Last Week at a Glance

Global equities ticked lower last week, posting their first decline of 2023, as notable US economic data releases surprised to the downside. Global Treasury yields fell further, and the US dollar touched a seven-month low.

- Weaker-than-expected US manufacturing and retail sales figures suggested that the economy was losing momentum. Several major technology and finance companies announced job cuts, but the overall job market remained tight as initial jobless claims came in well below expectations.
- Officials from the Federal Reserve and the European Central Bank reaffirmed their commitment to lowering inflation through additional rate hikes. The Bank of Japan struck a more dovish tone by making no further changes to its yield curve control policy and maintaining its ultra-low policy rate. That decision boosted Japanese equities and sent the yen and Japanese bond yields lower.
- China's GDP expanded by just 3% in 2022—a historically low reading—as strict COVID-19 measures took a toll on economic growth. However, after China's recent zero-COVID policy reversal, economic growth forecasts have improved. China's equity market has reflected this optimism, with the MSCI China Index up more than 13% year-to-date.
- The United States reached its $31.4 trillion debt limit, prompting investors to brace for another bout of political brinkmanship as Congress negotiates to avert a potential default. In the meantime, the US Treasury began taking extraordinary measures to meet financial obligations, which are expected to last through early June.

MARKET PERFORMANCE

As of January 22, 2023 • Local Currency • Percent (%)

Equities	Last Week	This Month	This Year
Global	-0.2	4.6	4.6
Developed Markets	-0.3	4.3	4.3
United States	-0.6	3.7	3.7
Euro Area	-0.5	8.4	8.4
United Kingdom	-1.0	4.1	4.1
Japan	1.2	2.2	2.2
Emerging Markets	0.8	7.2	7.2
Fixed Income			
US Aggregate	0.1	2.9	2.9
US Treasuries	0.1	2.4	2.4
US Corporate IG	0.1	3.5	3.5
US Corporate HY	-0.3	3.5	3.5
Real Assets			
Global Equity REITs	-0.4	5.9	5.9
Global Natural Resources	0.4	4.8	4.8
Gold Bullion	0.9	6.2	6.2
Currencies			
EUR/USD	0.0	1.5	1.5
GBP/USD	1.3	2.8	2.8
USD/JPY	1.9	-1.5	-1.5

Sources: Bloomberg Index Services Limited, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
Notes: This edition was prepared on January 22, 2023 and it reviews developments of the prior week. The equity data are total returns net of dividend taxes of MSCI indexes in local currency. Global natural resources equities are represented by the MSCI All Country World Commodity Producers Index. The fixed income data are total returns for Bloomberg indexes. Gold Bullion uses near-month gold futures contracts, as traded on the COMEX, to determine performance. Currency performance is based on Reuters data.