

WEEKLY COMMENTARY

7.02.2022

The main event of the past week (31.01-6.02.2022) was the **meeting of the European Central Bank (ECB)**. The parameters of the monetary policy in the Eurozone were unchanged, however, **Christine Lagarde's speech was perceived by investors as "hawkish"**. The ECB President **pointed out the risks of upward inflationary moves** and did not completely reject the possibility of starting **interest rate hikes** already this year. Flash **inflation data for January in the Eurozone** revealed a **stronger than expected price increase: 5.1% y/y**. We also received **data on economic growth in the Eurozone** - in Q4 2021 **GDP dynamics amounted to 4.6% y/y**. In the **USA, data from the labor market** turned out to be significantly **better than expected**. Non-farm employment grew by 467 thousand, and hourly wages increased by 5.7% y/y. The good data brings us closer to an **interest rate hike** by the **Fed** in March.

In Poland, data on GDP dynamics showed that our **economy grew by 5.7% y/y in 2021**. **On the Warsaw Stock Exchange**, thanks to small and medium-sized companies' price increases, the **WIG index ended the week in a positive territory**, gaining 0.4%. Thus, the **Polish equity market stood out positively** against the backdrop of falling European stock indices (STOXX Europe 600 fell by 0.7%). **The stock markets across the ocean performed better**. The S&P 500 rose by 1.6% and the technology NASDAQ by 2.4%. Much **worse sentiment** can be found among investors in **bonds markets**. Yields on 10-year government bonds rose in the US by 14 basis points (prices fell) to 1.91%, and in Germany by 25 bps to 0.20%. Polish 10-year government bonds recorded sharp declines in yields (price increases), returning to the area of 3.88% (down 16 bps). Corporate bonds performed poorly. The ICE BofA Global Corporate index (global index of investment grade corporate bonds) lost 1.3% and the ICE BofA Global High Yield Index (speculative grade bonds) lost 0.5%.

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