

## Markets close higher at the start of 2023

### Weekly commentary

Markets ended the first week of 2023 with positive performance after the release of US unemployment, PMI of the world's major economies, and preliminary Eurozone inflation data. Investors were optimistic for a new year, however, they lost momentum at the end of the week, the S&P500 rose 1.45%, the Dow Jones rose 1.46%, while the Nasdaq rose slightly 0.92%. Meanwhile, the bond market also showed confidence, with 2-year US bond yields down 17.84 basis points and the benchmark 10-year down 31.68 basis points, after weighing pronouncements from the St Louis Fed chairman's statement on a slowdown in the pace of interest rate hikes.

On the other hand, crude oil prices were hit hard as fresh bouts of Covid-19 continue to dampen the recovery of the Chinese economy, following reliefs against the zero Covid policy and the release of PMI data that increased fears of a recession this year. WTI crude oil declined 8.09% to 73.77 dpb and benchmark Brent was down 8.54% to 78.57 dpb.

PMI indexes for the US, Europe, UK and China were in contractionary territory at the end of 2022, raising fears of a global recession in 2023. In the US, the composite index came in at 45 in December versus 46.4 last month; the UK and Eurozone rose slightly to 49 and 49.3 respectively; and finally China also saw a small increase in its index to 46.7 from 48.4 the previous month.

During the week, the release of the Federal Open Market Committee (FOMC) meeting minutes and a statement by the St. Louis Fed president predicted a further increase in interest rates this year above the 5.1% peak projected in December, as they claim that rates are not yet in a tight enough zone and fear that a premature easing would hinder the path to price stabilization.

On the other hand, preliminary euro zone inflation eased versus November, prices declined 0.3% m/m, while the annual increase decelerated to 9.2%, better than analysts' expectations. Energy prices put downward pressure on prices declining 6.5% m/m while the component that rose the most month-on-month was food by 0.7%.

Finally, the Consumer Price Indices in Colombia and Peru increased in December. In Colombia inflation reached 13.12% y/y (maximum since 1999) and 1.26% m/m, adding even more pressure on the Banrep to continue with its rate hike cycle; while in Peru, annual inflation rebounded to 8.46% y/y and 0.79% m/m, reaching a level not seen for 26 years. Again, in both countries, the food and energy sectors were the main contributors to the increase in the price level.

### Relevant data and events

#### This week

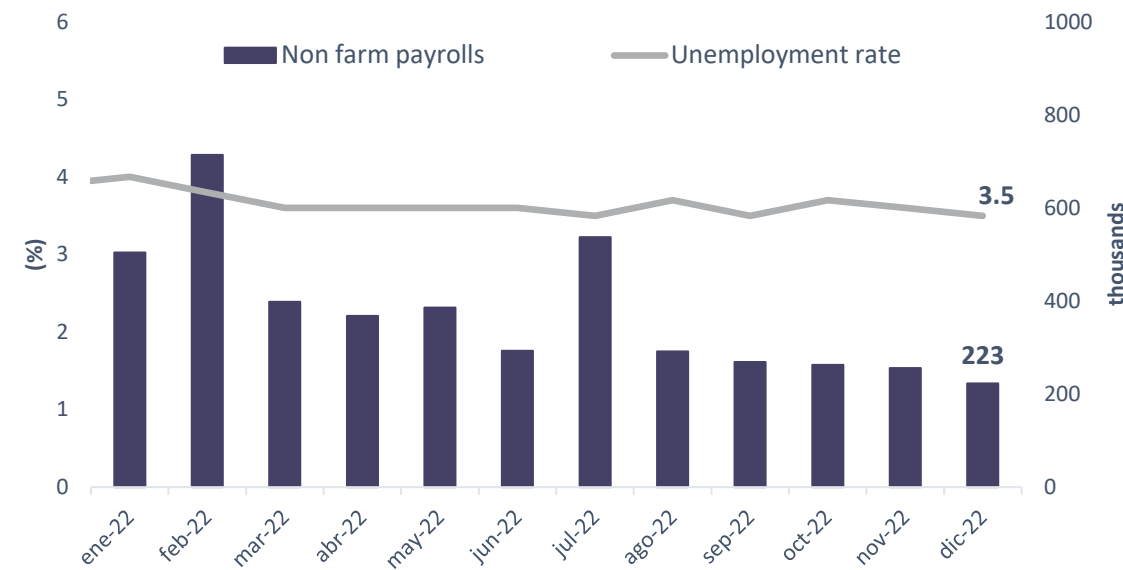
- **Consumer confidence** - U.Michigan
- **Earnings season** - Bank of America, Unitedhealth Group, JP Morgan, Delta, Citi, Wells Fargo, BlackRock.
- **GDP** - UK.
- **Inflation** - Brazil, China, **US\***, Mexico.
- **Monetary policy decision** - Peru.
- **PMI** - China.
- **Retail sales** - Brazil.
- **Unemployment** - Switzerland.

