

Minutes predict a 50-bps rate hike

Weekly commentary

Wall Street closed higher for the week, marked by the US Thanksgiving holiday and the release of the minutes of the last Fed and ECB monetary policy meeting. The S&P 500 rose 1.53%, the Dow Jones rose 1.78% and the Nasdaq gained 0.68%. Treasury bonds also saw a drop in yields, falling 8.03 bps for the 2-year benchmark and 15.12 bps for the 10-year benchmark.

On the other hand, oil prices closed lower for the third consecutive week following Poland's disagreement with the European Union to set a lower-than-suggested ceiling price of 65 dpb and protests in China against the policy of strict containment. Benchmark WTI was down 4.75% to 76.28 dpb and Brent was down 4.55% to 83.63 dpb.

The minutes of the Fed's latest meeting, released on Wednesday, showed the board's interest in slowing the pace of interest rate hikes to 50 basis points, following continued increases during the year and how this has affected bond and equity markets. According to CME Group's FedWatch, which calculates the odds of rate hikes based on the 30-day Fed funds rate, there is a 67.5% probability that the Fed will raise policy rates by 50 basis points at its December 14 meeting.

Also, last Friday's Black Friday marked the start of the holiday season. Despite high prices and rate hikes, according to Adobe Analytics, online sales set a US shopping record of more than \$9 billion, 2.3% higher than a year earlier.

In the US, the University of Michigan's confidence indicator scored 56.8 versus 59.9 the previous month as a result of high prices and interest rate hikes affecting mortgages and consumer spending.

Finally, Peru's GDP showed a smaller expansion than seen in previous quarters by increasing 0.6 % in quarterly terms and 1.7 % in annual terms. The main components contributing to the annual increase were consumption (2.1 p.p.) and investment (1.8 p.p.), while exports (-1.5 p.p.) and public spending (-0.8 p.p.) drove growth down.

Relevant data and events

This week

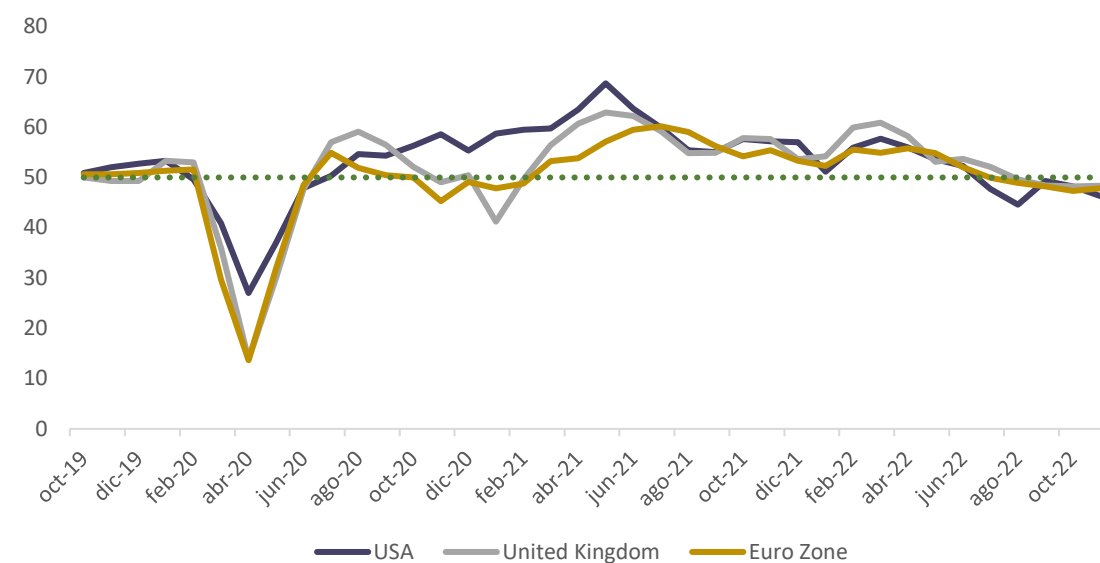
- **Consumer confidence** - Conference Board Euro Area.
- **CPI** - US (PCE), Switzerland, Euro Area.
- **PPI** - Euro Area.
- **Unemployment** - Canada, **USA***, Brazil.
- **GDP** - Brazil, Canada, Switzerland.
- **PMI** - China.

Previous week

- **Thanksgiving - Black Friday***
- **U.Michigan Consumer Confidence.**
- **ECB and Fed Minutes.**
- **GDP** - Mexico, Peru
- **PMI** - U.S., U.K., Eurozone.
- **Retail Sales** - Canada, Mexico.
- **New Home Sales** - U.S.

*Most relevant data of the week

Major economies composite PMI.

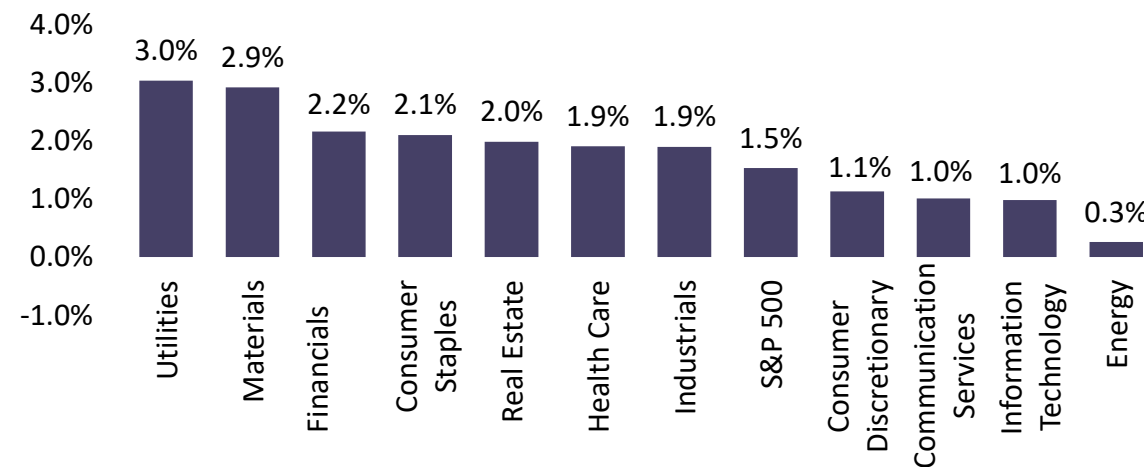


Source: S&P Global - Compiled from On Capital.

