

# » Weekly Investment Update

6<sup>th</sup> January 2023



## News Headlines

**US House Speaker** – The US House is in the midst of replacing retired Speaker of the House Nancy Pelosi as Republicans took over the House in November's midterm elections. Republican leader of the House of Representatives, Kevin McCarthy, has failed in his bid to get elected as speaker as a group of right-wing members in his party derailed an 11<sup>th</sup> attempt to elect him on the third day of voting. This is the longest a speaker vote has taken since 1860, leaving the House unable to appoint members or pass bills.

**Russian ceasefire?** – In a boost to Ukrainian President Volodymyr Zelensky's fight against Russian invasion, the US, Germany, and France affirmed their support for Ukraine, as the US and Germany agreed to send armoured vehicles and an additional Patriot air defence system. Russian President, Vladimir Putin, has ordered his forces to cease fighting in Ukraine starting Friday for 36 hours due to Russian Orthodox Christmas, but Ukraine have dismissed this as "propaganda", describing it as a bid by Moscow to get a "break in the war to step up the war".

**Eurozone inflation** – Inflation in the eurozone fell to single digits in December, falling more than anticipated and ending a two-month period where the rate was in double digits. Consumer prices rose at an annual rate of 9.2% in December, falling from 10.1% and 10.6% in November and October respectively. Core inflation, however, which excludes energy, food, and fuel prices, reached a new high of 5.2%, highlighting policymakers' fears that lower energy prices would bring down the headline rate without addressing the underlying inflationary pressures.

## Market Summary

**Global Equities** – Global equities finished flat for the week as at Thursday's close, with the MSCI World index declining -0.28%. Major indices which were outliers included the Hong Kong Hang Seng index, Europe's STOXX 600 index, and the UK's FTSE 100, which all returned healthy gains of 6.43%, 3.42%, and 2.45% respectively. China's reopening/recovery from Covid-19 restrictions, as well as the potential for smaller interest rate rises by the Federal reserve, saw Asian equities surge. European equities moved higher after some positive economic data and inflation figures in the region coming in lower than expected in December, while the resource heavy FTSE 100 index touched a 9-month high.

**Commodities** – The Bloomberg Commodity index declined, dragged down by oil, finishing -5.01% for the week as at Thursday's close.

Gold prices made good gains versus the US dollar over the week, reaching their highest level since mid-June after US Federal Reserve December meeting minutes showed that policy makers supported raising interest rates at a slower pace, which offered some relief for precious metals beaten down by rising borrowing costs. Oil contracts (Brent Crude & WTI) fell dramatically throughout the week, falling c.8% by Thursday's close. Intensifying global growth worries and China's increased challenges in containing Covid-19 pushed prices lower.

**Fixed Income** – Global bonds advanced slightly over the week, with the Bloomberg Global Aggregate index finishing 0.29% higher.

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## Chart of the Week

### European Pricing Pressures Ease



Source: Bloomberg – Inflationary pressures across the eurozone ease in December.

### Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- Australia building approvals		- Australia retail sales mm	- China CPI yy - US CPI yy	- Germany annual GDP 2012

### Market Performance – 06/01/2023

Global Market Indices	2023 YTD %*
FTSE 100	2.45%
S&P 500	-0.79%
STOXX 600	3.42%
Nikkei 225	-1.05%
Hang Seng	6.43%
Fixed Income	Yield %
UK 10 Yr Gilt	3.54%
US 10 Yr Treasury	3.72%
Commodities	2023 YTD %
Gold	0.95%
Currency	
GBP/USD	1.19 (06/01/2023)
GBP/EUR	1.13 (06/01/2023)

Source: FE Analytics/ Bloomberg.com

\*Total Return/Local currency

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