

Global Share Markets

MSCI AC World Index ends the week higher

Stocks rose in the first week of the year, according to the MSCI World index. On Friday, an encouraging jobs report spurred a rally for the US market. The communications services sector led the gains, aided by the likes of Netflix and Facebook parent Meta.

US Economy

Data encouraging for a “soft landing”

The payroll report for December saw nonfarm payrolls rise by 223,000, the lowest increase for the last two years but beating expectations. The growth in hourly earnings cooled. This was positive for sentiment and was seen as hopeful for a “soft landing” for the economy: falling inflation without a severe recession.

China reopening

Chinese shares rise on reopening

Chinese share markets rose on reopening news, including that Hong Kong would reopen its border to mainland China. The government has recently softened its stance on some industries, including internet platforms and coal imports, and has increased calls to expand spending and prioritise economic growth.

Europe

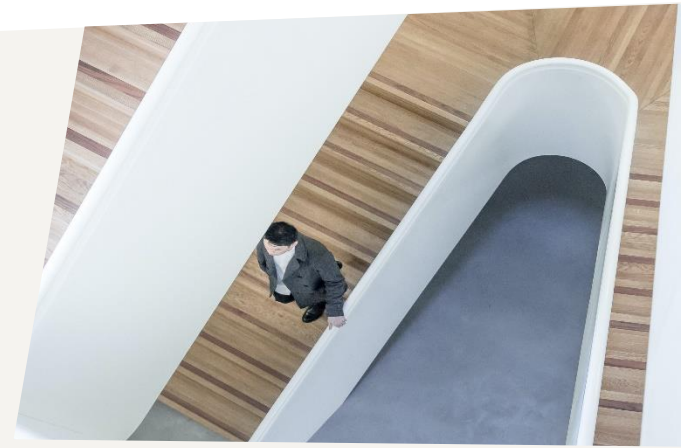
Shares rise as inflation eases

European share markets rose as eurozone inflation declined in December to 9.2% year-over-year. Natural gas fell to levels last seen before the Ukraine war. Markets are pricing in a peak in the eurozone deposit rate of 3.5%. Data showed a contraction in services and manufacturing activity in December, but the contraction has eased for the last two months.

Bank of Japan (BoJ)

BoJ defends new 0.5% yield cap

The BoJ conducted more unscheduled bond buying to defend its new 0.5% cap of the 10 year government bond yield, which was at that level by the end of the week. Upward pressure on the yield illustrates expectations that the central bank will raise the cap once more.



“If you’re not failing, you’re not pushing your limits, and if you’re not pushing your limits, you’re not maximizing your potential.”

RAY DALIO

The Story of the Week

Biggest Viking discovery in a decade

Archaeologists have discovered a huge Viking hall in Denmark thought to date between the 9th and 11th centuries. The building is 40 metres by 10 metres, with a roof that was supported by around 12 oak posts. The site in North Jutland has only been partially excavated and there may be more buildings to discover.

“This is the largest Viking Age find of this nature in more than ten years, and we have not seen anything like it before here in North Jutland”, said excavation leader Thomas Rune Knudsen.

Index performances and market data

Equity & Bond Markets (%) in Local Currency	2017	2018	2019	2020	2021	2022	2023 YTD (06/01)
MSCI AC World (Gross TR)	9.5	-4.3	29.6	7.2	21.4	-15.6	2.1
ISEQ Overall Return	9.5	-20.8	33.6	4.2	15.7	-14.5	7.5
Euro Stoxx 50 TR	10.0	-11.2	29.3	-2.6	24.1	-8.8	6.0
S&P 500 TR	7.0	0.4	33.9	8.6	28.7	-18.1	1.5
Nasdaq Composite	13.9	2.1	39.2	32.9	22.2	-32.5	1.0
Nikkei 225	10.3	-3.2	24.1	14.2	6.7	-7.3	-0.5
MSCI Emerging Markets	21.0	-9.9	21.1	8.9	0.1	-15.2	3.3
Eurozone Government Bonds 1–5 yr	-0.2	0.0	1.1	0.6	-0.9	-7.2	0.6

Central Bank Rates (%)	2017	2018	2019	2020	2021	2022	2023 (06/01)
ECB	0.00	0.00	0.00	0.00	0.00	2.5	2.5
Bank of England	0.25	0.75	0.75	0.10	0.25	3.5	3.5
U.S. Federal Reserve	1.50	2.50	1.75	0.25	0.25	4.5	4.5

Sovereign 10yr Bond Yields (%)	2017	2018	2019	2020	2021	2022	2023 YTD (06/01)
U.S.	2.4	2.7	1.9	0.9	1.5	3.9	3.6
German	0.5	0.2	-0.2	-0.6	-0.2	2.5	2.2
UK	1.3	1.3	0.8	0.2	1.0	3.7	3.5
Japan	0.0	0.0	0.0	0.0	0.1	0.4	0.5
Ireland	0.7	0.9	0.1	-0.3	-0.3	-0.3	2.7
Italy	2.0	2.7	1.4	0.5	1.2	4.6	4.2
Greece	4.1	4.4	1.5	0.6	1.3	4.6	4.4
Portugal	1.9	1.7	0.4	0.0	0.0	0.0	3.2
Spain	1.5	1.4	0.5	0.0	0.6	3.6	3.3

Foreign Exchange Rates	2017	2018	2019	2020	2021	2022	2023 (06/01)
Euro/Dollar (€/\$)	1.20	1.14	1.12	1.22	1.14	1.1	1.1
Euro/Sterling (€/£)	0.89	0.90	0.85	0.90	0.84	0.9	0.9
Sterling/Dollar (£/\$)	1.35	1.27	1.32	1.37	1.35	1.2	1.2

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Sources: Factset / Bloomberg / Moneymate / MSCI

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