#### Previous week

- **Inflation** - Colombia, Peru, Eurozone.
- **PMI** - China, US, UK, Eurozone.
- **Unemployment** - Canada, USA.

#### \*Most relevant data of the week

### Labour market performance in the US

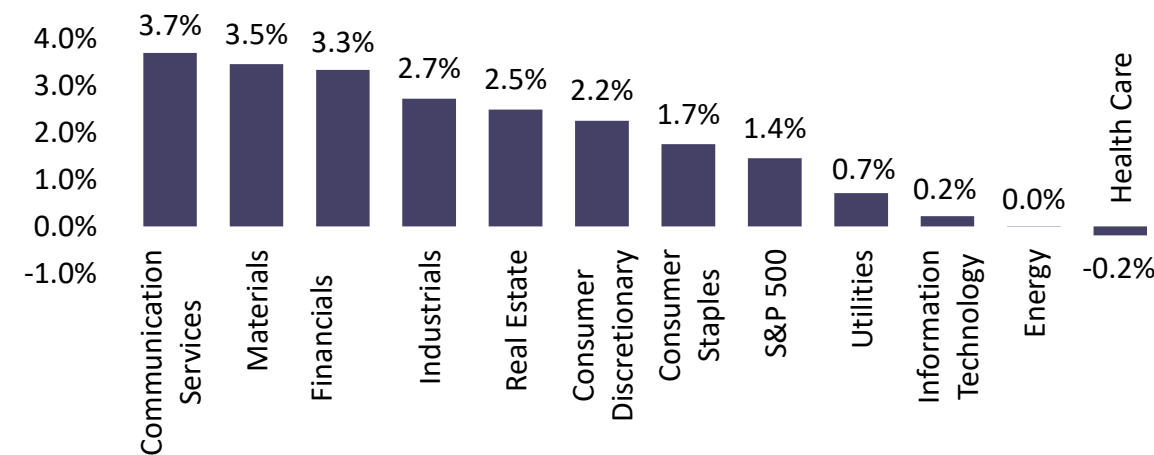


Source: Bureau of Labor Statistics - Compiled In On Capital.

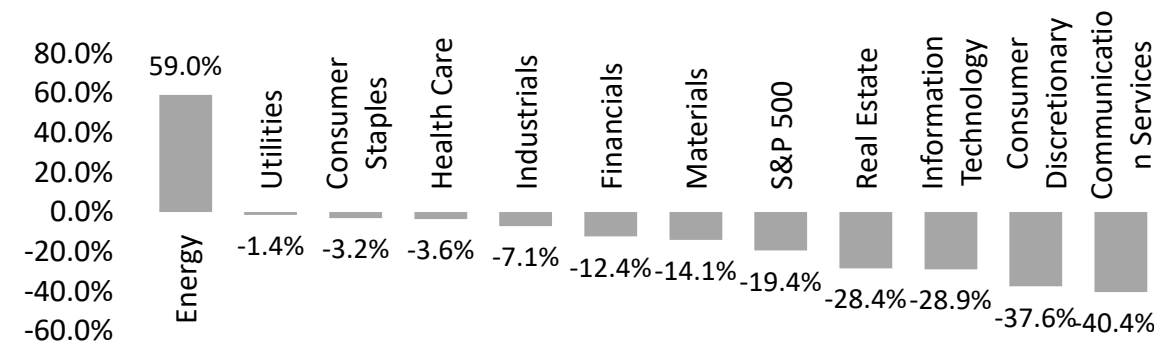
The US labour market continued to show signs of strength. Non-farm payrolls rose by 223,000 jobs in December from November's 256,000, while the unemployment rate declined to 3.5% from November's revised 3.6%. Despite monetary policy tightening, employment showed resilience throughout 2022, bolstering the economy by sustaining consumer spending and raising the risk of a rate hike above the 5.1% terminal rate projected last month.

