



8<sup>th</sup> July 2022

### Global Market – Food Inflation & Energy inflation (Oil & Gas) – is worst behind?

Last week, we have discussed all lot of data & corporate earnings which will lead to market globally to some conclusion that whether will US Fed continue its tight monetary policy, whether US will be in recession as 2<sup>nd</sup> quarter advance GDP data will be released on 28-Jul-22.

This week we will discuss cool-off in Oil & Gas prices and also food grain prices are down from its recent high, which could significantly change inflation expectation and hence change may be also seen in central bank's policy globally.

We have discussed Food inflation & Energy inflation on 4<sup>th</sup> June and since then prices have come down and it is one of the major concerns of inflation. In a testimony to Congress Senate & Banking committee on 23-Jun-22 said: they could not increase supply or bring prices down for Oil & Gas or Food but they will continue to increase interest rate to bring inflation at sustainable level.

### Energy Prices

Energy	Price	Day	%	Weekly	Monthly	YoY	Date
Crude Oil	103	0.27	0.26%	-3.95%	-12.55%	39.69%	19:31
USD/Bbl							
Brent	104.96	0.31	0.30%	-4.88%	-11.74%	40.54%	19:31
USD/Bbl							
Natural gas	6.147	0.15	-	9.06%	-30.40%	70.09%	19:31
USD/MMBtu							
Gasoline	3.3625	0.0579	-	-8.09%	-17.00%	47.89%	19:31
USD/Gal							
Heating Oil	3.5873	0.0866	-	-7.91%	-15.75%	68.31%	19:31
USD/Gal							
Ethanol	2.435	0.0450	1.88%	-	-15.30%	9.68%	Jul-07
USD/Gal							



## METALS

Metals	Price	Day	%	Weekly	Monthly	YoY	Date
Copper	3.5265	0.0555	-	-2.07%	-	-	19:31
USD/Lbs			1.55%		19.11%	18.58%	
Steel	4260	40.00	0.95%	-5.33%	-7.39%	-	Jul-08
CNY/T					13.04%		
Iron Ore	114.5	0.00	0.00%	-6.53%	-	-	Jul-07
USD/T					22.11%	47.72%	
HRC Steel	920	1.00	-	-1.08%	-	-	Jul-08
USD/T			0.11%		20.00%	48.60%	

Agricultural	Price	Day	%	Weekly	Monthly	YoY	Date
Soybeans	1600.75	9.5	0.60%	-1.48%	-9.44%	14.10%	19:31
USd/Bu							
Wheat	858.5	34	4.12%	3.02%	-	40.06%	19:31
USd/Bu					20.44%		
Lumber	668	33.00	5.20%	0.71%	16.58%	-6.96%	Jul-07
USD/1000 board feet							
Palm Oil	4157	17.00	0.41%	-	-	6.81%	Jul-08
MYR/T				11.70%	33.06%		
Rice	16.135	0.02	0.12%	-2.07%	-4.94%	28.83%	19:31
USD/cwt							
Rapeseed Oil	687.25	2.75	-	2.69%	-	30.35%	Jul-08
EUR/T			0.40%		11.92%		
Sunflower Oil	1600	0.00	0.00%	-4.48%	-	26.98%	Jul-07
USD/T					22.89%		

## Key points

- Recent cool-off in prices, as seen in above table, energy prices are down between 15% - 20% in last 1 month.
- Metal prices are near to November 2020 level, metal prices have seen major price uptick post November 2020 – once stimulus package started showing its impact.
- US 10-year bond yield is currently trading around 3%, cooled-off from high of 3.48% seen on 14-Jun-22, a day prior to US FOMC announcement on 15-Jun-22.
- US Job market continues to remain strong. It will encourage US Fed to continue towards tight monetary policy.



### **Equichain Wealth Advisors: View & Opinion**

We believe, US advance GDP data for April to June 2022 which is to be released on 28-Jul-22 will come in negative and market will bottom out around that time or we can assume that market have already bottomed out.

**In last 2 week, cool-off in Crude oil & Gas, Metal & Agriculture commodity, which is major concern of high inflation is down from 10% - 20%. Market is taking this as early sign of inflation peaking.** U.S. CPI & Core CPI data due on 13-Jul-22 will be important data to watch out for. In last week we have mentioned list of important data and which could have volatile move in market going into month end critical event.

**By end of July, 2 key events: US FOMC meeting on 27-Jul-22 & US Advance GDP data on 28-Jul-22 will bring much needed clarity in market which could provide confirmation of market may find its bottom in short term.** Corporate earnings may take this quarter or may be another quarter to bottom out, but market may bottom once interest rate hike takes a pause.