JANUARY 2022

RAYMOND JAMES



Chris Bailey, *European Strategist, Raymond James Investment Services*

"If I had my way, I'd remove January from the calendar altogether and have an extra July instead." – Roald Dahl

Whilst the application of many millions of booster jabs have given a strong protection against the Omicron variant, offering the hope of COVID normalisation, global financial markets have not had a positive first few weeks of 2022.

Whilst U.K. financial market losses have been relatively modest, the same cannot be said about markets in the United States, which led global gains over the last ten or twelve years. Additionally key emerging markets - such as China - have continued the negative movements they showed last year, whilst many bond markets have also seen lower prices and higher bond yields driven by the potential of rising interest rates.

The world is rarely a straightforward place as shown - beyond the COVID-19 challenges of the last two years - by recent availability constraints, heightened gas prices, military uncertainties involving Russia and enhanced government debt levels raising the risk of higher taxation.

Monday's volatility saw significant falls in markets as the global markets closed, but most surprising of all was witnessing U.S. markets closing in positive territory at the end of trading.

The old adage that markets climb walls of worry may yet prove to be the case. It has been over 30 years since the Fed hiked rates to stave off inflation, and longer since it did so against a backdrop of a slowing economy. The Fed is meeting and the signals from that meeting, out later in the week, will be key to the start of the year.

There will always be risks, but how you respond is always what really matters. Fortunately, the world is always changing and evolving. There will be many weeks and months - and sometimes even years - when financial markets perform in a dull or disappointing fashion, but such movements can also provide opportunities. Common sense and diversification always matter but so does planning for the future and allocating appropriately in pension and general investment allocations.

The world remains an interesting and opportunistic place and that still includes 2022. Just never expect it to be exactly the same as the previous year or two. It would be more of a worry if the world was always like that.

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