

## Higher-than-expected inflation, worries about Fed's path.

### Weekly commentary

The Dow Jones fell by 0.17%, marking the third consecutive week of declines. The S&P 500 also decreased by 0.28%, while the Nasdaq rose by 0.43%.

On the other hand, corporate results for Cisco and Coca-Cola were released, showing an increase in revenue that surpassed market expectations. In addition, Airbnb's shares rose by nearly 12% due to expected higher revenues and better cost control.

Meanwhile, the DXY index, which measures the value of the dollar internationally, rose by 0.95% to 104.69 points as the members of the Fed were more aggressive about the monetary policy. As a result, Latin American currencies such as the Colombian peso, the Argentine peso, and the Peruvian sol, depreciated against the dollar due to the lower risk appetite. The COP fell by 2.18%, the ARS by 1.28%, and the PEN by 0.06%.

Additionally, short-term US Treasuries, such as 1-month (4.6%) and 6-month (5.02%) bonds, depreciated (meaning their yields increased and prices dropped) during the week, reaching levels close to 5%, highest level since the beginning of the 2008 crisis. The 10-year US Treasuries also depreciated by 9.7bps during the week.

This week was also characterized by increased political tensions regarding spy balloons. China warned that it will act in response to the accusations. Additionally, US President Joe Biden announced that the three downed balloons during the week were not linked to China.

Disagreements over the debt ceiling persist in the United States. According to Janet Yellen, the government may exhaust its emergency measures to avoid defaulting on its debt by June 5th, unless Congress raises the debt limit.

Regarding Latin American fundamentals, Colombia's economy grew by 7.5% in 2022 compared to its 2021 GDP, making it the country with the highest growth in the region and the highest year-on-year increase among the OECD countries on the continent.

In terms of commodities, the main crude oil references lost nearly 5% as evidence emerged of lower demand for oil in January by China (10.98B bpd) and an important increase in US oil inventories (+659,000 bpd).

### Relevant data and events

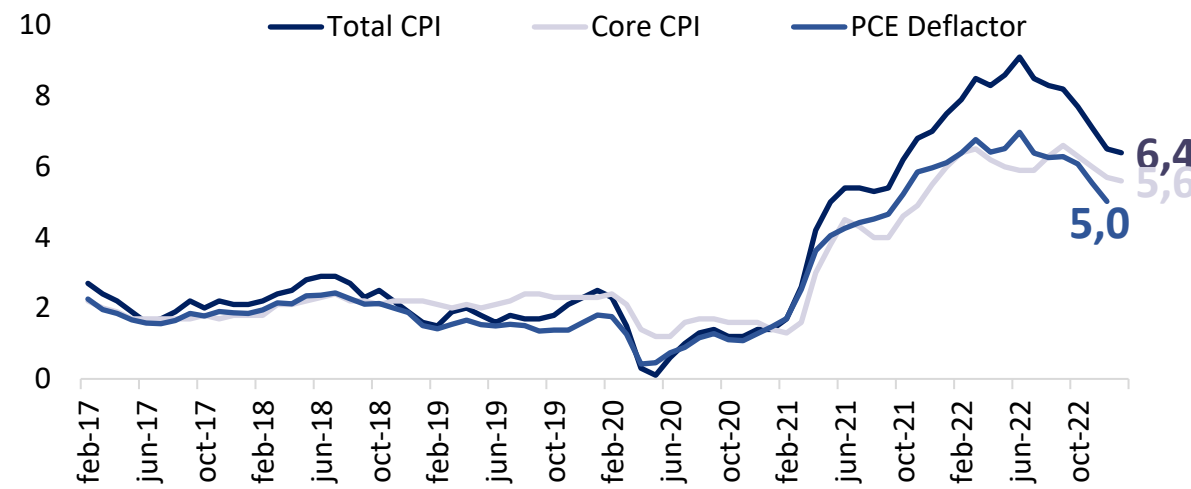
This week:

- US:** PCE deflator, Fed minutes, University of Michigan Consumer Confidence, Q4 2022 final GDP.
- LatAm:** Q4 2022 GDP (Chile, Mexico).
- Europe:** Composite PMI, New Zealand decision, final Eurozone CPI.
- Emerging markets:** Japan CPI, Turkey decision.
- Corporate reports:** Walmart, Home Depot, HSBC, NVIDIA, eBay, Best Buy, Lowe's, Moderna.

