WEEKLY COMMENTARY
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Santander
Fundusze Inwestycyjne

Last week was full of important macroeconomic publications. In the United States, the report awaited by market participants was the **CPI inflation print for January**. **The increase of 7.5% y/y and 0.6% m/m turned out to be higher than market expectations, and at the same time the highest in 40 years.** Thus, the pressure on the Federal Reserve to accelerate the steps related to the increase in interest rates intensified even more. The market perceives a 50 bps rate hike already at the March meeting as practically a foregone conclusion.

In Poland, on the other hand, the most important event was the MPC decision on yet another 50-bp interest rate hike. At the same time, the President of the National Bank of Poland, Adam Glapiński, maintained his "hawkish" rhetoric at the press conference, leaving the way open for a continuation of the rate hike cycle at the next meeting.

The above-mentioned data on inflation strongly undermined the price rebound in the United States that had been underway since the beginning of the week. Therefore, on Thursday most of the increases in the indices made in the earlier days of the week were wiped out. Once again, the **IT, real estate and utilities segments suffered the most**. At the very end of the week, the negative sentiment intensified, which was also fuelled by the very tense geopolitical situation. **The S&P 500 index ended the week down by 1.8%, and the Nasdaq 100 by 0.3%.**

The Polish equity market did not avoid discounts in the second part of the week either, however, **the statistics of the whole week show mixed results of the main indices of the Warsaw Stock Exchange**. The main index, **WIG, gained 0.7%**, whereas among other indices, the segment of medium-sized companies stood out on the downside, with **mWIG40 index dropping by 0.9%**. The banking sector, a beneficiary of rising interest rates, failed to resist the supply pressure. The **WIG-Banki** sub-index **lost 0.9%** as part of profit taking.

Strong inflation data in the USA transferred to the increase in yields (drop in prices) on the domestic treasury market. Yields on 10-year Treasuries were above the 2% level for a moment. Also in Europe, investors experienced an increase in yields of government debt. **German 10-year Bund is at the level of about 0,29%, and Polish 10-years bonds are just below the level of 4% (yield).**

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