BANQUE INTERNATIONALE À LUXEMBOURG 1856

Weekly Market Snapshot

24th January 2022

News highlights

- The bleeding on equity markets didn't stop last week. Obviously, the buy-the-dip mentality of the past 2 years is currently struggling and seems to be being replaced by "sell the bounce".

- Following multiple years of headlines of "lower for longer" on interest rates, the market perception has switched gear to "higher for longer" on inflation, as did the ECB, partially, in its monetary policy meeting minutes.

- Geopolitical tensions over Ukraine intensified, further weighing on sentiment.

- Despite increasing numbers of COVID-19 cases, a decline or stabilization in the number of hospitalizations prompted some countries to ease restrictions that had been implemented to curb the spread of the coronavirus.

- The shifting-rate environment has been a catalyst for rotating stock leaders in the markets. Tech has been hardest hit by the increase in rates, as reflected by the 'official' 10% correction in the Nasdaq from its mid-November highs.

- Echoing the trend in US interest rates, the 10yr Bund yield briefly traded back in positive territory for the first time since May 2019, a significant headline but only a symbolic psychological threshold.

- China stepped up its monetary easing efforts by lowering a set of key policy rates and lending benchmarks. Following the rate cut, PBOC Vice Governor Liu Guoqiang said that China will roll out additional policy measures to stabilize the economy and preempt downward pressures. His comments triggered a rally in Chinese government bonds.

- In the corporate world, Netflix suffered a price decline of more than 20% after its stronger-than -expected earnings were overshadowed by Q1 guidance that suggested subscriber growth and revenue would be decisively below forecasts. Microsoft agreed to buy gaming giant Activision Blizzard in a USD68.6 billion all cash deal, reinforcing its plan to be the Netflix of gaming. The biggest acquisition ever for the tech giant, if approved by regulators, could close in 2023.

- It will be another eventful week in markets ahead, with the FOMC meeting on Wednesday likely to dominate attention, alongside the ramping up of the earnings season and a number of important earnings releases including Apple, Tesla and Microsoft. Otherwise, we'll get a first look at how the global economy has fared into the new year with the release of the January flash PMIs, and the Q4 GDP releases from the US, France and Germany as well. Finally there will be plenty of political developments to look out for as well, including the Italian Presidential election.

EQUITIES (local currency, price change)

	Last Price	5 days	YTD		5 Years
US			Local	EUR	
S&P 500	4 398	-5,7%	-7,73%	-7,40%	93,6%
Nasdaq	13 769	-7,6%	-11,99%	-11,68%	147,9%
Dow Jones	34 265	-4,6%	-5,70%	-5,37%	72,8%
Europe					
Stoxx 50	4 230	-1,0%	-1,6%	-1,6%	28,2%
DAX	15 604	-1,8%	-1,8%	-1,8%	34,2%
CAC	7 069	-1,0%	-1,2%	-1,2%	45,7%
FTSE	7 494	-0,6%	1,5%	2,0%	4,1%
AEX	764	-2,5%	-4,3%	-4,3%	57,1%
BEL 20	4 149	-2,3%	-3,7%	-3,7%	15,6%
SMI	12 356	-1,4%	-4,0%	-4,0%	49,3%
EM & Asia					
Nikkei 225	27 522	-2,1%	-4,41%	-3,38%	43,8%
Hang Seng	24 966	2,4%	6,70%	7,24%	9,1%
CSI300	4 779	1,1%	-3,26%	-2,65%	42,5%
India	59 037	-3,6%	1,34%	1,96%	118,4%
Russia	3 439	-4,4%	-9,19%	-12,56%	59,2%
Brazil	108 942	1,9%	3,93%	5,81%	68,8%

FIXED INCOME (local currency, total return)

	Yield	5 days	YTD	5 Years
US				
Government	1,50	0,2%	-1,5%	14,4%
Investment Grade	2,58	-0,1%	-2,4%	24,7%
High Yield	4,83	-0,7%	-1,5%	32,2%
Europe				
Government	0,20	0,0%	-0,5%	9,8%
Investment Grade	0,63	0,0%	-0,6%	9,3%
High Yield	3,57	-0,4%	-0,4%	19,8%
EM				
Global HC USD	4,29	0,1%	-2,2%	21,2%

EUR VERSUS MAJOR CURRENCIES

	Last	5 days	YTD	5 Years
USD	1,13	-0,5%	-0,2%	-12,3%
JPY	128,94	-0,9%	-1,5%	28,1%
CHF	1,03	-0,8%	-0,3%	-14,5%
GBP	0,84	0,2%	-0,5%	5,0%

COMMODITIES

	Last	5 days	YTD		5 Years
			USD	EUR	
Brent	87,89	2,1%	13,0%	13,4%	-20,0%
Gold	1 835,38	1,0%	0,3%	0,7%	4,0%

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