

Rate hikes fail to cool U.S. labor market

Weekly commentary

Markets closed lower following interest rate moves by the FED and BoE (see [Informe Especial: Bancos Centrales firmes en subida](#)), economic activity data (PMI) and US labor market data. Likewise, US bonds weighed on interest rate movements by the Fed, rising by 25 basis points for its 2-year benchmark and rising by 15 basis points for its 10-year benchmark. The S&P 500 was down 3.35%, Dow Jones was down 1.40% and the Nasdaq was down 5.97%.

Nevertheless, oil prices ended the week with a positive performance after the Chinese government sought relief from the strict zero-VOCID-19 policy. The WTI benchmark rose 5.36% to 92.61 dpb and Brent increased by 2.92% to 98.57 dpb.

Meanwhile, the first reading of Eurozone GDP showed a contraction of 0.2%, below market expectations of 1.0%, amid historically high inflation and a worsening energy crisis as the winter months approach in Europe.

PMI indices for the US, Europe, UK and China worsen recession fears after a volatile week. In the US, the composite index came in at 4.5 versus 49.5 in September; on the other hand, the Euro Zone index came in at 47.3; UK 48.2 and China 48.3; showing lower data versus the previous month.

On the other hand, in Colombia, the change in the CPI reached 12.22% annual and 0.72% monthly amid a strong depreciation of the currency, which during the week reached for the first time 5,000 pesos per dollar (see: [Flash informativo: Peso Colombiano toca los \\$5.000](#)); while in Peru, annual inflation was 8.28% and 0.45% monthly. Once again, in both countries, the food and energy sectors were the main contributors to the increase in the price level.

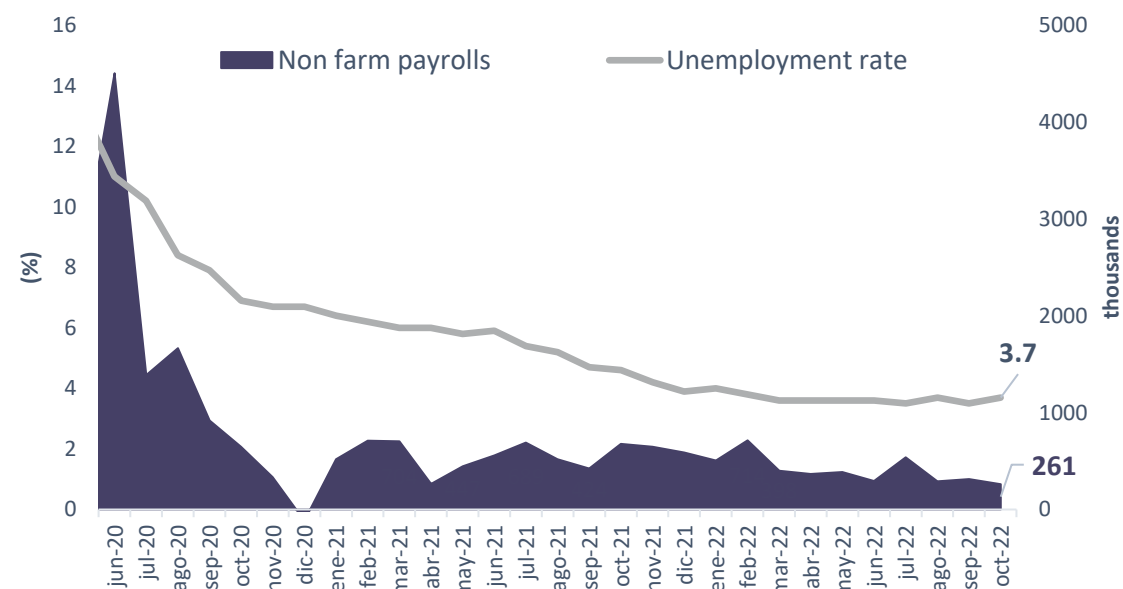
Finally, the results season continued with the report of some companies that presented better than expected figures. These included UBER, Airbnb, Alibaba, HSBC, PayPal and Starbucks.

