

News highlights

- Global stocks retreated last week, digesting a vague of hawkishness from central bank policies.
 - The US Fed doubled the pace of taper to \$30bn a month and the new (median) dot plot showed three rate hikes in 2022, 3 additional hikes in 2023, and 2 hikes in 2024, bringing fed funds just below their estimate of the longer-term rate. Notably, all 18 Committee members have liftoff occurring next year, and 10 have 3 hikes penciled in, suggesting consensus behind the recent hawkish turn was strong.
 - The ECB announced that they will end net asset purchases under their Pandemic Emergency Purchase Programme at the end of March 2022, and purchases over Q1 will be "at a lower pace than in the previous quarter". They also moved to soften the blow by confirming a temporary step-up in purchases by the Asset Purchase Programme (APP). Finally, they said that they expected net purchases would conclude "shortly before it starts raising the key ECB interest rates."
 - The BoE hiked rates by 15bps to 0.25%. The consensus had been expecting them to keep rates on hold given the Omicron variant, hence the decision came as something of a surprise to markets.
 - The BoJ announced that it will cut back its corporate bond holdings and increase loan support for small businesses.
- The question of how tighter monetary policy will play out on overvalued stocks unsettled volatility on tech and consumer discretionary stocks, with the idea that reduced Fed liquidity will shift from a tailwind to a headwind for high-flyers and darlings of 2021 equities.
- While the US Congress reached a deal that postpones the debt ceiling issue until 2023, the U.S. government also put investment and export restrictions on dozens of Chinese companies, accusing them of complicity in the oppression of China's Uyghur minority or helping the military. Separately, the Commerce Department added China's Academy of Military Medical Sciences and its 11 research institutes to a trade blacklist, restricting access to US exports.
- Turkey's central bank continued its unorthodox policy and cut interest rates while the government announced a 50% increase in minimum wages.
- This week should be a much quieter pre-Christmas as markets wind down for the holidays. The news over the weekend pointed in the direction of further restrictions across multiple countries, with the Netherlands being the most severe as a full lockdown was announced on Saturday
- With 2021 drawing to a close, we would like to thank you for following our weekly financial market snapshot. Kindly note that this will be the last edition of 2021 and we will resume as normal, on January 10th. We wish you all a very happy holiday season and all the best for the new year.

EQUITIES *(local currency, price change)*

	Last Price	5 days	YTD		5 Years
			Local	EUR	
US					
S&P 500	4 621	-1,9%	23,02%	33,47%	104,2%
Nasdaq	15 170	-2,9%	17,70%	27,70%	178,0%
Dow Jones	35 365	-1,7%	15,55%	25,36%	77,9%
Europe					
Stoxx 50	4 161	-0,9%	17,1%	17,1%	27,7%
DAX	15 532	-0,6%	13,2%	13,2%	35,9%
CAC	6 927	-0,9%	24,8%	24,8%	43,6%
FTSE	7 270	-0,3%	12,5%	18,6%	3,6%
AEX	772	-2,1%	23,5%	23,5%	60,7%
BEL 20	4 171	0,3%	15,2%	15,2%	16,6%
SMI	12 715	0,9%	18,8%	23,9%	54,4%
EM & Asia					
Nikkei 225	28 546	0,4%	4,01%	3,07%	47,2%
Hang Seng	23 193	-3,3%	-14,83%	-8,17%	6,2%
CS300	4 955	-2,0%	-4,92%	5,61%	48,8%
India	57 012	-3,0%	19,39%	24,52%	116,2%
Russia	3 723	-1,0%	13,20%	24,14%	68,0%
Brazil	107 201	-0,5%	-9,93%	-10,52%	87,7%

FIXED INCOME *(local currency, total return)*

	Yield	5 days	YTD	5 Years
US				
Government	1,18	0,5%	-1,9%	17,5%
Investment Grade	2,23	0,3%	-1,0%	29,2%
High Yield	4,47	0,1%	4,5%	35,4%
Europe				
Government	-	0,04	0,1%	-1,7%
Investment Grade	0,40	0,1%	-0,2%	10,4%
High Yield	3,34	0,1%	3,4%	21,5%
EM				
Global HC USD	4,15	-0,1%	-1,5%	25,8%

EUR VERSUS MAJOR CURRENCIES

	Last	5 days	YTD	5 Years
USD	1,12	-0,6%	-8,0%	-13,1%
JPY	127,83	-0,4%	1,3%	27,0%
CHF	1,04	-0,3%	-3,9%	-14,2%
GBP	0,85	-0,4%	-5,0%	6,5%

COMMODITIES

	Last	5 days	YTD		5 Years
			USD	EUR	
Brent	73,52	-2,2%	41,9%	54,0%	-33,0%
Gold	1 798,11	0,9%	-5,3%	2,8%	1,9%

Source: Bloomberg, BIL, as at 17/12/2021

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