

Global Share Markets

No ‘Santa rally’ for stocks

Global stocks were relatively flat over the last two weeks of 2022, after falling over the first half of December. Market participants remain concerned about the possibility of recession in 2023, while paying close attention to China’s reopening. Oil and gas stocks dominated the list of the best performing US stocks of 2022, the sector returning +60% vs the S&P 500’s -21%.

US Economy

Data discouraging but inflation moderating

On Wednesday, news came out that US pending home sales in November were at the second-lowest level in two decades, a casualty of the US Federal Reserve’s interest rate hikes. Wages continued to increase in December but supply chains eased, helping to reduce inflation expectations for 2023.

Bank of Japan

BoJ surprises markets by raising cap on yields as it continues to buy government bonds

The Bank of Japan (BoJ) continued a run of unscheduled purchases of the country’s government bonds for the third straight day to 30 December. The move is an attempt to control a surge in yields caused by traders betting the BoJ will raise its cap on yields further, following the bank’s move on 20 December to raise its target on the 10-year bond to plus or minus 0.5%, up from +/- 0.25%. The central bank now owns more than half of the outstanding bonds.

European News

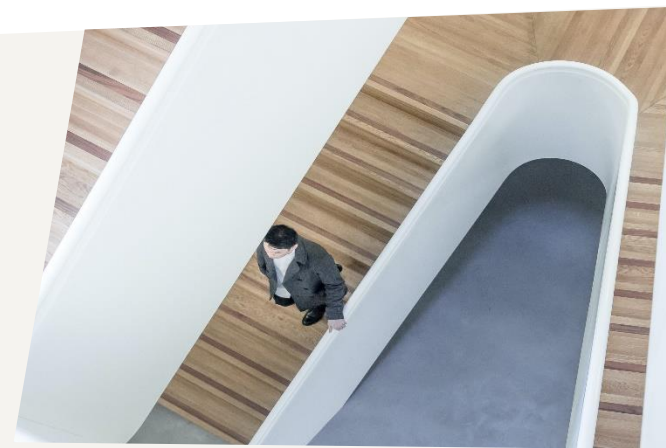
Further rate rises expected

Central banker Klaas Knot said that the European Central Bank (ECB) would achieve “quite a decent pace” of interest rate rises through half-percentage-point increases in the deposit rate at its next five meetings. Meanwhile, European gas prices are back to their pre-Ukraine war levels, amid a spell of warmer weather, and Europe has so far proved more resilient and adaptable to the energy crisis than some feared.

Domestic Irish News

Irish economy strong in 2022

In a challenging global economic environment, the Irish economy performed strongly in 2022. Employment was at record levels, and a high level of tax revenue put the Exchequer in surplus, funding an expansionary budget package. However, the housing market remained in difficulty with spiralling rents, which impacted business and consumer confidence.



“It seems to be a law of nature, inflexible and inexorable, that those who will not risk cannot win.”
JOHN PAUL JONES

The Story of the Week

The nun and the monk who fell in love and married

Sister Mary Elizabeth had spent twenty-four years as a nun before, one day, she was left alone for a brief moment with friar Robert who accidentally brushed her sleeve as she was letting him up from the table in the nunnery. “I just felt a chemistry there, something, and I was a bit embarrassed”, she says. About a week later, Robert sent her message asking her to marry him.

The transition to life outside was difficult. At the job centre, when asked what transferable skills they had, they both burst into tears. However, Robert was accepted into the Church of England and became a vicar and Lisa now works as a hospital chaplain.

Index performances and market data

Equity & Bond Markets (%) in Local Currency	2016	2017	2018	2019	2020	2021	2022 YTD (30/12)
MSCI AC World (Gross TR)	11.7	9.5	-4.3	29.6	7.2	21.4	-15.6
ISEQ Overall Return	-2.7	9.5	-20.8	33.6	4.2	15.7	-14.5
Euro Stoxx 50 TR	4.7	10.0	-11.2	29.3	-2.6	24.1	-8.8
S&P 500 TR	15.3	7.0	0.4	33.9	8.6	28.7	-18.1
Nasdaq Composite	12.1	13.9	2.1	39.2	32.9	22.2	-32.5
Nikkei 225	8.8	10.3	-3.2	24.1	14.2	6.7	-7.3
MSCI Emerging Markets	14.9	21.0	-9.9	21.1	8.9	0.1	-15.2
Eurozone Government Bonds 1–5 yr	0.9	-0.2	0.0	1.1	0.6	-0.9	-7.2

Central Bank Rates (%)	2016	2017	2018	2019	2020	2021	2022 (30/12)
ECB	0.00	0.00	0.00	0.00	0.00	0.00	2.5
Bank of England	0.25	0.25	0.75	0.75	0.10	0.25	3.5
U.S. Federal Reserve	0.75	1.50	2.50	1.75	0.25	0.25	4.5

Sovereign 10yr Bond Yields (%)	2016	2017	2018	2019	2020	2021	2022 YTD (30/12)
U.S.	2.5	2.4	2.7	1.9	0.9	1.5	3.9
German	0.2	0.5	0.2	-0.2	-0.6	-0.2	2.5
UK	1.3	1.3	1.3	0.8	0.2	1.0	3.7
Japan	0.0	0.0	0.0	0.0	0.0	0.1	0.4
Ireland	0.8	0.7	0.9	0.1	-0.3	-0.3	3.0
Italy	1.8	2.0	2.7	1.4	0.5	1.2	4.6
Greece	7.2	4.1	4.4	1.5	0.6	1.3	4.6
Portugal	3.8	1.9	1.7	0.4	0.0	0.0	3.5
Spain	1.3	1.5	1.4	0.5	0.0	0.6	3.6

Foreign Exchange Rates	2016	2017	2018	2019	2020	2021	2022 (30/12)
Euro/Dollar (€/\$)	1.05	1.20	1.14	1.12	1.22	1.14	1.1
Euro/Sterling (€/£)	0.85	0.89	0.90	0.85	0.90	0.84	0.9
Sterling/Dollar (£/\$)	1.24	1.35	1.27	1.32	1.37	1.35	1.2

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Sources: Factset / Bloomberg / Moneymate / MSCI

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