

## Domestic Irish News

### Irish manufacturing sector activity slows

The Allied Irish Banks Manufacturing purchasing managers' index fell to 58.3 during December. Although this still represents sector expansion, it is the slowest rate of growth for nine months and reflects slowing output and new order growth. Backlogs continue to rise, however, and delivery times have lengthened due to continued global supply chain deficiencies.

## Global Share Markets

### Global share markets fell over the week

The MSCI AC World index depreciated 1.54% over the past week. Central bank policy decisions, which encouraged investors to move from riskier growth stocks into value stocks, played a significant role in this. US non farm payrolls were reported at 199,000 for December, which is well below market expectations of 400,000. This further damaged investor sentiment.

## Eurozone Economy

### Eurozone inflation climbs

Eurostat reported that the annual eurozone inflation rate rose to 5% during December of 2021. This is the sixth consecutive period of accelerating inflation within the region. Energy costs remain a significant contributor to eurozone inflation, while food, alcohol and tobacco prices have also contributed.

## US Federal Reserve (Fed)

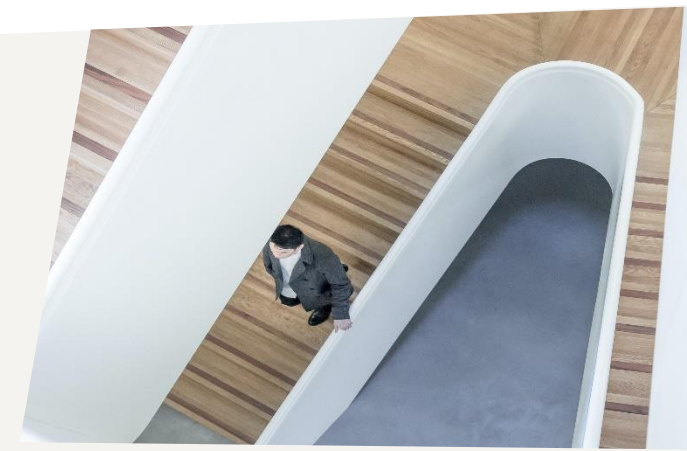
### Fed may raise rates earlier than expected

Minutes from December's Federal Open Market Committee meeting show that Fed policymakers see the case for rate hikes improving. Policymakers acknowledged that, given the US's economic outlook, labour market conditions, and persistently elevated inflation levels, it may become necessary to raise the federal funds rate earlier than initially expected.

## Mega Cap Stocks

### Apple becomes first \$3 trillion company

Last week, Apple became the first company in history to achieve a market capitalisation greater than \$3 trillion. Apple reached a market capitalisation of \$1 trillion in 2018. During October 2020, Microsoft overtook Apple as the world's most valuable company. But an exceptional rally saw Apple regain its crown and the company has gone on to add \$500 billion to its market capitalisation since November 2021.



**“The limits of the possible can only be defined by going beyond them to the impossible.”**

**ARTHUR C. CLARKE**

## The Story of the Week

### James Webb Telescope fully deployed

NASA engineers have remotely unfolded the final part of the James Webb space telescope – the largest astronomical mirror ever sent to space. This completes the deployment of the space telescope, which began on 24 December 2021. The space observatory will be used to explore events that occurred only a few hundred million years after the Big Bang.

# Index performances and market data

Equity & Bond Markets (%) in Local Currency	2016	2017	2018	2019	2020	2021	2022 YTD (07/01)
MSCI AC World (Gross TR)	11.7	9.5	-4.3	29.6	7.2	21.4	-1.4
ISEQ Overall Return	-2.7	9.5	-20.8	33.6	4.2	15.7	1.8
Euro Stoxx 50 TR	4.7	10.0	-11.2	29.3	-2.6	24.1	0.2
S&P 500 TR	15.3	7.0	0.4	33.9	8.6	28.7	-1.8
Nasdaq Composite	12.1	13.9	2.1	39.2	32.9	22.2	-4.5
Nikkei 225	8.8	10.3	-3.2	24.1	14.2	6.7	-1.1
MSCI Emerging Markets	14.9	21.0	-9.9	21.1	8.9	0.1	-0.3
Eurozone Government Bonds 1–5 yr	0.9	-0.2	0.0	1.1	0.6	-0.9	-0.2

Central Bank Rates (%)	2016	2017	2018	2019	2020	2021	2022 (07/01)
ECB	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank of England	0.25	0.25	0.75	0.75	0.10	0.25	0.25
U.S. Federal Reserve	0.75	1.50	2.50	1.75	1.75	0.25	0.25

Sovereign 10yr Bond Yields (%)	2016	2017	2018	2019	2020	2021	2022 YTD (07/01)
U.S.	2.5	2.4	2.7	1.9	0.9	1.5	1.8
German	0.2	0.5	0.2	-0.2	-0.6	-0.2	-0.1
UK	1.3	1.3	1.3	0.8	0.2	1.0	1.2
Japan	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Ireland	0.8	0.7	0.9	0.1	-0.3	-0.3	0.3
Italy	1.8	2.0	2.7	1.4	0.5	1.2	1.3
Greece	7.2	4.1	4.4	1.5	0.6	1.3	1.5
Portugal	3.8	1.9	1.7	0.4	0.0	0.0	0.6
Spain	1.3	1.5	1.4	0.5	0.0	0.6	0.6

Foreign Exchange Rates	2016	2017	2018	2019	2020	2021	2022 (07/01)
Euro/Dollar (€/\$)	1.05	1.20	1.14	1.12	1.22	1.14	1.13
Euro/Sterling (€/£)	0.85	0.89	0.90	0.85	0.90	0.84	0.84
Sterling/Dollar (£/\$)	1.24	1.35	1.27	1.32	1.37	1.35	1.36

This is intended as a general review of investment market conditions. It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person. Any comments on specific stocks are intended as an objective, independent view in relation to that stock generally and not in relation to its suitability to any specific person. ILIM may manage investment funds which may have holdings in stocks commented on in this document. Past performance may not be a reliable guide to future performance. Investments may go down as well as up. Funds may be affected by changes in currency exchange rates.

Sources: Factset / Bloomberg / Moneymate / MSCI

Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland.