



## CIO OFFICE MORNING MARKET WRAP

17 January 2025

A welcome stability in the US Treasury yield curve contributed to a less volatile day for global markets. Stocks were marginally positive in developed regions. Despite more positive corporate earnings, especially from financials, the US closed slightly lower, underperforming other developed regions, as well as emerging markets up a robust +1%. The dollar was slightly weaker against trade-weighted counterparts, which supported gold, up another +0.7% to \$2,714 and firmly holding the top spot of 2025 so far. Global listed real estate continued to rebound, up +1.4% yesterday to now flat this year. Finally, the price of Brent crude oil gave back 70c to \$81.3.

US retail sales increased by a reasonable +0.4% in December, after +0.8% in November (revised from +0.7%). This was below the median forecast of +0.6% but details don't suggest a broad deceleration. The Philadelphia Fed manufacturing survey surged in January -one of its largest monthly jump ever, from -5 to +44!- contradicting the tepid message from the earlier Empire manufacturing. All in, it looks like the US economy is just doing fine, as also indicated by the quite average weekly jobless claims.

This morning is all about Chinese data. According to official measures, GDP in Q4 grew by a very impressive +5.4% which happens to be the exact quarterly number needed to reach 5% annual real GDP growth for 2024, which happens to be the government objective. As we wrote on Monday, this shouldn't come as a total surprise. Still, the other monthly data released this morning are consistent with a positive end to the year: industrial production, up +6.2% year-on-year, materially exceeds the median forecast of 5.4%, while retail sales are closer yet also slightly better at +3.7% vs 3.6%. This is clearly encouraging for the world's second largest economy, and it suggests that stimulus measures are having a quick impact. Still, the perspective of US tariffs is in everyone's minds.

### Markets this morning:

Chinese stocks are rising in both Hong-Kong and onshore this morning, unsurprisingly, but reasonably at +0.4% on average (we are not the only ones not having been overly surprised by 2024's 5.00% GDP growth). Elsewhere the Nikkei is down -0.9%, under pressure of the yen approaching 155 and hit by a drop in Nintendo shares which fails to impress with the Switch 2. US Treasury yields are stable at 4.23% for the 2-year, 4.4% for the 5-year and 4.6% for the 10-year. An ounce of gold trades for \$2,745 and a barrel of Brent for \$81.6. Finally, bitcoin is fiercely reclaiming its 6 digits, currently at \$101,000.

### Upcoming Key events/data:

Today's data releases are relatively light now that China came out. We will have a look at retail sales in the UK, the final December CPI from the Eurozone, as well as US housing starts at 5.30PMDubai time and probably most interestingly US industrial production 45 minutes later, expected to have gained +0.3% in December. The week ahead will see a large number of corporate earnings, but the focus will obviously be on President Trump's inauguration and what will follow. Have a great end to the week.

Have a great day.

Chief Investment Office  
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