

**American stock markets were sensibly in correction closer to the weekends.** Federal Reserve's hawkish rhetoric provoked a local block sale after all. Words of Federal Reserve Bank of St. Louis President James Bullard about interest rate increase in 2022 also added fuel to the fire.

*As at 6:40 p.m. (MSK), S&P 500 index declined by 1.13%, Dow Jones dropped by 1.39%, and NASDAQ technology index lost about 0.95%.*

Key indicators as of Friday evening (June 18<sup>th</sup>, 2021):

- S&P 500: -1.13%
- NASDAQ: -0.95%
- Dow Jones: -1.39%
- 10-Yr UST yield: 1.475 (-2.38%)
- IMOEX: -0.47%, RTSI: -1.05%
- Gold: \$1,777 (+0.2%)
- Copper: \$9,289 (-3.9%)
- Brent: \$72.65 (-2.3%)
- USD/RUB: 72.4 (-0.33%)

**Federal Reserve Bank of St. Louis President James Bullard's comments regarding interest rate increase in 2022 caused a sensible correction in the market.**

Key points of his speech:

- 1) Powell has started formal discussion of stimulus wrapping up.
- 2) It will take Federal Reserve several meetings to decide when exactly to start wrapping up stimulus measures. This means discussions will continue approximately till 2022. As a reminder, earlier it was 2024, and then 2023. Now it is the next year.
- 3) Federal Reserve intends to act decisively when the time comes.
- 4) Markets are allowed a 'time lag' to prepare for changes in monetary policy.
- 5) Bullard's statements are contrary to Jay Powell's earlier dovish message. In our view, this is a serious factor.

**It appears that the market is not willing to wait long.** We are quite likely to see the beginning of summer correction which has been spoken about multiple times. As yet, this doesn't mean investors should rush to sell their stocks. Let's see how U.S. stocks are traded early next week, and then make decisions.

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