THE END OF 2022 IS COMING.
WE WILL FINALLY BE ABLE TO SAY GOODBYE TO THIS DIFFICULT YEAR.

As per tradition, the last month of the year it's time to take stock.

If we were to draw two columns, one with positive data and one with negative ones that have characterized the last twelve months, the balance would undoubtedly sway to the minus sign.

Vladimir Putin stubbornly continues his absurd military campaign in Ukraine.
The Russian bombings don't stop.
The Moscow army is no longer even hiding targeting civil structures. After the shameful defeats on the ground and failing to advance, the Kremlin decided to operate mainly by air, leaving Ukraine without light and heating and hoping, thanks to the winter and the cold temperatures, to bend it out of exhaustion.
It's a primitive strategy, the only one that Russia can handle, always the same since the days of Napoleon: the cold to annihilate "the enemy".

On the Chinese front, the recent protests against the zero-Covid policy, followed by their immediate stifling, do not bode well in terms of production and distribution chains complete recovery.
Almost three years after the start of the pandemic, China remains in a sort of "economic coma", which inevitably affects the rest of the world too.

The big theme of 2022: the return of inflation

The energy crisis and high inflation that has characterized 2022, reaching record levels, will not subside anytime soon.

In October, year-on-year consumer price inflation in the EU climbed to a record high of 11.5%.

The geopolitical and macroeconomic context weakens people and stock markets sentiment.
All that remains is to hope for some good news for 2023.

Glimmers of hope seem to come from the USA, where the peak of inflation was reached in June (above 9%) and where, gradually, a slowdown in consumer price index is being observed.

The Fed has raised interest rates six times during this year and a further increase, albeit more moderate than the previous ones, is expected for the next meeting in December (+50 bps).
Experts are convinced that the Fed will continue its hardline policy in early 2023 and stop thereafter.

If the times and strategies have been well calculated, the prospect is not a real recession, but a soft lending of the economy, which should favor the recovery of the stock markets.

All this is associated with a good resilience of the U.S labor market.

The markets

Although Wall Street has shown signs of recovery in recent weeks, the S&P 500 remains down nearly 15% year to date and recorded its worst annual return since 2008, the year of the financial crisis.

It is also true that December is traditionally considered a good month for investments. However, investors are advised to prefer a defensive approach, favoring value over growth stocks.

Furthermore, it is recommended to consider utility, consumer staples and health care stocks, which are attractive in a period such as the current one.

In addition, energy stocks will continue to enjoy an upbeat momentum into the end and beginning of the new year.

Quant & Partners Ltd

60 Halkett Place, St. Helier, Jersey JE2 4WG, +44 1534 734503
1 Knightsbridge Green, London SW1X 7NE, +44 20 3097 0280

info@quantandpartners.com
www.quantandpartners.com