

# The Market Place

- Global equities fell -1.7% last week
- Fed officials mulled earlier and faster rate hikes than expected due to rising inflation
- Brent crude rallied 5.1% over the week to \$81.8 a barrel, the third consecutive weekly gain
- Gold declined -1.8% to \$1796.6 per ounce

## US

US equities fell 1.8% last week, with Energy and Financials outperforming Homebuilders and Semiconductors. Tech came under further pressure due to concerns about rising rates

Fed officials mulled earlier and faster rate hikes than previously expected due to rising inflation, minutes from December's FOMC meeting showed. Some board members also called for reducing the central bank's balance sheet "relatively soon after beginning to raise the federal funds rate." Officials had concerns about the impact of rising infections on economic activity and the possibility "of more severe and persistent supply issues" as an additional downside risk. The Treasury (government bonds) Index had the steepest opening week decline since at least 1973

The U.S. added far fewer jobs than expected last month, clouding the picture for the Fed. Nonfarm payrolls came in at 199,000, way below consensus for 450,000 and less than November's upwardly revised 249,000. The unemployment rate slipped to 3.9%, and average earnings beat

The CDC panel recommended a booster shot of the Pfizer vaccine for 12- to 17-year-olds

## Europe

European equities fell -0.7% last week, with Banks and Auto & parts outperforming Technology and Healthcare

Inflation in the euro region accelerated beyond already record levels, defying expectations for a slowdown and complicating the task for ECB officials who insist the current spike is temporary. Price growth picked up to 5% in December versus the previous month's 4.9% gain and more than the 4.8% consensus. The core print came in at 2.6%, matching November's reading

German unemployment for December was 23k lower than November, and the estimate was for only 15k less. Germany's PMI for December was 57.4 in line with previous but forecast was 57.9

Italy made vaccination compulsory for people over 50 and further cut what the unvaccinated could do

## UK

UK equities rallied 1.7% last week

Jacob Rees-Mogg last week called for the scrapping of a planned £12B rise in National Insurance contributions, but Rishi Sunak rejected the idea. The tax increase will be introduced in April to fund health and social care, which has stoked concerns about the looming cost of living crunch. It will cost middle-earning households about £300 a year

UK Manufacturing PMI for December was 57.9 vs 57.6 estimate. Construction PMI of 54.3 was better than the 54 estimate

## Asia / ROW

The benchmark Global Emerging Markets index returned -1.7% last week

Japanese equities rose 0.2% over the week

Stocks in Asia fluctuated as investors braced for bond-market volatility and stimulus withdrawal

Chinese equities fell 1.7% last week

China fell back after the PBOC withdrew net liquidity from the banking system

China brought in new restrictions for visitors from the US, Australia, and Thailand tightened curbs

The Russia and US administrations and their allies will discuss possible export controls on technology and electronics if Putin seizes more of Ukraine. Reuters reported that Russia said it won't make concessions under US pressure and warned the talks may end early. NATO secretary-general told the F.T. the US-led defence pact is prepared for "a new armed conflict in Europe" should negotiations fail



# Performance

Asset Class/Region	Currency				
		Week ending 7 Jan 2022	Month to date	YTD 2022	12 Months
<b>Developed Market Equities</b>					
United States	USD	-1.8%	-2.1%	-1.8%	24.2%
United Kingdom	GBP	1.7%	1.4%	1.7%	14.6%
Continental Europe	EUR	-0.7%	-0.9%	-0.7%	21.4%
Japan	JPY	0.2%	0.2%	0.2%	11.6%
Asia Pacific (ex Japan)	USD	-0.6%	0.0%	-0.6%	-6.0%
Australia	AUD	0.1%	-0.8%	0.1%	15.2%
Global	USD	-1.7%	-1.8%	-1.7%	17.8%
<b>Emerging markets equities</b>					
Emerging Europe	USD	0.2%	0.1%	0.2%	10.5%
Emerging Asia	USD	-0.7%	0.3%	-0.7%	-8.2%
Emerging Latin America	USD	-1.2%	-1.2%	-1.2%	-11.1%
BRICs	USD	-0.8%	0.6%	-0.8%	-13.3%
China	USD	-1.7%	0.2%	-1.7%	-24.2%
MENA countries	USD	1.1%	1.1%	1.1%	28.8%
South Africa	USD	2.1%	2.0%	2.1%	9.1%
India	USD	3.0%	3.8%	3.0%	26.1%
Global emerging markets	USD	-0.5%	0.3%	-0.5%	-5.3%
<b>Bonds</b>					
US Treasuries	USD	-1.5%	-1.4%	-1.5%	-2.9%
US Treasuries (inflation protected)	USD	-2.4%	-2.5%	-2.4%	3.8%
US Corporate (investment grade)	USD	-1.9%	-1.8%	-1.9%	-1.5%
US High Yield	USD	-0.9%	-0.9%	-0.9%	4.1%
UK Gilts	GBP	-2.2%	-2.0%	-2.2%	-5.8%
UK Corporate (investment grade)	GBP	-1.3%	-1.2%	-1.3%	-3.8%
Euro Government Bonds	EUR	-0.7%	-0.7%	-0.7%	-4.0%
Euro Corporate (investment grade)	EUR	-0.4%	-0.4%	-0.4%	-1.5%
Euro High Yield	EUR	0.1%	0.1%	0.1%	3.0%
Japanese Government	JPY	-0.3%	-0.3%	-0.3%	-0.5%
Australian Government	AUD	-0.9%	-1.1%	-0.9%	-3.7%
Global Government Bonds	USD	-1.3%	-1.1%	-1.3%	-6.9%
Global Bonds	USD	-1.2%	-1.0%	-1.2%	-6.0%
Global Convertible Bonds	USD	-1.4%	-1.4%	-1.4%	-6.0%
Emerging Market Bonds	USD	-2.5%	-2.4%	-2.5%	-5.7%



# Performance

Asset Class/Region	Currency				
		Week ending 7 Jan 2022	Month to date	YTD 2022	12 Months
<b>Property</b>					
US Property Securities	USD	-3.3%	-3.1%	-3.3%	41.9%
Australian Property Securities	AUD	-2.3%	-3.8%	-2.3%	20.3%
Asia Property Securities	USD	0.6%	0.5%	0.6%	-2.2%
Global Property Securities	USD	-2.2%	-2.1%	-2.2%	22.4%
<b>Currencies</b>					
Euro	USD	-0.3%	0.4%	-0.3%	-7.4%
UK Pound Sterling	USD	0.3%	0.7%	0.3%	0.2%
Japanese Yen	USD	-0.5%	-0.4%	-0.5%	-10.1%
Australian Dollar	USD	-1.4%	-1.0%	-1.4%	-7.3%
South African Rand	USD	2.3%	2.4%	2.3%	-1.0%
Swiss Franc	USD	-0.8%	-0.5%	-0.8%	-3.7%
Chinese Yuan	USD	-0.3%	-0.1%	-0.3%	1.6%
<b>Commodities &amp; Alternatives</b>					
Commodities	USD	2.1%	1.3%	2.1%	39.5%
Agricultural Commodities	USD	1.1%	0.6%	1.1%	34.2%
Oil	USD	5.1%	3.1%	5.1%	50.3%
Gold	USD	-1.8%	-0.9%	-1.8%	-6.0%
Hedge funds	USD	-0.4%	-0.4%	-0.4%	2.6%



# Global Matters Weekly

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