

Domestic Irish News

Forecasts suggest slowing economy in 2023

The latest forecasts predict the Irish economy will slow in 2023 – amid real incomes hit by high inflation, affecting consumer spending, and uncertainty for investment. Both the Organisation for Economic Co-Operation and Development (OECD) and the Economic and Social Research Institute (ESRI) forecast that Ireland should avoid recession, but acknowledge it remains a risk.

Global Share Markets

MSCI AC World Index ends the week lower

Stocks were pushed lower for a second consecutive week as investors continued to grapple with rising interest rates. On Tuesday, US inflation data came in at a better-than-expected 7.1% year-on-year, which gave the market a temporary lift. However, the release of the December US Federal Reserve policy meeting statement sent stocks lower.

China Reopening

China's sudden reopening taking many by surprise

Chinese stocks fell on depressed economic data, as the country's 'zero-Covid' policy weighed on activity. Following widespread protests, authorities have just relaxed several restrictions, the timing of the sudden reopening taking many by surprise. However, infections appear to be surging.

European Central Bank (ECB)

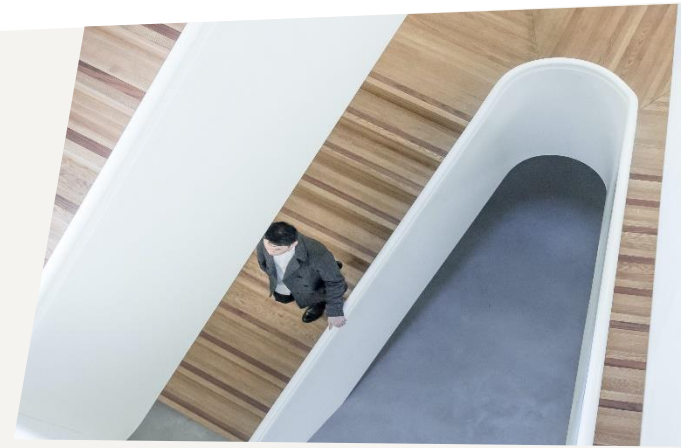
ECB raises rates by 0.5%

European share markets fell as the ECB indicated rates would need to rise further and for longer. The ECB raised interest rates by 0.5%, taking the deposit rate to 2%, the highest level for 14 years. Despite the rise being lower than the previous 0.75% increases, the central bank forecast further significant rate rises to bring inflation back to its 2% target.

US Federal Reserve (Fed)

Fed raises rates by 0.5%

The Fed reduced its pace of interest rate rises by announcing a 0.5% rise, down from 0.75% at the prior four meetings, but confirmed that further increases are likely. US policymakers' median projection for the federal funds rate rose to 5.1% from the 4.6% anticipated in September.



“Christmas is the season for kindling the fire of hospitality.”

WASHINGTON IRVING

The Story of the Week

Stranger asks if shopper's daughter believes in Santa, and pays for her shopping

A supermarket shopper was given some Christmas cheer after a stranger paid for her shopping. Beth, three of her children and her husband Paul were getting ready to pay for their weekly shop when a woman approached her daughter. “Do you believe in Father Christmas, or Santa?”, she asked. The girl said she did and woman said she would pay for their shopping. “She said she was a banker and she'd had a good year and that she wanted to bless some people. She said she'd done it a few times, and off she went”, reported Beth.

Index performances and market data

Equity & Bond Markets (%) in Local Currency	2016	2017	2018	2019	2020	2021	2022 YTD (16/12)
MSCI AC World (Gross TR)	11.7	9.5	-4.3	29.6	7.2	21.4	-15.2
ISEQ Overall Return	-2.7	9.5	-20.8	33.6	4.2	15.7	-14.8
Euro Stoxx 50 TR	4.7	10.0	-11.2	29.3	-2.6	24.1	-8.6
S&P 500 TR	15.3	7.0	0.4	33.9	8.6	28.7	-17.9
Nasdaq Composite	12.1	13.9	2.1	39.2	32.9	22.2	-31.0
Nikkei 225	8.8	10.3	-3.2	24.1	14.2	6.7	-2.4
MSCI Emerging Markets	14.9	21.0	-9.9	21.1	8.9	0.1	-14.7
Eurozone Government Bonds 1–5 yr	0.9	-0.2	0.0	1.1	0.6	-0.9	-6.7

Central Bank Rates (%)	2016	2017	2018	2019	2020	2021	2022 (16/12)
ECB	0.00	0.00	0.00	0.00	0.00	0.00	2.00
Bank of England	0.25	0.25	0.75	0.75	0.10	0.25	3.50
U.S. Federal Reserve	0.75	1.50	2.50	1.75	0.25	0.25	4.50

Sovereign 10yr Bond Yields (%)	2016	2017	2018	2019	2020	2021	2022 YTD (16/12)
U.S.	2.5	2.4	2.7	1.9	0.9	1.5	3.5
German	0.2	0.5	0.2	-0.2	-0.6	-0.2	2.2
UK	1.3	1.3	1.3	0.8	0.2	1.0	3.4
Japan	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Ireland	0.8	0.7	0.9	0.1	-0.3	-0.3	2.7
Italy	1.8	2.0	2.7	1.4	0.5	1.2	4.4
Greece	7.2	4.1	4.4	1.5	0.6	1.3	4.3
Portugal	3.8	1.9	1.7	0.4	0.0	0.0	3.2
Spain	1.3	1.5	1.4	0.5	0.0	0.6	3.3

Foreign Exchange Rates	2016	2017	2018	2019	2020	2021	2022 (16/12)
Euro/Dollar (€/\$)	1.05	1.20	1.14	1.12	1.22	1.14	1.06
Euro/Sterling (€/£)	0.85	0.89	0.90	0.85	0.90	0.84	0.87
Sterling/Dollar (£/\$)	1.24	1.35	1.27	1.32	1.37	1.35	1.22

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Sources: Factset / Bloomberg / Moneymate / MSCI

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