

## Domestic Irish news

### Wholesale inflation shows signs of improving

Investors enjoyed some positive economic news from Ireland during the week, as data showed service sector cost pressures easing; both input and output cost inflation fell, according to the latest results from the AIB purchasing managers' index (PMI). Firms in the technology, media and telecoms sub-sectors grew at the fastest rate for the third month in a row, and business confidence improved.

## Global share markets

### Major companies perform strongly

Global share markets were volatile over the week, according to the MSCI World Index, which spiked midweek before falling to its lowest point so far in February. While global stocks have been on a strong upward path in 2023 to date, and commentators now expect a less substantial downturn, concerns remain; some firms – particularly US tech companies – are conducting mass layoffs to reduce costs, and consumer confidence remains low.

## UK

### FTSE static, while consumers remain squeezed

Data released for the fourth quarter of 2022 showed the UK economy narrowly avoiding a recession. Office for National Statistics (ONS) figures published late in the week showed GDP unchanged, below the Bank of England's (BoE) prediction of a 0.1% expansion. Data for December were gloomy, showing the economy shrinking by a worse-than-expected 0.5%. The BoE expects a contraction for 2023 as a whole.

## US economy

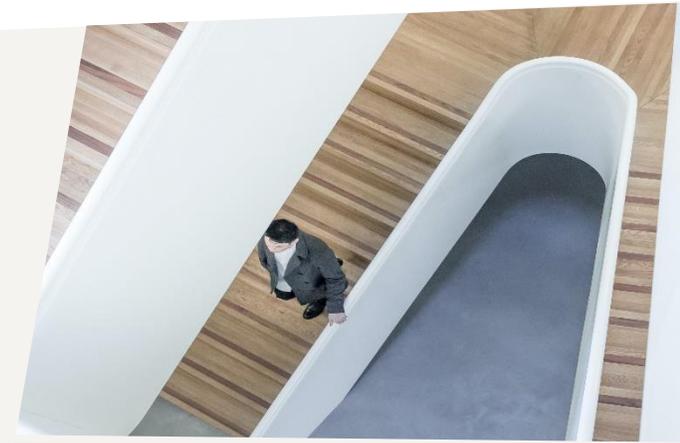
### GDP rises, inflation slows

As interest rate rises continued to bite, the Richmond Federal Reserve's (Fed) president signalled that hikes would continue as the central bank works to bring inflation down to target; further 0.25% increases are planned for the coming months. Major US indices fell towards the end of the week as the prospect of the future hikes weighed on sentiment. While Fed Chair Jerome Powell suggested, earlier in the week, that the 'disinflationary process' was underway, he said rate increases would be needed if employment figures remain robust.

## Europe

### Hikes to continue

Following a 0.5% interest rate hike last week, high-profile figures at the European Central Bank (ECB) stated that the EU's key interest rate – currently at 2.5%, below most of its global peers – is some distance from the level required to tame inflation. The impact of rising prices on consumers was highlighted by data released during the week showing EU retail sales declining sharply over December 2022, reaching their lowest point since April of 2021.



**“In order to go on living one must try to escape the death involved in perfectionism.”  
– HANNAH ARENDT**

## The Story of the Week

### 'New type of ice' discovered by scientists

Researchers at University College London have created a previously unseen 'amorphous' form of ice with a density similar to that of liquid water.

The researchers suggest that the ice, termed 'medium-density amorphous ice', or MDA, could be one of the types present on the distant icy moons of our solar system. When compressed and warmed, the ice 'recrystallizes' and releases a large amount of heat energy.

# Index performances and market data

Equity & Bond Markets (%) in Local Currency	2017	2018	2019	2020	2021	2022	2023 YTD (10/02)
MSCI AC World (Gross TR)	9.5	-4.3	29.6	7.2	21.4	-15.6	6.8
ISEQ Overall Return	9.5	-20.8	33.6	4.2	15.7	-14.5	10.6
Euro Stoxx 50 TR	10.0	-11.2	29.3	-2.6	24.1	-8.8	11.0
S&P 500 TR	7.0	0.4	33.9	8.6	28.7	-18.1	6.7
Nasdaq Composite	13.9	2.1	39.2	32.9	22.2	-32.5	12.1
Nikkei 225	10.3	-3.2	24.1	14.2	6.7	-7.3	6.0
MSCI Emerging Markets	21.0	-9.9	21.1	8.9	0.1	-15.2	5.7
Eurozone Government Bonds 1–5 yr	-0.2	0.0	1.1	0.6	-0.9	-7.2	0.5

Central Bank Rates (%)	2017	2018	2019	2020	2021	2022	2023 (10/02)
ECB	0.00	0.00	0.00	0.00	0.00	2.5	3.0
Bank of England	0.25	0.75	0.75	0.10	0.25	3.5	3.5
U.S. Federal Reserve	1.50	2.50	1.75	0.25	0.25	4.5	4.5

Sovereign 10yr Bond Yields (%)	2017	2018	2019	2020	2021	2022	2023 YTD (10/02)
U.S.	2.4	2.7	1.9	0.9	1.5	3.9	3.7
German	0.5	0.2	-0.2	-0.6	-0.2	2.5	2.4
UK	1.3	1.3	0.8	0.2	1.0	3.7	3.4
Japan	0.0	0.0	0.0	0.0	0.1	0.4	0.5
Ireland	0.7	0.9	0.1	-0.3	-0.3	-0.3	2.8
Italy	2.0	2.7	1.4	0.5	1.2	4.6	4.2
Greece	4.1	4.4	1.5	0.6	1.3	4.6	4.2
Portugal	1.9	1.7	0.4	0.0	0.0	0.0	3.2
Spain	1.5	1.4	0.5	0.0	0.6	3.6	3.3

Foreign Exchange Rates	2017	2018	2019	2020	2021	2022	2023 (10/02)
Euro/Dollar (€/\$)	1.20	1.14	1.12	1.22	1.14	1.1	1.07
Euro/Sterling (€/£)	0.89	0.90	0.85	0.90	0.84	0.9	0.88
Sterling/Dollar (£/\$)	1.35	1.27	1.32	1.37	1.35	1.2	1.21

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Sources: Factset / Bloomberg / Moneymate / MSCI

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