

Last week (16-22.08.2021) we saw a **pullback on stock exchanges** on both sides of the Ocean. In the US, NASDAQ and S&P500 indices fell by 0.7% and 0.6% respectively. In Europe, DAX fell by 1.1% and CAC40 by almost 4%. **Our local stock indices** were also in the **"down" group**. The broad market index WIG fell by 1.9% and the index of largest companies WIG20 decreased by 2%.

Despite the reputational losses suffered by the largest economy (the US) due to the incidents in Afghanistan, **the main pretext for cooling the atmosphere in the markets** was a combination of **disappointing macroeconomic readings** from the week, as well as **"hawkish" signals coming from the FOMC** (Federal Open Market Committee).

At the beginning of the week, we received **disappointing news from China**. Industrial production in July grew by 6.4% against the expected 8%, and retail sales rose by 8.5% against expectations of 11.5% growth. **Data from across the Atlantic** were also **mixed**. Retail sales in July fell by 1.1% m/m against a consensus expectation of a 0.2% decline. Part of the reason for the negative surprise was weak car sales (-3.9%), resulting mainly from supply-side problems. By contrast, industrial production surprised positively. It increased by 0.9% in July versus June and was higher than the market forecast at 0.5%.

The element which triggered **the strongest investors' reaction** was **the publication of the minutes from the July FOMC meeting**. It revealed that the majority of committee members are inclined to **start** before the end of the year the so-called "tapering", i.e. **reduction of asset purchases**. **The hawkish tone** of the publication was reinforced by the statement of James Bullard - **the president of Fed** of St. Louis, who suggested **a tightening of monetary policy before the end of the year**. He did not exclude an increase of interest rates.

In this environment, bond markets were stable, while commodities declined significantly. WTI oil fell by more than 9% on a weekly basis, while copper declined by almost 6%.

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