

Stocks lower as Omicron takes hold

Equities finished the week lower as markets digested the flurry of central bank meetings along with the latest round of restrictions as a result of the Omicron variant. The Federal Reserve FOMC met on Wednesday where they confirmed they would double the pace of asset purchase tapering. The market now also forecasts a number of rate rises in the US next year. The ECB was more measured in its commentary, with no rate hikes expected in 2022. Whilst the PEPP asset purchase programme is to be wound down, the longer standing APP programme will remain. The Bank of England also met and raised interest rates from 0.10% to 0.25%, an increase of 0.15%. It is the first G7 central bank to lift rates in the current market cycle.

Markets were also subject to volatility on Friday due to the occurrence of 'triple witching' where once a quarter stock options, index options, and stock futures all expire leading to increased trading as participants are forced to roll over positions. The Omicron variant continues to influence markets in the short term with bond yields falling due to 'risk off' sentiment. Spreads between corporate and sovereign bonds also widened throughout the week.

The reintroduction of restrictions is also beginning to bite across Western Europe. Outside of our own restrictions in Ireland, Denmark, Norway, and the UK have all curbed social activities whilst France has severely limited travel to and from the UK. Outside of the primary health concerns, the measures are likely to have a large impact on economic sectors such as hospitality which rely heavily on the Christmas season.

Our regular market information continues on the next page.

Snapshot



Corporate Bonds
Gold



World Equities
Oil
Copper

The week ahead

22 Dec	Final Q3 GDP for the US & UK is confirmed.
23 Dec	US PCE Inflation Index for November goes to print
24 Dec	US markets closed for Christmas Eve.



	1 Week Return 13.12.21 to 20.12.21		Year to Date Return 01.01.21 to 20.12.21	
	Local Currency	Euro	Local Currency	Euro
World	-0.7%	-0.7%	18.3%	28.4%
U.S.	-1.0%	-1.0%	22.7%	33.1%
Europe	-0.1%	-0.1%	21.0%	21.0%
Ireland	1.4%	1.4%	12.4%	12.4%
U.K.	0.5%	0.8%	17.7%	23.9%
Japan	0.4%	0.4%	12.9%	11.3%
Hong Kong	-1.9%	-1.9%	-3.9%	3.6%
Corporate Bonds	0.1%	0.1%	-0.7%	-0.7%

Equities

- Global stocks were down last week by -0.7% in both euro terms and local terms.
- Year-to-date global markets are up 28.4% in euro terms and 18.3% in local terms.
- The U.S market, the largest in the world, was down -1.0% in both euro and in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.37% last week. The German equivalent finished at -0.39%. The Irish 10-year bond yield finished at 0.02% to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.13, whilst Euro/GBP finished at 0.85.

Commodities

- Oil finished the week at \$68 per barrel and is up 52.6% year-to-date in euro terms.
- Gold finished the week at \$1,800 per troy ounce and is up 2.9% year-to-date in euro terms.
- Copper finished the week at \$9,468 per tonne.

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