WEEKLY COMMENTARY
21.03.2022

Santander
Fundusze Inwestycyjne

The last week (14-20.03.2022) ended with a pronounced **rebound in equity markets**. Volatility remained quite elevated, but it is clear that nervousness has slowly begun to subside. The Fear & Greed index still holds at a **highly negative level**, although it recorded an **improvement compared to the previous week**. Markets reacted fairly calmly to the Fed chief's announcement of his support for a 25 bps **interest rate hike** in early March. **Reactions of the markets were positive** after the hike. The hawkish Fed proved not to be so scary for the markets, with a lot of the attention being drawn to the Central Bank's comments about the good health of the economy. According to experts, more hikes this year will result in fewer moves on the interest rate next year. The US rate hikes were followed by the Bank of England, raising rates by 25 bps to 0.75%. World indices were also supported by further easing in the Chinese economy and government assurances to make domestic market regulation more transparent and predictable.

Equity markets ended the week in positive territory. The S&P 500 increased by as much as 6.2%, the Nasdaq by 8.2%. In Europe, the German Dax was up by 5.8%. There were also significant gains in Asia. The Nikkei rose by 6.6% and Hong Kong's Hang Seng index by over 8%.

In Poland the scale of the rebound was smaller than on foreign markets, which should not come as a surprise given the proximity of the war in Ukraine. The WIG index rose by 3.8%. **Medium-cap companies performed best**, whereas those with the **smallest** capitalization **were weaker**: mWIG40 rose by 6.5%, while sWIG80 by 2.4%. The blue chip index WIG20 rose by 3.2%. **Gains** were generated primarily by sectors that had previously been lagging behind the market, namely **financials and retail sales**. The **pharmaceutical** and **chemical** sectors also gained strongly. Slightly weaker were sectors that had been gaining strongly before, such as **mining and oil companies**. Regarding important macroeconomic data, the **CPI inflation** for February was reported and once again exceeded consensus, and, thanks in part to the anti-inflationary shield, fell to **8.5%** (expectations of 8.1%). **Core inflation** for February also came in above expectations and **amounted to 6.7% y/y** (6.5% expected). **The Polish zloty** continued to **recover** from the solid depreciation over the past month. Currently the EUR-PLN rate stands at PLN 4.7 (at its peak it was even PLN 5.0), and the USD-PLN rate has dropped to around 4.2 PLN from 4.6 PLN.

On the debt market, yields in the US broke through 2% and are now around 2.2%. In Germany yields also rose to 0.35% adding another 10 bps. In Poland, after very strong increases the week before, now bond yields have fallen to 4.7% levels.

On **commodity markets**, we could notice the **risk-on** effect (appetite for risk). Gold fell by more than 3%. Copper rose by 2.5%.

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