December 5, 2022

Monday Briefing – 5 December 2022

HIGHLIGHTS

- The highlight of last week was definitely Fed Chair Powell's speech which cemented expectations that the Fed will move away from the 75bp hikes pursued at the last four meetings in favour of a slower 50bp pace.
- Relief also came from the Euro Area flash estimate CPI that fell to +10.0% in November, below the +10.4% reading expected and down from a record +10.6% in October. It marked the first time in over a year that Euro Area inflation slowed relative to the previous months. Inflation decelerated in 14 of the 19 member states.
- China’s Vice Premier Sun Chunlan commented that “As the omicron variant becomes less pathogenic, more people get vaccinated and our experience in Covid prevention accumulates, our fight against the pandemic is at a new stage and it comes with new tasks”, in another signal that China's zero-Covid policy may be gradually phased out.
- Major equity indexes ended the week higher, with the S&P500 breaking above its 200-days moving average and the EuroStoxx50 trading above the level prevailing before the war in Ukraine.
- Treasury yields rallied capping a strong month for the Treasury market, which saw yields

drop close to 50bps across the curve.

- The November US jobs report was stronger than expected, with job growth showing no signs of slowing and wage growth accelerating.

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