### Sector performance

#### Weekly



#### 2022



### In On Financial Markets Monitor

	Level	Price return (%)		Features
	01/06/2023	1 Week	2022	Fwd P/E
<b>Equities</b>				
S&P 500	3895.08	▲ 1.45	▼ -19.44	17.22
Dow Jones 30	33630.61	▲ 1.46	▼ -8.78	17.22
Nasdaq 100	11040.35	▲ 0.92	▼ -32.97	20.83
Russell 2000	1792.80	▲ 1.79	▼ -21.56	21.11
Russell 1000 Growth	2165.04	▲ 0.32	▼ -29.81	21.50
Russell 1000 Value	1533.98	▲ 2.46	▼ -9.58	14.70
MSCI Emerging Markets	40.07	▲ 5.73	▼ -22.42	12.03
MSCI Developed & Emerging World	617.40	▲ 1.99	▼ -19.80	14.98
MSCI China	69.37	▲ 7.60	▼ -23.51	11.33
Topix - Japan	1875.76	▼ -0.84	▼ -5.05	11.94
EuroStoxx 50	4017.83	▲ 5.91	▼ -11.74	12.02
FTSE 100 - United Kingdom	7699.49	▲ 3.32	▲ 0.91	10.21

	Yield	Total return (%)	
	01/06/2023	1 Week	2022
<b>Fixed income</b>			
U.S. Aggregate	4.43	▲ 1.85	▼ -13.01
U.S. Corporate High Yield	8.43	▲ 2.23	▼ -11.19
Global Aggregate	3.55	▲ 1.39	▼ -16.25
Global High Yield	8.99	▲ 1.67	▼ -12.71
Emerging Markets Hard Currency	7.26	▲ 2.53	▼ -22.44
Emerging Markets Local Currency	7.58	▲ 1.67	▼ -11.50

	Yield		Change in Basic Points	
	01/06/2023	12/30/2022	1 Week	2022
<b>Interest rate</b>				
2-yr U.S. Treasuries	4.25	4.43	▼ -17.84	▲ 369.36
10-yr U.S. Treasuries	3.56	3.87	▼ -31.68	▲ 236.47
10-yr German Bund	2.21	2.57	▼ -35.80	▲ 274.70

	Levels		Percentage change (%)	
	01/06/2023	12/30/2022	1 Week	2022
<b>Currencies</b>				
Dolar Index	103.88	103.52	▲ 0.34	▲ 8.21
Euro	1.06	1.07	▼ -0.57	▼ -5.85
British pound	1.21	1.21	▲ 0.08	▼ -10.71
Japanease Yen	132.08	131.12	▲ 0.73	▲ 13.94
Yuan renminbi chinese	6.83	6.92	▼ -1.32	▲ 8.89
Mexican peso	19.15	19.50	▼ -1.78	▼ -5.01
Colombian peso	4855.00	4070.00	▲ 0.10	▲ 19.16

	Level	Percentage change (%)	
	01/06/2023	1 Week	2022
<b>Commodities</b>			
Crude oil WTI	73.77	▼ -8.09	▲ 6.71
Crude oil Brent	78.57	▼ -8.54	▲ 10.45
Natural Gas	3.71	▼ -17.09	▲ 19.97
Gold	1865.69	▲ 2.28	▼ -0.28
Copper	391.10	▲ 2.64	▼ -14.63
Corn	654.00	▼ -3.61	▲ 14.37
Coffee (US\$/pound)	1.58	▼ -5.38	▼ -26.01
Bloomberg Commodity Index	108.11	▼ -4.16	▲ 13.75

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