WEEKLY COMMENTARY
27.06.2022

Santander
Fundusze Inwestycyjne

The last week (20-26.06.2022) was marked by **growing concerns about a possible economic recession**, and Jerome Powell, among others, contributed to this. The chairman of the Fed (Federal Reserve System, which performs the tasks of the US central bank), while testifying before the Senate Banking Committee, ensured that the **Fed intends to continue raising interest rates as long as inflation does not start to slow down**, even if that is to cause a recession. On the other hand, there are optimistic views that **even if a recession does come, it will be short-lived**.

At the same time, there are growing **concerns about the strength of consumers**, fuelled by the latest market data readings. The current consumer confidence indicator calculated by the Central Statistical Office (GUS) fell in June by 5.4 points compared to the previous month and amounted to minus 43.8 points (the index may range from -100 to +100; a negative value means that consumers who are pessimistic outnumber those who are optimistic). Similar moods are also seen on foreign markets. Another factor encouraging consumers to trim their budgets is the **weaker-than-expected salary growth in Poland in May, which amounted to 13.5% y/y** (analysts had expected 14.7%), which was lower than the May inflation rate of 13.9% y/y. The risk surrounding customers' purchasing power is prompting policymakers to act in **unconventional ways** - the US President Joe Biden has called on Congress to suspend the collection of a federal tax on gasoline, and the country's state-owned PKN Orlen is offering customers a discount on every litre of fuel purchased until the end of the summer holidays.

Amid **growing probability of a global economic recession, bond yields reacted more strongly**. Yields on 10-year Polish treasury bonds temporarily exceeded the level of 8% last week, which was the highest value in at least 15 years, but eventually fell in weekly terms by almost 1 percentage point, ending the week at the level of 7.00% (a decrease in yields means an increase in bond prices). The US 10-year Treasury bond showed a similar pattern, as yields closed at 3.14%.

Prices rose on equity markets as well, especially on **US stock exchanges**, where investors saw a stronger rebound after earlier declines. The S&P 500 index rose by 6.4%, the Nasdaq Composite by 7.5% and Japan's NIKKEI225 gained 2.0%. The exception was the German DAX, which fell by 0.1%. On the domestic market, optimism also prevailed, with the WIG index rising by 0.7% and large companies grouped in the WIG20 index increasing by 0.3%.

On the commodities market, oil prices corrected by 0.4% (futures on Brent oil), but the price per barrel still remains above the level of 100 dollars - since the beginning of the war in Ukraine, the weekly closing price has not once fallen below this point. **Copper futures have fallen for the third consecutive week**, losing 6.8% last week, which also suggests growing market expectations of a decline in demand for the commodity due to a possible recession. **Gold futures fell by 0.6%**.

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