Relevant data and events

- This week**
- COP27 UN
 - Midterm Elections - U.S.A.
 - Consumer confidence index - U.S.
 - CPI - Brazil, U.S., Chile, China, Mexico.
 - GDP - UK.
 - OPEC+ meeting
 - Earnings season - Activision, Disney, AMC, Roblox, Unity, Yeti, AstraZenaca, Wework,
 - Retail Sales - Brazil, Euro Zone.
- Previous week**
- Interest rate decision - United Kingdom*.
 - Unemployment - U.S.
 - CPI - Colombia, Switzerland, Euro Zone.
 - PPI - Euro Zone.
 - GDP - Mexico, Euro Zone.
 - OPEC+ meeting.
 - Earnings season UBER, SoFi, AMD, Airbnb, Lilly, Pfizer, Toyota, Paramount, Qualcomm, Roku, Albemarle, Robinhood, Moderna, PayPal, Coinbase, Mercadolibre, Petrobras.

*Most relevant data of the week

U.S. labor market performance

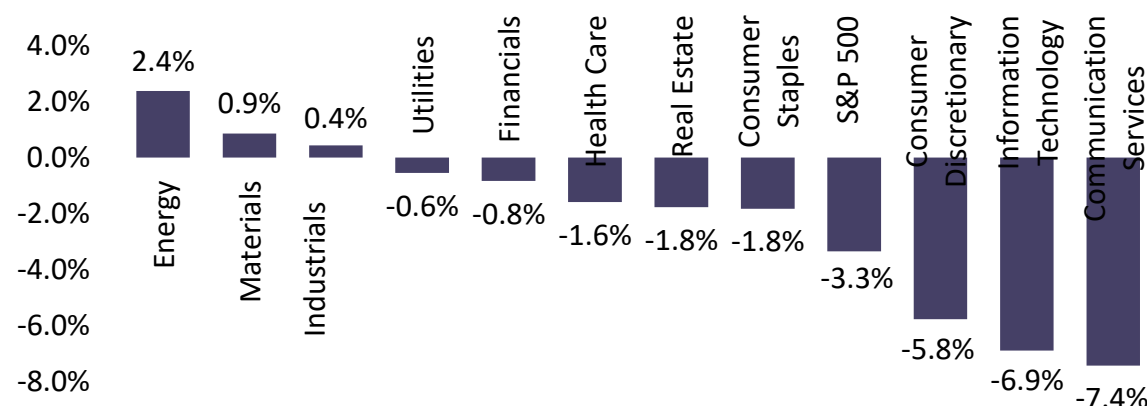


Source: Bureau of Labor Statistics - Compiled In On Capital.

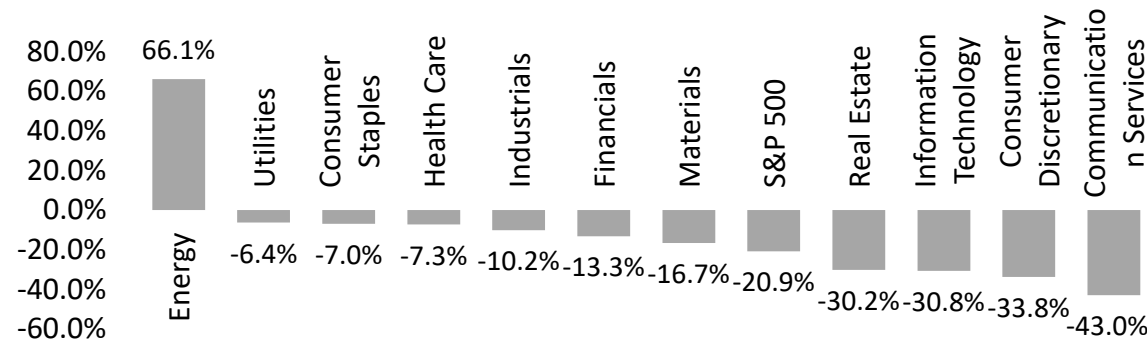
The U.S. labor market shows mixed signals for the economy. Non-farm payrolls increased by **261,000** jobs versus the 200,000 expected by the market. However, the unemployment rate surprisingly increased to **3.7%** versus the 3.6% expected, as the participation rate declines and wages continue to rise.