Last week:

- US:** Inflation, IPP, Fed minutes.
- Japan:** Q4 2022 GDP.
- Europe:** UK inflation.
- Corporate reports:** Nu Bank, Coca-Cola, Zoetis, Cisco, Nestle, Allianz, Airbnb.

### United States Inflation



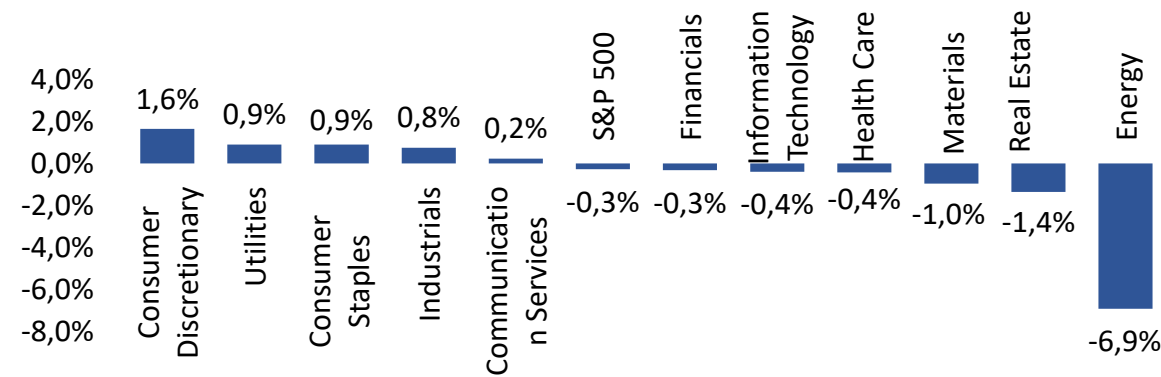
Source: In On Capital Compiled.

During the week, inflation data in the United States (CPI and PPI) were released, surpassing market expectations and signaling that the Fed may raise its interest rates even further.

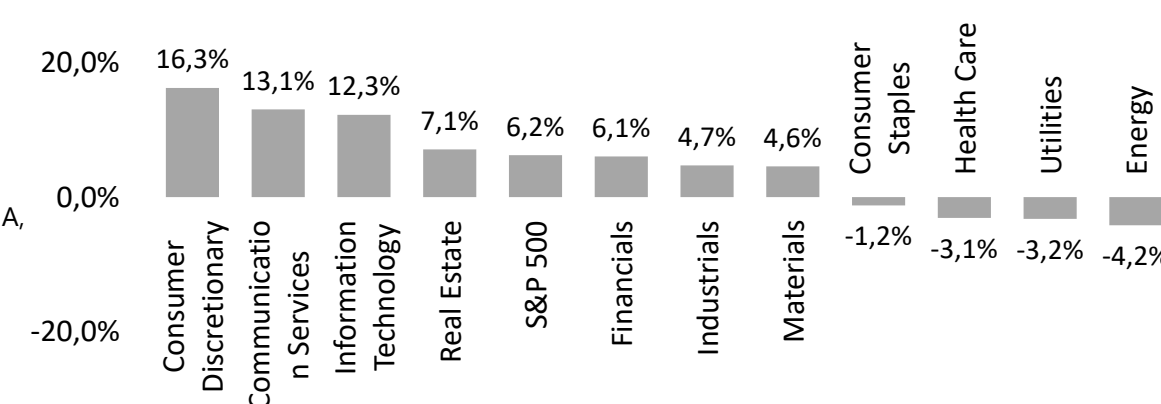
Inflation in the United States increased by 0.5% in January following a 0.1% in December, driven by higher housing, food, and energy costs. This pushed up the index after inflation showed signs of easing in recent months. Compared to the same period last year, the indicator rose by 6.4%.

