

Chinese New Year and Mixed Results

Weekly commentary

The markets closed the week with mixed results. The Dow Jones and S&P 500 fell 2.7% and 0.66% respectively, while the Nasdaq rose 0.67%. Likewise, we saw recovery in Europe and Asia, due to the prelude to the Chinese New Year celebrations.

Oil prices also appreciated. The WTI benchmark rose 1.82% to 81.31 dpb. Within commodities, natural gas is the asset with the worst performance, falling 7.17% due to lower tensions in Europe and excess supply from other regions such as the United States.

The fixed income market presents high volatility in the face of uncertainty due to the decisions of central banks. US Treasury bonds remained stable, but with intra-day volatilities of more than 25 basis points (bps) on average, given the slowing inflation data.

In this sense, it was known that the producer price index (PPI) in the USA positively surprised the market by falling more than expected in December, when it grew 6.2% in annual terms, a lower figure of 0.6 percentage points than was expected by the consensus of analysts (6.8% YoY). This fall was due to the lower prices of goods, mainly food and energy.

In the context of the world economic forum at Davos, the president of the European Central Bank (ECB), Christine Lagarde, supported maintaining the policy of raising interest rates so that inflation returns to the 2.0% target.

In China, the Gross Domestic Product (GDP) registered an expansion of 3.0%, revealing that the economic activity of the Asian country grew at its lowest rate in decades, below the official government goal (5.5%), and after of remarkable growth of 8.4% in 2021.

Corporate reports continue to show the economy is starting to slow, with weaker revenue mainly for banks and layoff announcements at some of the biggest tech companies like Google and Microsoft, but with positive surprises like Netflix.

Relevant data and events

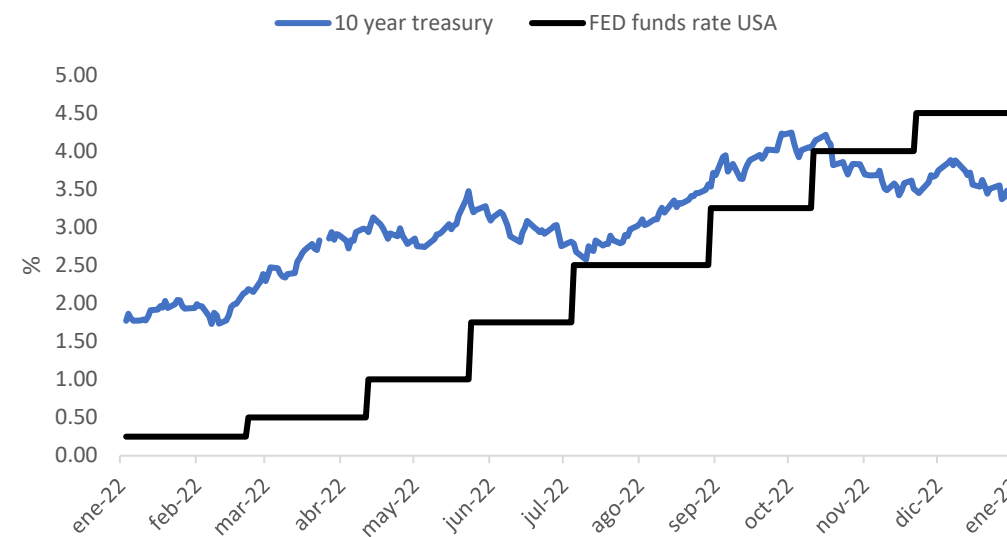
This week

- Services and manufacturing PMI in the US and Europe
- New home sales in the USA
- Consumer confidence in the USA and Europe
- Interest rate decision in Colombia, Chile and Argentina
- China chinese new year celebrations
- Earnings season – Microsoft, 3M, Johnson & Johnson, Boeing, TESLA, IBM, INTEL, VISA, Chevron

Previous week

- Economic forum 2023 begins in Davos Switzerland
- Retail sales in the US
- Producer Prices
- Thursday 19 The debt ceiling is reached in the US
- Housing data
- Earnings season – Goldman Sachs, Morgan Stanley, Charles Schwab, Procter & Gamble, Netflix.

Main measures of inflation in the US.

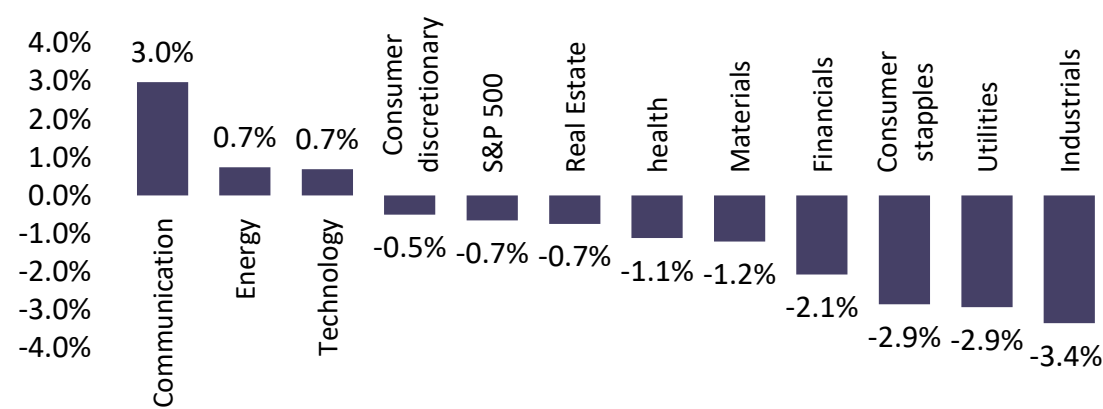


Source: Federal Reserve– In On Capital Compiled.

