

# WEEKLY OUTLOOK

05.12.2022-09.12.2022



Over the weekend, some cities in China eased travel restrictions, raising hopes of an easing of the government's strict zero-Covid policy as Chinese business activity shrunk for the third consecutive month. Apple's top supplier, Foxconn, predicts that with the new softer covid containment rules, it will be able to run the Zhengzhou plant at full capacity in four weeks.

With signs of a reopening from China, the world's largest oil importer, and after OPEC+ kept production stable at Sunday's meeting after cutting production by 2 million barrels/day in October, prices of oil went up. Russia is considering cutting supplies after the G7 and Australia imposed an oil price cap of \$60 a barrel on the country's seaborne crude exports.

On the equity front, in the current conditions, the announcement of the increase in dividends for Pfizer is very likely.

While Fed members can't speak ahead of their last 2022 meeting on Dec. 13-14, investors are still gathering clues as to how aggressive the central bank might be after four consecutive rate hikes. The main event this week on Friday is US Producer Price Inflation PPI data from the US with the YoY year-over-year increase expected to cool to 7.20% from 8.00%. On the other hand, statements by Fed Chairman Powell last week that a possible slowdown in rate hikes that had so excited stock markets was coming, were contradicted by Friday's employment report which showed that hiring is remained strong in November and that average wages had increased. The second clue this week is Thursday's Weekly report of initial jobless claims predicting a slight 5K increase. Some 70% of traders still expect the Fed to slow rate hikes to 50 basis points in December, down from 75 basis points at the previous four meetings. According to Goldman Sachs, hikes of 25 basis points should follow in February, March and May, bringing the rate to a peak of 5-5.25%.

As for the other central banks, the expectation for the Central Bank of Australia is that on Tuesday it will decide for a rise of 25 basis points from 2.85%, a rise that has narrowed after the sharp slowdown in inflation in October . It is therefore not certain that the Australian dollar will be weighed down as it would benefit more from the reopening of China than from such an increase.

On Wednesday, however, the BoC is expected to see an increase of 50 basis points to which would be added the 350 basis points increase since March.

In view of the last meeting of 2022, the president of the ECB, Madame Lagarde, will issue statements on several occasions which could in turn predict what the atmosphere will be at the meeting on 15 December. Last week, data showed a larger-than-expected fall in eurozone November inflation, and therefore the expectation of the hike will be 50 basis points, lower than the previous series of hikes of 75 basis points.

The economic week ends with the corollary of the PMI data, and the Trade balances, as well as with the Oil Inventories and the EIA Short-Term Energy Outlook. On Friday afternoon, operators will also have to take into account the data processed by the University of Michigan which will outline Consumer Expectations and Sentiment as well as the evening Rig count.

Monday 05 December				
Time CET	Val.	Event	Expected	Previous
01:30	JPY	Services PMI (Nov)	50	50
02:45	CNY	Caixin Services PMI (Nov)	48	48.4
02:45	EUR	ECB President Lagarde Speaks		
09:55	EUR	German Services PMI (Nov)	46.4	46.5
10:00	EUR	Services PMI (Nov)	48.6	48.6
10:30	GBP	Services PMI (Nov)	48.8	48.8
11:00	EUR	Eurogroup Meetings		
15:45	USD	Services PMI (Nov)	46.1	46.1
16:00	USD	ISM Non-Manufacturing PMI (Nov)	53.1	54.4

Tuesday 06 December				
Time CET	Val.	Event	Expected	Previous
04:30	AUD	RBA Interest Rate Decision (Dec)	3.10%	2.85%
04:30	AUD	RBA Rate Statement		
14:30	USD	Exports		258.00B
14:30	USD	Imports		331.30B
14:30	USD	Trade Balance (Oct)	-79.10B	-73.30B
14:30	CAD	Exports (Oct)		66.37B
14:30	CAD	Imports (Oct)		65.23B
14:30	CAD	Trade Balance (Oct)	1.00B	1.14B
16:00	CAD	Ivey PMI (Nov)	51	50.1
16:30	AUD	RBA Rate Statement		
18:00	USD	EIA Short-Term Energy Outlook		
22:30	USD	API Weekly Crude Oil Stock		-7.850M

Wednesday 07 December				
Time CET	Val.	Event	Expected	Previous
01:30	AUD	GDP (QoQ) (Q3)	0.70%	0.90%
04:00	CNY	Exports (YoY) (Nov)	-3.60%	-0.30%
04:00	CNY	Imports (YoY) (Nov)	-5.00%	-0.70%
04:00	CNY	Trade Balance (USD) (Nov)	79.05B	85.15B
06:00	JPY	Leading Index (MoM) (Oct)		-3.80%
06:00	JPY	Leading Index	98.4	97.5
08:00	GBP	Halifax House Price Index (MoM) (Nov)	-0.20%	-0.40%
08:00	EUR	German Industrial Production (MoM) (Oct)	-0.50%	0.60%
11:00	EUR	GDP (QoQ) (Q3)	0.20%	0.20%
16:00	CAD	BoC Rate Statement		
16:00	CAD	BoC Interest Rate Decision	4.25%	3.75%
16:30	USD	Crude Oil Inventories	-2.758M	-12.580M
16:30	USD	Cushing Crude Oil Inventories	-0.841M	-0.415M

Thursday 08 December				
Time CET	Val.	Event	Expected	Previous
00:50	JPY	GDP (QoQ) (Q3)	-0.30%	-0.30%
01:30	AUD	Exports (MoM) (Oct)		7.00%
01:30	AUD	Imports (MoM) (Oct)		
01:30	AUD	Trade Balance (Oct)	11.750B	12.444B
13:00	EUR	ECB President Lagarde Speaks		
14:30	USD	Initial Jobless Claims	230K	225K
19:00	EUR	ECB President Lagarde Speaks		

Friday 09 December				
Time CET	Val.	Event	Expected	Previous
02:30	CNY	CPI (MoM) (Nov)		0.10%
02:30	CNY	CPI (YoY) (Nov)	1.60%	2.10%
02:30	CNY	PPI (YoY) (Nov)	-1.50%	-1.30%
14:30	USD	Core PPI (YoY) (Nov)	5.90%	6.70%
14:30	USD	Core PPI (MoM) (Nov)	0.20%	0.00%
14:30	USD	PPI (YoY) (Nov)	7.20%	8.00%
14:30	USD	PPI (MoM) (Nov)	0.20%	0.20%
16:00	USD	Michigan Consumer Expectations (Dec)	55.3	55.6
16:00	USD	Michigan Consumer Sentiment (Dec)	57	56.8
19:00	USD	U.S. Baker Hughes Oil Rig Count		627
19:00	USD	U.S. Baker Hughes Total Rig Count		784

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