

# The Market Place

- Global equities fell -0.6% last week
- The Federal Reserve signalled a rate hike with a hawkish tilt
- Brent crude rose +2.4% to \$79.3 a barrel
- Gold fell by -0.4% to \$1813.6

## US

Benchmark U.S. equities rallied +0.8% Oil, Gas and Energy outperformed, whilst Semiconductors metals and mining underperformed. Modest headline weekly returns mask significant intraday volatility

The Federal Reserve's Powell signalled a hike with a hawkish tilt, which could raise interest rates by 50 bps in March. Powell was non-committal about the pace of liftoff and didn't specify when balance sheet reductions would begin. He was optimistic tighter policy wouldn't harm the labour market. Goldman Sachs is expecting five rate hikes this year

The US GDP print for Q4 was +6.9%, well above expectations of +5.5%. But indicated concern, with the Treasury curve flattening considerably on

## Europe

European equities fell -2.5% last week

The Fed's hawkish turn has been good for value stocks. The Europe Value Index is on course for its largest monthly outperformance on record against its growth equivalent of (c14%). Prospects of rising interest rates are hitting pricey long-duration equities while favouring cheaper stocks with more immediate cash flows

In Italy, after a week of voting, Sergio Mattarella will stay as Italy's head of state, and Mario Draghi will remain as PM. Draghi has persuaded the president to put off his retirement to break the deadlock

Germany January Manufacturing PMI of 60.5 was more robust (57 expected), G.D.P. for Q4 of -0.7% was low (-0.3% expected)

## UK

U.K. equities fell -0.2% last week

Prime Minister Johnson introduces a Brexit freedom bill to make it easier to remove E.U. laws from British statute books

UK January Manufacturing PMI of 53.4 underwhelmed (vs 56.9 expected)

The Bank of England is expected to raise interest rates at its meeting this week, adding pressure to household budgets as prices continue to rise but giving a boost to savers

## Asia / ROW

The benchmark Global Emerging Markets index fell -4.3% last week

Japanese equities fell -2.6% last week

Chinese equities fell by -7.8% ahead of being closed this week for New Year celebrations

China's manufacturing PMI fell to 50.1, and the services index dropped to 51.1

Japan's January Manufacturing PMI of 54.6 surprised to the downsides, missed expectations of 55

The Pentagon warned Russia has amassed sufficient military assets along the Ukrainian border to launch an invasion at any moment, a build-up that has given the Kremlin a 'range of options'. U.S. senators are close to agreeing on a sanctions bill. President Biden said he'll send troops to Eastern Europe. Russia wants an explanation of European security obligations before making its next proposals. The U.N. Security Council will debate the situation today. The U.K. also ramped up preparations for military action in Ukraine, offering to send troops to Estonia and planning sanctions that would hit Russian oligarchs



# Performance

Asset Class/Region	Currency				
		Week ending 28 Jan 2022	Month to date	YTD 2022	12 Months
<b>Developed Market Equities</b>					
United States	USD	0.8%	-7.0%	-7.0%	18.2%
United Kingdom	GBP	-0.2%	2.0%	2.0%	20.5%
Continental Europe	EUR	-2.3%	-5.8%	-5.8%	16.4%
Japan	JPY	-2.6%	-5.8%	-5.8%	4.2%
Asia Pacific (ex Japan)	USD	-5.1%	-5.0%	-5.0%	-12.1%
Australia	AUD	-2.6%	-6.1%	-6.1%	9.0%
Global	USD	-0.6%	-6.9%	-6.9%	12.4%
<b>Emerging markets equities</b>					
Emerging Europe	USD	-0.8%	-7.5%	-7.5%	6.4%
Emerging Asia	USD	-5.1%	-4.8%	-4.8%	-14.6%
Emerging Latin America	USD	0.2%	5.2%	5.2%	0.4%
BRICs	USD	-5.5%	-4.0%	-4.0%	-19.0%
China	USD	-7.8%	-5.3%	-5.3%	-31.7%
MENA countries	USD	-0.7%	6.2%	6.2%	33.2%
South Africa	USD	-5.4%	2.8%	2.8%	3.3%
India	USD	-3.8%	-2.1%	-2.1%	21.7%
Global emerging markets	USD	-4.3%	-3.3%	-3.3%	-9.9%
<b>Bonds</b>					
US Treasuries	USD	-0.3%	-1.7%	-1.7%	-3.3%
US Treasuries (inflation protected)	USD	0.2%	-2.4%	-2.4%	3.0%
US Corporate (investment grade)	USD	-0.9%	-3.3%	-3.3%	-3.3%
US High Yield	USD	-1.3%	-2.8%	-2.8%	1.9%
UK Gilts	GBP	-0.9%	-3.1%	-3.1%	-7.2%
UK Corporate (investment grade)	GBP	-1.2%	-2.6%	-2.6%	-5.1%
Euro Government Bonds	EUR	-0.3%	-0.7%	-0.7%	-3.8%
Euro Corporate (investment grade)	EUR	-0.4%	-1.0%	-1.0%	-1.9%
Euro High Yield	EUR	-0.8%	-1.2%	-1.2%	1.9%
Japanese Government	JPY	-0.3%	-0.7%	-0.7%	-0.7%
Australian Government	AUD	-0.2%	-1.5%	-1.5%	-4.4%
Global Government Bonds	USD	-1.1%	-1.9%	-1.9%	-7.3%
Global Bonds	USD	-1.1%	-2.2%	-2.2%	-6.7%
Global Convertible Bonds	USD	-2.2%	-5.7%	-5.7%	-9.8%
Emerging Market Bonds	USD	-0.4%	-4.0%	-4.0%	-6.6%



# Performance

Asset Class/Region	Currency				
		Week ending 28 Jan 2022	Month to date	YTD 2022	12 Months
<b>Property</b>					
US Property Securities	USD	-0.3%	-8.0%	-8.0%	28.7%
Australian Property Securities	AUD	-2.1%	-10.8%	-10.8%	12.2%
Asia Property Securities	USD	-1.7%	0.7%	0.7%	-2.9%
Global Property Securities	USD	-1.2%	-6.1%	-6.1%	15.5%
<b>Currencies</b>					
Euro	USD	-1.7%	-2.1%	-2.1%	-8.0%
UK Pound Sterling	USD	-1.2%	-1.1%	-1.1%	-2.5%
Japanese Yen	USD	-1.4%	-0.2%	-0.2%	-9.5%
Australian Dollar	USD	-2.8%	-4.0%	-4.0%	-9.0%
South African Rand	USD	-3.6%	1.9%	1.9%	-3.5%
Swiss Franc	USD	-2.1%	-2.1%	-2.1%	-4.6%
Chinese Yuan	USD	-0.4%	-0.1%	-0.1%	1.4%
<b>Commodities &amp; Alternatives</b>					
Commodities	USD	1.6%	8.5%	8.5%	47.1%
Agricultural Commodities	USD	1.0%	3.5%	3.5%	34.3%
Oil	USD	2.4%	15.7%	15.7%	62.1%
Gold	USD	-2.4%	-2.1%	-2.1%	-2.6%
Hedge funds	USD	-0.4%	-2.1%	-2.1%	1.6%





# Global Matters Weekly

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For more information, please contact your adviser or alternatively contact:

Belvest Investment Services Limited  
研富投資服務有限公司  
9th Floor, Centre Mark II  
305-313 Queen's Road Central  
Sheung Wan, Hong Kong

Tel +852 2827 1199  
Fax +852 2827 0270  
belvest@bis.hk  
[www.bis.hk](http://www.bis.hk)

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