WEEKLY COMMENTARY
13.12.2021

Santander Fundusze Inwestycyjne

Last week (06.12-12.12.2021) started with good sentiments. **Concerns about the impact of the new coronavirus variant**, Omicron, **diminished**. Test results showed that the third dose of Pfizer's vaccine should protect against severe disease caused by the new strain. **Amid a supportive environment, equity markets resumed the upward trajectory seen on a larger scale in mature markets.** The S&P500 index ended the week 3.8% higher, setting a new historic high, while the tech Nasdaq Composite rose 3.6%. In turn, in Europe the EuroStoxx50 increased its value by 2.9%.

Against this background, **the Warsaw Stock Exchange performed relatively worse with the broad market up by 0.9%**. Domestic blue chips, as measured by the WIG20 index, performed best (+1.6%), whereas small and medium-sized companies recorded weekly declines (sWIG80 -0.2%, mWIG40 -0.8%). **The star of the local market was LPP** with its shares rising over 30% last week. The share price of the clothing giant set a **historic high** after the publication of **much better-than-expected quarterly results and the presentation of optimistic growth prospects.**

In Poland, the most important event was Wednesday's **MPC decision on interest rates**, which, as expected, **were raised by 50 bps**. After the press conference held on Thursday by the President of the National Bank of Poland, Adam Glapiński, we may expect a **continuation of interest rate increases over the coming months, aimed at bringing inflation back to the target range in the medium term**. As a result, after the press conference **the yield on 10-year treasury bonds rose** and ended the week near 3.18%.

Inflationary pressure is also seen across the ocean. According to the latest reading, CPI inflation rose by 0.8% m/m in November, stronger than expected. **The y/y growth was 6.8%, which means that prices in the USA are growing at the fastest rate since 1982.** Chairman of the Federal Reserve Jerome Powell earlier confirmed that high inflation is not temporary, which will open the way for **interest rate hikes in the US next year**. In turn, the Federal Open Market Committee (FOMC) meeting in December is expected to **accelerate the process of reducing asset purchases**.

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