (MoM) (Jul)	-8.6%	-3.8%	-
24/08/2022	United States	Crude Oil Inventories	-7.056M	-	-
25/08/2022	Germany	German GDP (QoQ) (Q2)	-	-	-
25/08/2022	Germany	German Ifo Business Climate Index (Aug)	88.6	86.7	-
25/08/2022	Euro Zone	ECB Publishes Account of Monetary Policy Meeting	-	-	-
25/08/2022	United States	GDP (QoQ) (Q2)	-0.9%	-0.8%	-
25/08/2022	United States	Initial Jobless Claims	250K	253K	-
26/08/2022	United States	Core PCE Price Index (MoM) (Jul)	0.6%	0.3%	-

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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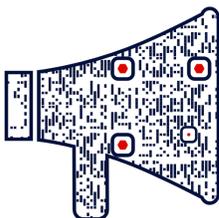
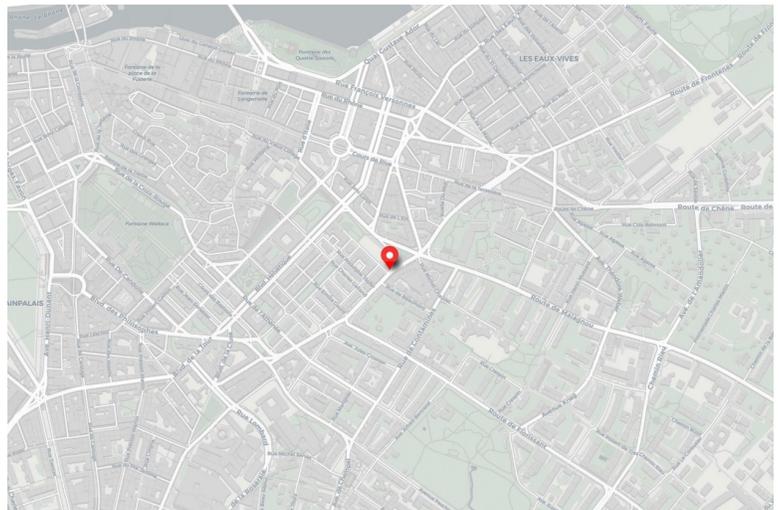
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