



Market Update – June 2022

June was another month where markets grappled with the ability of central banks to quash inflation without detrimentally impacting growth. The Fed increased by 75bps at its June meeting, while markets price in further 75bp and 50bp rises in the July and September meetings, with a 3.4% rate by the end of the year. It's not surprising that recession fears entered minds with central banks reiterating their commitments to stemming inflation with soft landings historically difficult to achieve. This led to another volatile month in equity and fixed income markets as the accelerated rate hike paths were built into valuations. Sentiment and confidence data further weighed on equities and assets through the month despite continued strong data in unemployment. The war in Ukraine remains a key risk in Europe where reduction in the supply of gas from Russia has led to weakening sentiment.