



## CIO OFFICE MORNING MARKET WRAP

20 January 2025

Last week provided some relief to the risk assets as long-end yields eased a bit on seemingly favourable macro data. US core CPI eased to 0.2% MoM, declining for the first time since July last year. US retail sales increased by 0.4% after the scorching 0.8% print in November. Bonds rallied with belly of the curve outperforming. The 7-year decreased by 14 bps while both the 2 and 30 year yields dropped by 9 bps. The benchmark 10-year traded close to 4.62%. Equities rallied with S&P 500 up 2.9% last week while Russell 2000 notched 4%. Across the Atlantic, UK assets also got a breather as the UK CPI clocked below estimates coming in at 0.3% vs expectations of 0.4%. The 10-year UK gilts dropped 20 bps providing Chancellor Reeves some relief.

Meanwhile the first set of Q4 earnings from the big banks in the US are out and paint a positive picture. 42 companies in the S&P 500 have reported earnings with average earnings surprise of 9.69%. Earnings growth is clocked at 21.9% with Financials leading the results. Morgan Stanley's almost 40% year-over-year trading and banking-fee revenue growth in 4Q led across the largest US banks, followed by Goldman Sachs' 31% and Citigroup's 30%. Growth was positive across banks and verticals, with Goldman's M&A posting the only decline. Trading and fees grew 27% across the big six US banks.

President-Elect Trump will take oath today and has promised swift executive orders for swift Day 1 action remaking the federal government, shifting federal priorities at breakneck speed. The markets will remain on the edge anticipating and reacting to the orders. \$TRUMP memecoin debuted by Mr. Trump surged to a market value of \$15 billion before sliding to below \$10 billion.

### **Markets this morning:**

Asian equities are on the upswing this morning post the optimism after the discussion between Mr Trump and President Xi last Friday spanned topics ranging from tariffs to Tiktok according to Bloomberg. TikTok started restoring service in the US on Sunday. Hong Kong shares are up close to 2% while mainland Chinese shares have gained 0.8%. PBOC has kept the 1- and 5-year Loan Prime Rates unchanged. The 10-year US Treasury yields are steady at 4.63%. Brent trades above \$80 while Gold has dropped slightly below \$2,700.

### **Upcoming Key events/data:**

The US economic calendar is light this week, with December existing-home sales and University of Michigan consumer sentiment data slated for Friday, along with S&P Global manufacturing and services surveys. Fed policymakers are in a blackout period ahead of their Jan. 28-29 meeting. BoJ holds a crucial rate decision this Friday with analysts expecting a rate hike. The Davos World Economic Forum gathering will be in the limelight as global leaders and financial officials mingle with business executives in the Swiss mountain resort. In both the UK and euro zone, PMI numbers on Friday will be key. Türkiye central bank is expected to cut another 250 bps this Thursday taking the policy rates to 45%.

Have a great day.

Chief Investment Office  
Wealth Management,  
Emirates NBD.

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