



VICTORY PARTNERS

MIDDLE MARKET INSIGHT

What Business Owners Need To Know

0.7%

DECLINE IN EURO
AGAINST THE DOLLAR
TO \$1.0497

2.4 POINTS
DOWN

CONSUMER
CONFIDENCE
INDICATOR FALLEN TO -
23.6

1%

STOXX EUROPE 600
INDEX TRADED FLAT

GLOBAL
DOWNTURN
MAKES BOND YIELDS
TUMBLE

REAL ESTATE

DRAWS STRONG
INVESTOR INTEREST

3%

ASIAN ASSETS HAVE
DROPPED TO 3% OF
TOTAL FUND RAISING

Inflation Enters Eurozone Business Activity

- Growth in eurozone business activity suffered a sharp slowdown (-6.7% in PMI - Purchasing Manager's Index) in June, intensifying concerns that the fallout from Russia's invasion of Ukraine could drag the bloc into recession
- The news pushed European stock indices lower on Thursday and prompted traders to scale back their bets on how much the European Central Bank will raise interest rates this year, sending government bond prices up. The euro fell 0.7% against the dollar to \$1.0497
- The European Commission said on Tuesday that its flash consumer confidence indicator for the eurozone had fallen 2.4 points to minus 23.6 this month, its weakest reading since an all-time low, recorded just after the Covid-19 crisis started in April 2020

Bond Yields Sink on Recession Fear

- Bond yields tumbled and the 10-year yield is hovering at 3.04% as comments by Federal Reserve Chair Jerome Powell and growth data in Europe stoked fear about a global downturn. US equity futures swung to gains from losses
- "The reaffirmation of the Fed's commitment to bringing inflation down and that recession is a risk are adding to growth worries, which is the dominant fear again," said Esty Dwek, CIO at Flowbank SA
- Contracts on both the S&P 500 and Nasdaq 100 rose after erasing earlier declines. The Stoxx Europe 600 Index traded flat after recouping a loss of more than 1%

Private Investors Focus on North American Assets

- Despite rising interest rates, North American core assets drew strong investor interest, likely due to the policy landscape that has helped prime some infrastructure investments. North America is making up 77.5% of all infrastructure commitments in Q1 2022, well above the 2008-2021 norm of 55.1%
- Oil and gas fundraising has represented less than 2% of real assets fundraising since the beginning of last year, but that is expected to change with the impact of the current macroeconomic tailwinds
- Funds targeting Europe and North America (~ 40% increase) have led real assets fundraising in recent years at the expense of Asia. While Asia has represented 10% of overall fundraising since 2008, it accounted for just 3% of assets committed since the start of 2021

Sources: www.bloomberg.com | www.ft.com | www.pitchbook.com