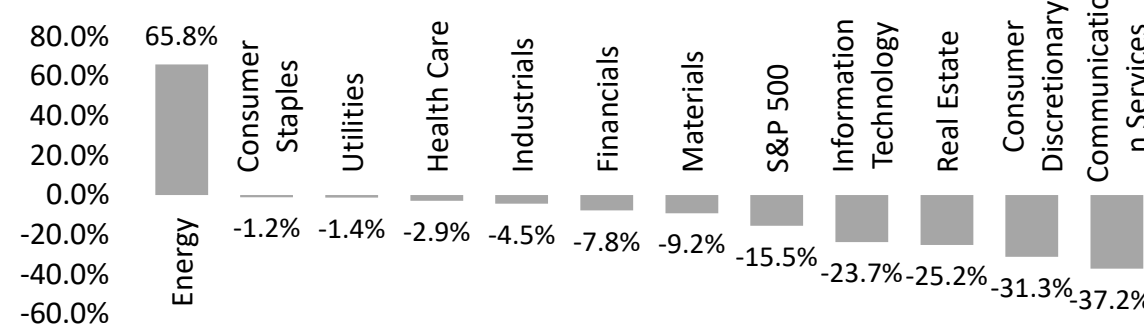
Preliminary PMI indexes for the US, Europe and the UK worsen recession fears after a quiet week. In the US, the composite index came in at 46.3, down from 48.2 in October, while the Eurozone index came in at 47.8 and the UK at 48.3, both showing a contractionary outlook for the economy.

Sector performance

Weekly



Annual



In On Financial Markets Monitor

	Level	Price return (%)		Features
	11/25/2022	1 Week	YTD	Fwd P/E
Equities				
S&P 500	4026.12	▲ 1.53	▼ -15.53	18.25
Dow Jones 30	34347.03	▲ 1.78	▼ -5.48	18.77
Nasdaq 100	11756.03	▲ 0.68	▼ -27.97	22.88
Russell 2000	1869.19	▲ 1.05	▼ -16.75	23.33
Russell 1000 Growth	2296.27	▲ 1.20	▼ -25.32	24.64
Russell 1000 Value	1549.75	▲ 1.87	▼ -6.40	14.88
MSCI Emerging Markets	37.77	▼ -0.68	▼ -22.68	11.34
MSCI Developed & Emerging World	625.15	▲ 1.48	▼ -17.18	15.47
MSCI China	57.04	▼ -3.24	▼ -32.33	10.93
Topix - Japan	2018.00	▲ 2.59	▲ 1.29	12.77
EuroStoxx 50	3962.41	▲ 0.96	▼ -7.82	11.81
FTSE 100 - United Kingdom	7486.67	▲ 1.37	▲ 1.38	9.60

	Yield	Total return (%)	
	11/25/2022	1 Week	YTD
Fixed income			
U.S. Aggregate	4.61	▲ 1.05	▼ -12.78
U.S. Corporate High Yield	8.61	▲ 1.05	▼ -10.65
Global Aggregate	3.55	▲ 0.89	▼ -16.47
Global High Yield	9.26	▲ 1.34	▼ -13.37
Emerging Markets Hard Currency	5.36	▲ 2.18	▼ -21.69
Emerging Markets Local Currency	4.46	▲ 0.77	▼ -12.83

	Yield		Change in Basic Points	
	11/25/2022	12/31/2021	1 Week	YTD
Interest rate				
2-yr U.S. Treasuries	4.45	0.73	▼ -0.08	▲ 3.72
10-yr U.S. Treasuries	3.68	1.51	▼ -0.15	▲ 2.17
10-yr German Bund	1.97	-0.18	▼ -0.04	▲ 2.15

	Levels		Percentage change (%)	
	11/25/2022	12/31/2021	1 Week	YTD
Currencies				
Dolar Index	105.96	95.67	▼ -0.91	▲ 10.75
Euro	1.04	1.14	▲ 0.68	▼ -8.58
British pound	1.21	1.35	▲ 1.70	▼ -10.64
Japanease Yen	139.19	115.08	▼ -0.84	▲ 20.95
Yuan renminbi chinese	7.19	6.36	▲ 0.95	▲ 13.17
Mexican peso	19.33	20.53	▼ -0.56	▼ -5.83
Colombian peso	4865.00	4070.00	▼ -2.49	▲ 19.53

	Level	Percentage change (%)	
	11/25/2022	1 Week	YTD
Commodities			
Crude oil WTI	76.28	▼ -4.75	▲ 1.42
Crude oil Brent	83.63	▼ -4.55	▲ 7.52
Natural Gas	7.02	▲ 11.44	▲ 88.31
Gold	1754.93	▲ 0.24	▼ -4.06
Copper	362.75	▼ -0.12	▼ -18.73
Corn	668.00	▲ 0.04	▲ 12.60
Coffee (US\$/pound)	1.64	▲ 8.10	▼ -27.66
Bloomberg Commodity Index	114.92	▲ 0.11	▲ 15.88

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