

In the past week (3–9.01.2022), investors' attention was directed to Friday's **US labor market data** and globally **increasing number of cases** of a new coronavirus variant. After the **FOMC** (Federal Open Market Operations Committee) unveiled a steeper path of **interest rate hikes** for 2022, markets were expecting a significant improvement in the labor market. **Nonfarm employment** in the economy **increased** by 199,000 versus the expected 450,000. The **unemployment rate fell** to 3.9% from 4.2% in the previous month, and **wages grew** at a 4.7% rate. The market perceived the data as strong and expectations for job growth as too optimistic in relation to the very low unemployment rate. As a result, one US broker is predicting 4 rate hikes in 2022 versus 3 expected earlier.

Yields on 10-year US bonds soared to nearly 1.8%, exceeding the 2021 peak. The dollar remained relatively stable against the Euro. US equity markets saw a rotation towards value, growth and technology companies. **Nasdaq tech stocks lost the most**, falling by 4.5%, S&P500 declined by 1.9%, and the Dow Jones by "only" 0.7%. **In Europe**, thanks to a better start to the week, **the indices fell slightly**. DAX by 0.4%, in Great Britain FTSE 250 by 0.5%. In Japan, the Nikkei 225 fell by 1.1%.

In Poland, the MPC once again **raised interest rates**. The reference rate was raised by 50 bps, to 2.25%. Polish **10-year bond yields rose** to almost 4%.

We ended the past week in Poland with solid gains. The WIG rose by 2.2% and the WIG20 by 2%. Smaller companies that were heavily oversold at the end of 2021 did well. mWIG40 rose by 2.7% and sWIG180 by 2.6%. **The Polish zloty strengthened** against the U.S. dollar after the interest rate hike, approaching the PLN 4 level, and in the case of the euro, to PLN 4.55.

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