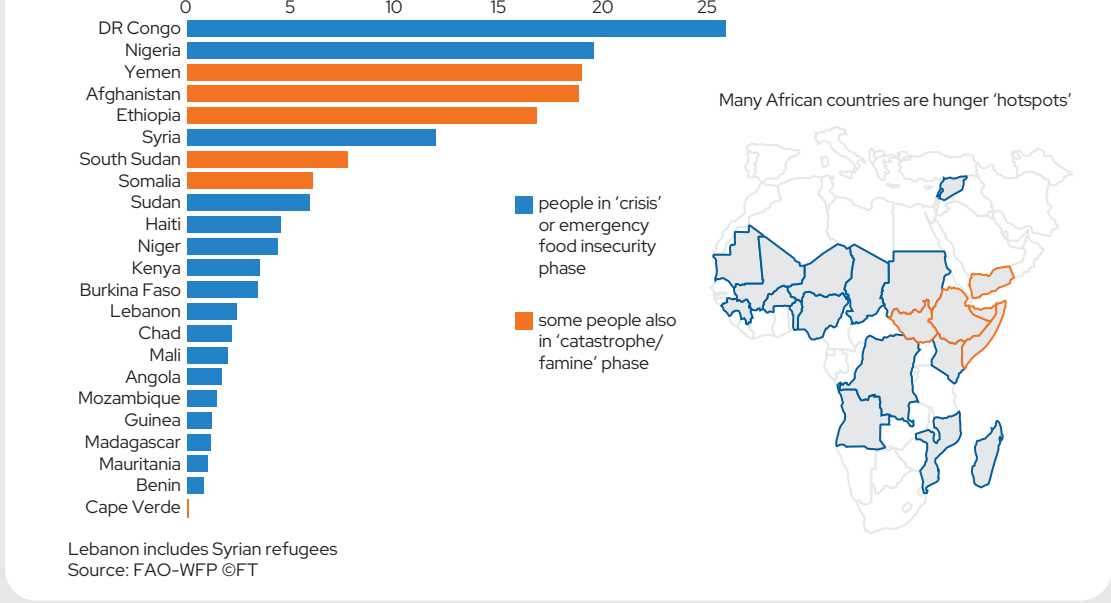


Trends We’re Tracking: U.S. Housing Market, Bond Markets, and the Bear Market

July 2022

Worsening situation in developing countries

40 million people could go hungry across Sub-Saharan Africa.



Many worry that the heavy burden on these countries may lead to elevated protest and violence.

Source ^{1,2}

The U.S. housing market is cooling

Mortgage rates have climbed quickly and are now the highest level since 2008. Sellers are now having to drop the price of homes to make them more attractive.

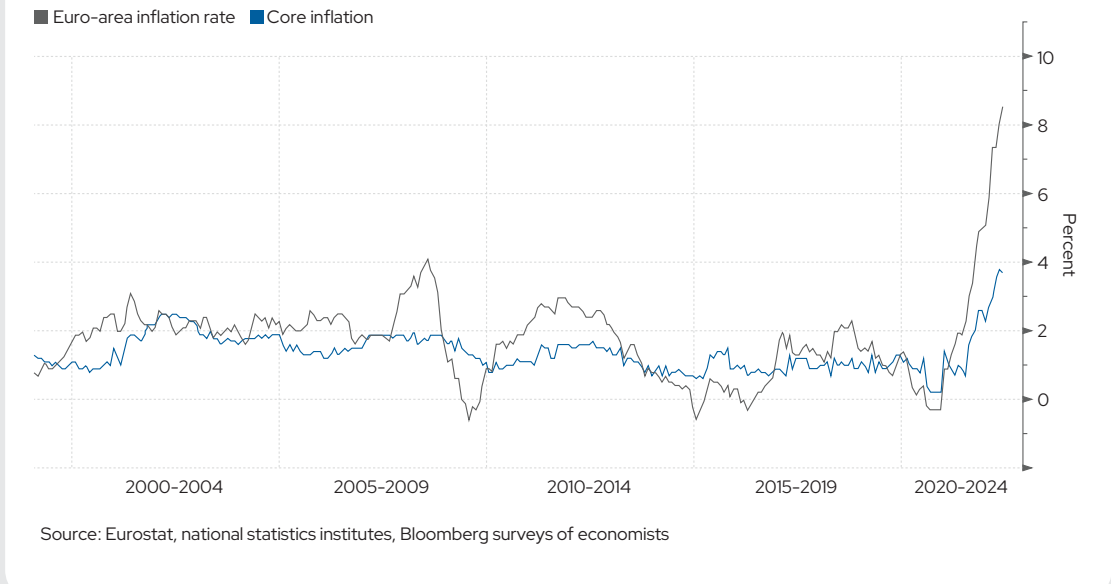


Freddie Mac forecasts a modest 10% increase in home prices in 2022 and 5% increase in 2023.

