

**In our current data insights, we take a snapshot view of year on year Inflation rates across the globe and a detailed “under the Hood” focus on the S&P 500, the VIX (volatility) Index and a look at interesting developments in two specific sectors within the S&P 500 : The Technology and Consumer Discretionary Sectors.....**

- On the below chart, the S&P 500 is in orange and the VIX has daily candlesticks. As we have previously highlighted, the VIX has been stuck within this wedge pattern for the whole year so far.
- The VIX has reached the lower end of this pattern, and as you can see in the blue circles, this tends to coincide with a short-term top in the S&P itself.
- In addition, the black horizontal line on the S&P which we are at now, has acted as both strong support and resistance over the past few months.



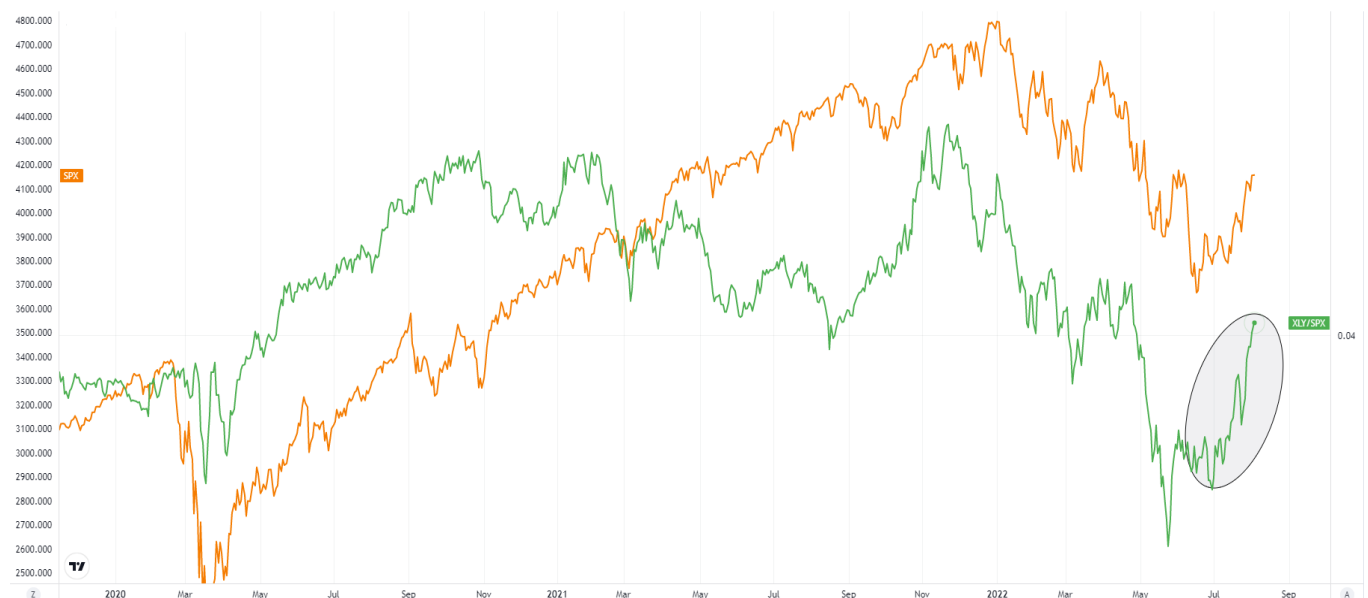
- If we take a look under the hood, and look at some of the individual sectors within the S&P 500, we can see some interesting developments. The below chart shows XLK (the technology sector) vs the broad S&P. So when the blue line is falling tech is underperforming the broad market and vice versa.
- From the start of 2022 up until the end of June the blue line had been trending down, i.e. the tech sector was in part dragging the S&P500 lower.



- In July we had a clean breakout above the red trendline, showing us that there is a change in character relative to anything we saw during the sell-off of H1.
- If we add the S&P 500 on to this chart (below), we can see there had been a strong correlation between the tech sector underperformance and the general S&P sell-off in the first half of the year.
- So, seeing this breakout and outperformance of the tech sector during July could be promising.



- We have a similar development with XLY (Consumer Discretionary sector) vs the S&P, seen below in green. Consumer discretionary spending basically means spending on non-essential goods. So when we see this sector outperforming, like during the post-Covid rally, it is generally a good sign for the economy. It means consumers are healthy, and they have a lot of buying power.
- The July outperformance of this sector is unlike any price action we have seen in the first 6 months of 2022. On all the other short-term rallies we saw on the S&P during H1, Consumer Discretionary failed to outperform, but finally on this latest rally Consumer Discretionary is outperforming and is helping the broader market push higher. Something is definitely changing, we would take this as a positive sign.



Global Inflation Rates	
Country/Region	CPI Inflation (YoY %)
SAUDI ARABIA	2.3%
JAPAN	2.4%
CHINA	2.5%
SWITZERLAND	3.4%
TAIWAN	3.6%
INDONESIA	4.4%
FRANCE	5.8%
SOUTH KOREA	6.0%
AUSTRALIA	6.1%
PHILIPPINES	6.1%
SINGAPORE	6.7%
INDIA	7.0%
NEW ZEALAND	7.3%
SOUTH AFRICA	7.4%
GERMANY	7.6%
THAILAND	7.7%
FINLAND	7.8%
MEXICO	8.0%
ITALY	8.0%
CANADA	8.1%
EUROZONE	8.6%
NETHERLANDS	8.6%
SWEDEN	8.7%
PORTUGAL	8.7%
IRELAND	9.1%
US	9.1%
UK	9.4%
SPAIN	10.2%
BRAZIL	11.9%
POLAND	15.5%
RUSSIA	15.9%
ARGENTINA	64.0%
TURKEY	78.6%
VENEZUELA	167%