



Market Update – February 2022

The month started with investors pricing in potential for a 50bp rate rise from the Federal Reserve after a hot CPI print leading to a respective sell off in the more rate sensitive growth stocks. Focus was soon diverted to geopolitical events after Russia's invasion of Ukraine provided uncertainty of potential economic impacts globally as severity of sanctions increased towards the end of the month. While earnings season has been strong in Q1 with a majority of companies reporting positive earnings surprises, the headwinds from wage growth and supply chains have dampened sentiment for future growth in management reports. Regionally, the impact of the dependence on Russian energy supply was felt in European markets where equities were a poor performer in the month but the UK's exposure to energy and commodities aided the FTSE Index in the month. Unsurprisingly commodities hit highs in February with large gains in not just energy but also metals and wheat, where Russia and Ukraine are significant exporters.