### Sector performance

Weekly



Annual 2023



### In On Financial Markets Monitor

Equities	Level	Price return (%)		Features
	17/02/2023	1 Week	2022	Fwd P/E
S&P 500	4079,09	▼ -0,28	▼ -13,19	18,52
Dow Jones 30	33826,69	▼ -0,13	▼ -5,76	17,34
Nasdaq 100	12358,18	▲ 0,43	▼ -23,39	23,89
Russell 2000	1946,36	▲ 1,44	▼ -13,55	27,99
Russell 1000 Growth	2367,00	▲ 0,15	▼ -22,04	23,81
Russell 1000 Value	1557,23	▼ -0,36	▼ -4,79	15,50
MSCI Emerging Markets	999,42	▼ -1,41	▼ -17,73	11,02
MSCI Developed & Emerging World	645,03	▼ -0,28	▼ -13,59	16,42
MSCI China	68,58	▼ -2,25	▼ -16,27	12,87
Topix - Japan	1991,93	▲ 0,25	▼ -0,74	13,04
EuroStoxx 50	4274,92	▲ 1,83	▼ -1,33	13,02
FTSE 100 - United Kingdom	8004,36	▲ 1,55	▲ 7,62	10,45

Fixed income	Yield	Total return (%)	
	17/02/2023	1 Week	2022
U.S. Aggregate	4,66	▼ -0,47	▼ -11,44
U.S. Corporate High Yield	8,60	▼ -0,88	▼ -8,39
Global Aggregate	3,70	▼ -0,95	▼ -14,69
Global High Yield	9,05	▼ -0,88	▼ -9,90
Emerging Markets Hard Currency	4,38	▼ -0,57	▼ -21,05
Emerging Markets Local Currency	0,85	▼ -0,06	▼ -9,46

Interest rate	Yield		Change in Basic Points	
	17/02/2023	30/12/2022	1 Week	2022
2-yr U.S. Treasuries	4,62	4,43	▲ 9,99	▲ 378,53
10-yr U.S. Treasuries	3,81	3,87	▲ 8,28	▲ 219,15
10-yr German Bund	2,44	2,57	▲ 7,60	▲ 254,90

Currencies	Levels		Percentage change (%)	
	17/02/2023	30/12/2022	1 Week	2022
Dolar Index	103,86	103,52	▲ 0,22	▲ 8,02
Euro	1,07	1,07	▲ 0,16	▼ -5,69
British pound	1,20	1,21	▼ -0,21	▼ -10,29
Japanese Yen	134,15	131,12	▲ 2,12	▲ 15,07
Yuan renminbi chinese	6,87	6,92	▲ 0,74	▲ 7,35
Mexican peso	18,37	19,50	▼ -1,60	▼ -9,54
Colombian peso	4902,00	4070,00	▲ 3,44	▲ 16,44

Commodities	Level	Percentage change (%)	
	17/02/2023	1 Week	2022
Crude oil WTI	76,34	▼ -4,24	▲ 6,55
Crude oil Brent	83,00	▼ -3,92	▲ 11,35
Natural Gas	2,28	▼ -9,51	▼ -35,52
Gold	1842,36	▼ -1,24	▲ 1,33
Copper	410,85	▲ 2,29	▼ -9,10
Corn	677,75	▼ -0,40	▲ 15,47
Coffee (US\$/pound)	1,89	▲ 7,98	▼ -21,69
Bloomberg Commodity Index	106,53	▼ -1,97	▲ 9,47

Petróleo Brent	83,00	▼ -3,92	▼ -3,39
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## Our analyses in the media

**NS**  
EL NUEVO SIGLO

- Así está ambiente macroeconómico de Colombia – Feb 18

- ¿En qué invertir si tiene 30 años, pero hay recesión, inflación y tasas altas? – Feb 14
- ¿Dólar en Colombia volverá a los \$5.000 por la inflación de Estados Unidos? – Feb 14
- Dólar en Colombia: lo que sucederá esta semana que puede disparar el precio otra vez – Feb 14

Bloomberg  
Línea

**LR**  
LA REPÚBLICA

- El endeudamiento de los hogares colombianos crece mientras que el ahorro baja – Feb 16
- Conozca cuánto dinero puede terminar pagando de intereses al financiar un posgrado
- Nequi, RappiPay y Daviplata, dentro de las opciones de tarjetas virtuales recargables – Feb 20

- El peso colombiano, tercera moneda más devaluada del mundo en febrero – Feb 17
- Inflación 'muerde' una parte de los buenos dividendos de las acciones – Feb 12

Portafolio

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