

Equities fall as cautious tone persists

US stocks fell last week as the market saw choppy trading in reaction to a number of speeches by Federal Reserve members, most notably Fed Chair Jerome Powell. A wider degree of sector dispersion was also evident as financials got hit on Friday following earnings releases from JP Morgan and Citigroup which included commentary on gathering ‘headwinds’ for the industry. Energy stocks outperformed as commodities in general reacted well to the latest US inflation reading. Overall consumer prices were up 7.0% over the last year – which represents the largest 12 month gain since 1982. The Producer Price Index followed a similar narrative and was up 9.7% over the last year. Non-inflation data was also negative as retail sales declined 1.9% in December 2021 whilst small business optimism also edged down slightly as industrial production slipped 0.1% on continuing supply chain issues.

Eurozone stocks saw a more positive week as the sectoral make up of the market, easing restrictions, and positive economic data all helped to offset the negative headlines from the US. The UK, Switzerland, and the Netherlands have all reduced restrictions whilst the UK economy grew 0.9% in November 2021, versus an estimate of 0.4%. Eurozone industrial production also beat expectations, growing 2.3% in November against a consensus forecast of 0.5%. However, it is worth noting that the full effects of the Omicron COVID variant is not yet evident in the economic data. Global bonds, from the US, eurozone, and Japan, all lost value last week as yields rose amidst the growing realisation that interest rates globally will begin to move upwards over the course of 2022.

Our regular market information continues on the next page.

Snapshot



Sovereign Bonds
Gold
Oil
Copper



World Equities
Corporate Bonds

The week ahead

18 Jan	No change is expected as the Bank of Japan meets
19 Jan	The latest UK inflation reading goes to print.
20 Jan	Japanese inflation and US existing home sales data is published.



	1 Week Return 10.01.22 to 17.01.22		Year to Date Return 01.01.22 to 17.01.2022	
	Local Currency	Euro	Local Currency	Euro
World	0.2%	-0.8%	-1.8%	-2.3%
U.S.	-0.3%	-1.3%	-2.6%	-3.1%
Europe	0.4%	0.4%	-2.1%	-2.1%
Ireland	-1.0%	-1.0%	-2.7%	-2.7%
U.K.	1.5%	1.4%	2.7%	3.2%
Japan	-1.1%	-0.9%	-0.8%	-0.1%
Hong Kong	2.0%	1.1%	2.8%	2.4%
Corporate Bonds	-0.3%	-0.3%	-1.1%	-1.1%
Sovereign Bonds	0.4%	0.4%	-0.7%	-0.7%

Equities

- Global stocks were down last week by -0.8% in euro terms and up 0.2% in local terms.
- Year-to-date global markets are down -2.3% in euro terms and -1.8% in local terms.
- The U.S market, the largest in the world, was down -1.3% in euro terms and down -0.3% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.78% last week. The German equivalent finished at -0.04%. The Irish 10-year bond yield finished at 0.43% to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.14, whilst Euro/GBP finished at 0.83.

Commodities

- Oil finished the week at \$84 per barrel and is up 11.2% year-to-date in euro terms.
- Gold finished the week at \$1,823 per troy ounce and is down -0.9% year-to-date in euro terms.
- Copper finished the week at \$9,730 per tonne.

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