Source ³

Inflation and central banks turn up heat on transatlantic bond markets

June marked another month of record eurozone price increases.

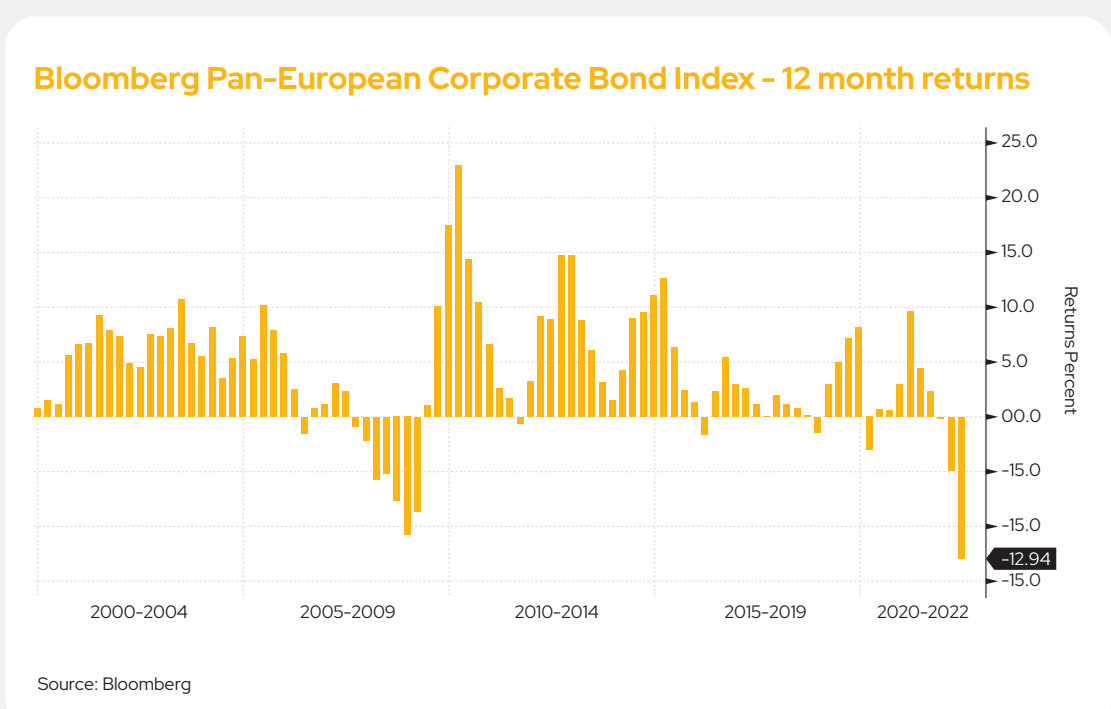


Rising natural gas and food prices threaten an economic contraction just as central bankers remove monetary support and liquidity from their economies.

Source ^{3,4,5}

Severe losses

European corporate bond returns are worst on record.



It is impossible to say how long the rout will last.

Source ^{4,5,6}

Accessing the current bear market – cyclical or structural?

Based mostly on duration and damage, bear markets fall into three groups.

Structural bear markets:

Triggered by structural imbalances and financial bubbles. Very often there is a ‘price’ shock such as deflation that follows.

Cyclical bear markets:

Typically a function of rising interest rates, impending recessions, and falls in profits. They are a function of the economic cycle.

Event-driven bear markets:

Triggered by a one-off ‘shock’ that does not lead to a domestic recession (such as a war, oil price shock, EM crisis, or technical market dislocation).

Goldman Sachs Research currently categorizes the current bear market as cyclical. [Click to read our own assessment.](#)

Source ⁷

Need more details?
Read our comprehensive analysis [here](#).

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A monthly review of the latest trends shaping the markets.

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