



## **Market Update – January 2022**

*January brought the return of a risk-off sentiment from investors as the CBOE Volatility Index hit 1 year highs on the back of upside inflationary data, monetary policy shift to hawkishness, ongoing supply chain bottlenecks, geopolitical tension, and less fiscal support. With hot CPI data, the Fed is now expected to raise rates with a liftoff priced in for March, which saw the rise in yields in both the 10 year (1.51% to 1.78%) and 2 year (0.73% to 1.18%), flattening the curve and bringing the 10/2spread to new 52-week lows. Despite a good start to earnings season, markets looked to forward guidance and balanced economic data points including weaker retail sales and Jobs report, which led to equity indices suffering in January with most declining and entering correction territory while the energy sector remained the main performer. Markets will likely continue to focus on central bank narratives and economic data for the month ahead.*