

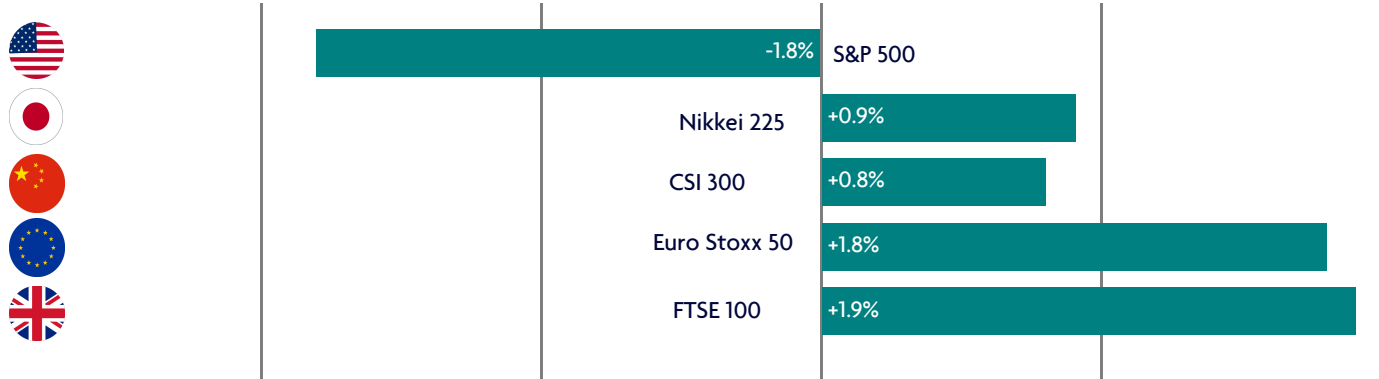
Weekly Market Update

14 February 2022

It continues to be a volatile time for markets as much of the world continues to transition towards slowly learning to live with COVID-19. Inflation is also dominating investor sentiment, as are escalating tensions between Russia and Ukraine, with fears building that a Russian invasion could be imminent.



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



Market Update:



Economic data showed that the UK economy rebounded last year with growth of 7.5% despite falling back in December due to omicron restrictions, figures of the Office for National Statistics (ONS) showed. Prime Minister Boris Johnson announced that all Covid regulations, including the requirement to isolate after testing positive, are due to be abolished in England in two weeks. Johnson said he would present the government's strategy "for living with Covid" when parliament returns from a short recess on February 21st.



Stocks experience volatility this week, drive by two key elements. Firstly, the US Labour Department reported that the headline consumer price index (CPI) advanced 7.5% over the year ended January, more than consensus expectations and its highest annual gain since February 1982. Secondly, warnings from US officials that a Russian invasion of Ukraine might be imminent also contributed to a late-week sell-off.



Europe

Shares in Europe posted solid gains as investors were buoyed by strong corporate earnings. Value-oriented stocks and those in cyclical industries (such as Banks and Airlines) fared particularly well. French President Emmanuel Macron completed a whirlwind diplomatic mission to Moscow and Kyiv on Tuesday, claiming that he had received personal assurances from Vladimir Putin that Russia would not worsen the crisis over Ukraine.



Japan

With inflationary pressures in the global economy grabbing headlines of late, the Governor of Japan's central bank continued to assert that, with inflation in Japan remaining well below the central bank's 2% target, loose monetary policy is set to remain for now. The government extended by three weeks to 6 March the coronavirus states of emergency in Tokyo and 12 other regions. While Prime Minister Fumio Kishida said that the increase in new cases had been slowing, health experts say the latest wave has yet to peak.



China

Chinese stocks rose amid supportive comments from government officials and a perception that the country's regulatory crackdown cycle had peaked. Recent surveys have showed that economic growth momentum slowed amid the renewed rise in COVID-19 cases across China and restrictions to stop its spread.



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