

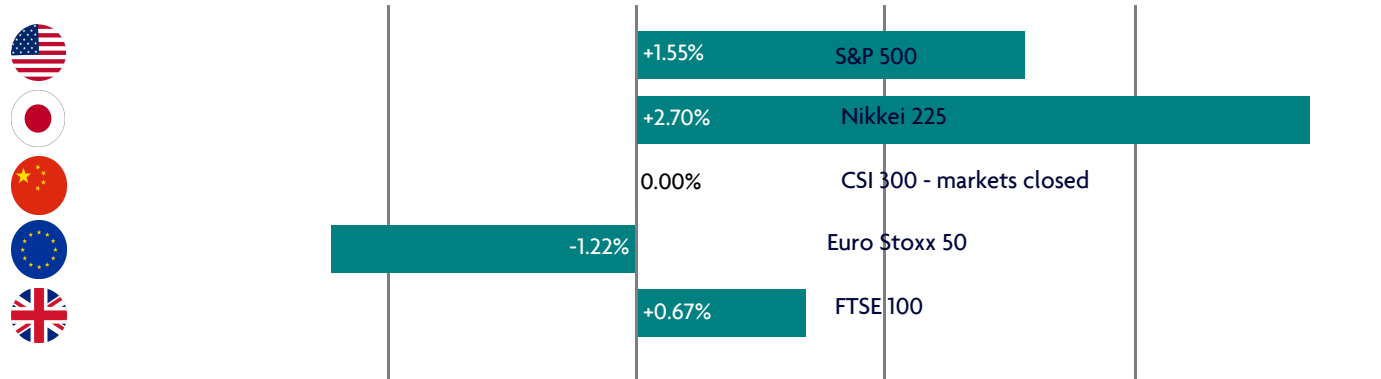
Weekly Market Update

7 February 2022

Markets continue to be volatile and continue to be dominated by expectations of what central banks will do throughout 2022. This week we also saw a lot of share prices move because of either positive or negative reports from companies. Oil prices continue to rise which has benefitted some energy companies. It would be fair to say that markets will continue to be volatile over the coming weeks and months.



Market Monitor (%): How did major stock markets perform last week?



Market Update:



The Bank of England raised its key interest rate, with an eye toward curbing inflation that the central bank forecast could hit 7.25% in April. Chancellor Rishi Sunak unveiled a £9bn package to offset the 54% jump in energy bills expected from April onwards. The news of rising energy bills comes at the same time of the upcoming increase in National Insurance rates and surging inflation, meaning households face the worst squeeze on their disposable incomes for at least 30 years.



Companies reporting their latest results moved markets. Notably, Meta Platforms (aka Facebook) reported a decline in average daily users resulting in its stock price crashing 25%. Conversely, Amazon reported better than expected earnings causing the share price to rise. Energy shares also did well as oil prices rose above US\$90 per barrel. On the labour front, the end of financial support and easing coronavirus concerns has encouraged people to return to the workforce with 467,000 new jobs added in January.



Europe

Equities in Europe fell after European Central Bank President Christine Lagarde made comments that appeared to leave the door open for a possible rate increase this year. Preliminary data suggests the Eurozone economy grew by 0.3% in the final 3 months of 2021, compared to 2.3% in the previous three months. This weakness appeared to stem from the surge in coronavirus infections, which weighed on economic activity.



Japan

A rally late in the week in some stocks that would benefit from an economic reopening was sparked by a report from the media indicating that the government could present a policy as early as this week proposing to ease the ban on the entry of non-resident foreigners into Japan. The Bank of Japan said that it was too early for the central bank to start tightening monetary policy as it could hinder the economic recovery.



China

China's financial markets were closed during the week for the Lunar New Year. Economic data showed a slowdown in factory production and suggests smaller private firms in China struggled during the month of January.



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