Sector performance

Weekly



Annual



In On Financial Markets Monitor

	Level	Price return (%)		Features
	11/04/2022	1 Week	YTD	Fwd P/E
Equities				
S&P 500	3770.55	▼ -3.35	▼ -20.89	16.98
Dow Jones 30	32403.22	▼ -1.40	▼ -10.83	17.71
Nasdaq 100	10857.03	▼ -5.97	▼ -33.47	20.76
Russell 2000	1799.87	▼ -2.55	▼ -19.84	22.43
Russell 1000 Growth	2133.42	▼ -5.63	▼ -30.62	22.40
Russell 1000 Value	1464.25	▼ -1.24	▼ -11.56	14.03
MSCI Emerging Markets	36.20	▲ 5.57	▼ -25.90	10.83
MSCI Developed & Emerging World	580.60	▼ -1.42	▼ -23.08	14.55
MSCI China	53.56	▲ 10.98	▼ -36.46	10.29
Topix - Japan	1915.40	▲ 0.86	▼ -3.86	12.15
EuroStoxx 50	3688.33	▲ 2.08	▼ -14.19	10.97
FTSE 100 - United Kingdom	7334.84	▲ 4.07	▼ -0.67	8.86

	Yield	Total return (%)	
	11/04/2022	1 Week	YTD
Fixed income			
U.S. Aggregate	5.10	▼ -0.78	▼ -16.02
U.S. Corporate High Yield	9.19	▼ -1.23	▼ -13.24
Global Aggregate	3.89	▼ -0.94	▼ -20.69
Global High Yield	10.04	▼ -0.66	▼ -17.64
Emerging Markets Hard Currency	5.69	▲ 0.34	▼ -26.27
Emerging Markets Local Currency	4.66	▲ 1.17	▼ -16.50

	Yield		Change in Basic Points	
	11/04/2022	12/31/2021	1 Week	YTD
Interest rate				
2-yr U.S. Treasuries	4.66	0.73	▲ 0.24	▲ 3.93
10-yr U.S. Treasuries	4.16	1.51	▲ 0.15	▲ 2.65
10-yr German Bund	2.29	-0.18	▲ 0.19	▲ 2.47

	Levels		Percentage change (%)	
	11/04/2022	12/31/2021	1 Week	YTD
Currencies				
Dolar Index	110.88	95.67	▲ 0.11	▲ 15.90
Euro	1.00	1.14	▼ -0.08	▼ -12.43
British pound	1.14	1.35	▼ -2.03	▼ -15.91
Japanease Yen	146.62	115.08	▼ -0.66	▲ 27.41
Yuan renminbi chinese	7.19	6.36	▼ -1.11	▲ 13.05
Mexican peso	19.52	20.53	▼ -1.38	▼ -4.90
Colombian peso	5117.00	4070.00	▲ 5.83	▲ 25.72

	Level	Percentage change (%)	
	11/04/2022	1 Week	YTD
Commodities			
Crude oil WTI	92.61	▲ 5.36	▲ 23.14
Crude oil Brent	98.57	▲ 2.92	▲ 26.73
Natural Gas	6.40	▲ 12.60	▲ 71.58
Gold	1681.87	▲ 2.25	▼ -8.05
Copper	368.65	▲ 7.51	▼ -17.41
Corn	681.00	▲ 0.04	▲ 14.79
Coffee (US\$/pound)	1.76	▲ 3.50	▼ -22.27
Bloomberg Commodity Index	117.49	▲ 5.13	▲ 18.48

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