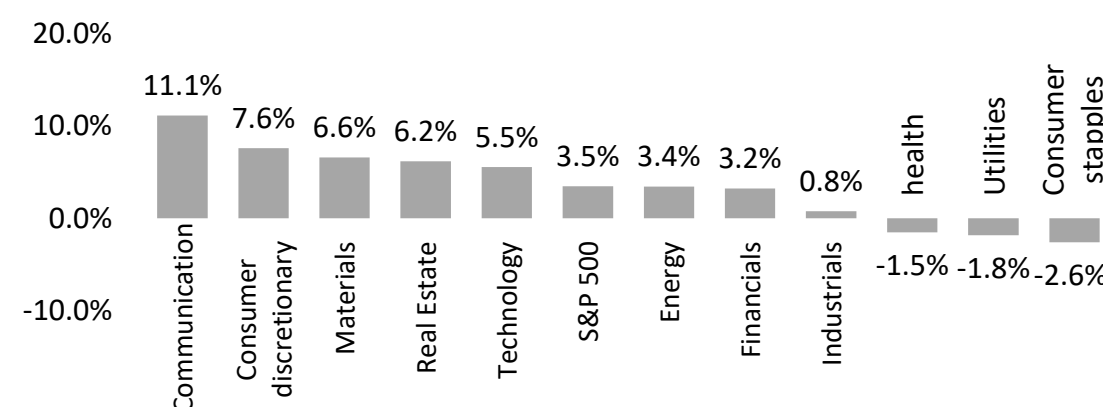
In the US, the 10-year bond rate remains below the Fed's Federal funds rate, pointing to differences in short- and long-term appetite for fixed-income assets. The rate decision in the first week of February will be decisive in closing the negative gap between these assets.

Sector performance

Weekly



Annual 2022



In On Financial Markets Monitor

	Level	Price Return (%)		Features	
		01/20/2023	1 week	YTD	Fwd P/E
Equities					
S&P 500	3972.61	▼ -0.66	▲ 3.47	17.76	
Dow Jones 30	33375.49	▼ -2.70	▲ 0.69	17.25	
Nasdaq 100	11619.03	▲ 0.67	▲ 6.21	22.09	
Russell 2000	1867.34	▼ -1.04	▲ 6.02	22.33	
Russell 1000 Growth	2260.16	▲ 0.37	▲ 4.72	22.59	
Russell 1000 Value	1539.58	▼ -1.49	▲ 2.84	14.97	
MSCI Emerging Markets	1036.24	▲ 0.62	▲ 8.35	12.41	
MSCI Developed & Emerging World	636.40	▼ -0.26	▲ 5.12	15.42	
MSCI China	73.40	▲ 1.48	▲ 13.85	11.83	
Topix - Japón	1926.87	▲ 1.25	▼ -3.29	12.34	
EuroStoxx 50	4119.90	▼ -0.74	▲ 8.60	12.47	
FTSE 100 - Reino Unido	7770.59	▼ -0.94	▲ 4.28	10.37	

	Yield	Total Return (%)		
		01/20/2023	1 week	YTD
Fixed Income				
U.S. Aggregate	4.29	▲ 0.15	▲ 2.89	
U.S. Corporate High Yield	8.19	▼ -0.31	▲ 3.52	
Global Aggregate	3.43	▲ 0.00	▲ 3.33	
Global High Yield	8.66	▲ 0.20	▲ 3.88	
Emerging Markets Hard Currency	4.39	▲ 0.77	▲ 4.62	
Emerging Markets Local Currency	0.83	▲ 0.29	▲ 3.60	

	Yield		Change in Basic Points	
	01/20/2023	12/30/2022	1 week	YTD
Interest Rate				
2-yr U.S. Treasuries	4.17	4.43	▼ -0.06	▼ -0.26
10-yr U.S. Treasuries	3.48	3.87	▼ -0.02	▼ -0.40
10-yr German Bund	2.17	2.57	▲ 0.01	▼ -0.39

	Niveles		Percentual change (%)	
	01/20/2023	12/30/2022	1 week	YTD
Currency				
Dollar DXY	102.01	103.52	▼ -0.19	▼ -1.46
Euro	1.09	1.07	▲ 0.24	▲ 1.41
GBP	1.24	1.21	▲ 1.39	▲ 2.60
YEN	129.60	131.12	▲ 1.35	▼ -1.16
Yuan CHINA	6.78	6.92	▲ 1.00	▼ -2.03
Mexican peso	18.87	19.50	▲ 0.57	▼ -3.21
Colombian Peso	4581.11	4070.00	▼ -2.40	▲ 12.56

	Nivel	Percentual change (%)		
		01/20/2023	1 week	YTD
Commodities				
OIL WTI	81.31	▲ 1.82	▲ 1.31	
Gas	3.17	▼ -7.17	▼ -29.07	
Gold	1926.08	▲ 0.30	▲ 5.60	
Copper	425.15	▲ 0.84	▲ 11.57	
Corn	676.25	▲ 0.19	▼ -0.33	
Coffee	1.55	▲ 2.04	▼ -7.47	
Bloomberg Commodity Index	112.13	▲ 0.49	▼ -0.60	

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