Equities fall further on interest rate and growth fears

Equities moved lower last week as fears over the potential for tighter US monetary policy and its subsequent impact on economic growth dominated the narrative. The tech-heavy NASDAQ saw its biggest drop since the pandemic whilst Netflix saw a fall of over 20% on Friday following its earnings report – erasing all its pandemic price gains. The S&P 500 also fell below its 200-day moving average; a key technical level which can induce further selling action. There is an increased expectation of a Federal Reserve interest rate hike in March, and their meeting on Wednesday will be closely watched. However, despite this expectation, US treasuries saw yields move lower (and prices higher) throughout the course of the week as investors sought safe haven assets.

It was a quiet week for US economic data, although there was some mixed data on the housing front as a slight fall in the Housing Market Index fall was offset by a 1.7% rise in housing starts during December 2021. The Chinese economy has seen a challenging 12 months in newsflow, but Q4 2021 GDP surprised to the upside and helped lift overall GDP growth for the calendar year to 8.1%. A growth rate well above the average from recent years. In the UK retail sales disappointed as the December year-on-year growth number came in at -0.9%, versus an estimate of 3.7%.

Within Europe, stocks follows global indexes lower whilst the key German 10 year bund yield briefly moved into positive territory for the first time in almost three years. Sovereign bonds ultimately gained in value as ECB President Lagarde sought to dispel expectations of an interest rate rise in the eurozone this year. Simmering tensions in Ukraine also contributed to a more cautious stance on the continent. Within commodities narratives around inflation, economic activity, and geopolitical concerns all combined to send oil to a seven year high.

Our regular market information continues on the next page.

Snapshot

Corporate Bonds
Sovereign Bonds
Gold
Oil
Copper

World Equities

The week ahead

24 Jan	Flash PMIs from the US, eurozone, and UK go to print.
26 Jan	The Federal Reserve meets for its latest interest rate decision.
28 Jan	The Personal Consumption Price Index is published in the US.

	1 Week Return 17.01.22 to 24.01.22		Year to Date Return 01.01.22 to 24.01.2022	
	Local Currency	Euro	Local Currency	Euro
World	-4.8%	-4.3%	-6.4%	-6.2%
U.S.	-5.8%	-5.3%	-8.2%	-8.0%
Europe	-2.1%	-2.1%	-3.5%	-3.5%
Ireland	-2.2%	-2.2%	-5.1%	-5.1%
U.K.	-1.4%	-1.6%	2.2%	2.5%
Japan	-3.1%	-1.8%	-3.3%	-1.8%
Hong Kong	3.7%	4.3%	6.3%	6.7%
Corporate Bonds	0.2%	0.2%	-0.9%	-0.9%
Sovereign Bonds	0.0%	0.0%	-0.7%	-0.7%

Equities

- Global stocks were down last week by -4.3% in euro terms and down -4.8% in local terms.
- Year-to-date global markets are down -6.2% in euro terms and -6.4% in local terms.
- The U.S market, the largest in the world, was down -5.3% in euro terms and down -5.8% in local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.74% last week. The German equivalent finished at -0.09%. The Irish 10-year bond yield finished at 0.41% to remain in positive territory.
- The Euro/U.S. Dollar exchange rate finished at 1.13, whilst Euro/GBP finished at 0.84.

Commodities

- Oil finished the week at $86 per barrel and is up 14.4% year-to-date in euro terms.
- Gold finished the week at $1,841 per troy ounce and is up 1.1% year-to-date in euro terms.
- Copper finished the week at $9,984 per tonne.

Figures are calculated using Total Returns Indices.

Warning: Past performance is not a reliable guide to future performance.
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