



CIO OFFICE MORNING MARKET WRAP

21 January 2025

President Trump was sworn in as the 47th president of the USA last night. As promised on the eve of the swearing in ceremony, he enacted a flurry of executive orders. These ranged from illegal immigration to energy policy. The orders included the attorney general not taking action against TikTok for 75 days; pardoning nearly all people with criminal charges related to storming the Capitol on Jan. 26, 2021; rescinding 78 Biden-era orders – including those related to diversity, immigration and climate – and withdrawing the US again from the Paris Agreement. He also enacted national emergency on Energy and Immigration.

However, exclusive tariff related orders were not enacted. Even though the President mentioned the possibility of enacting 25% tariff on Mexico and Canada by 1st February. US markets were closed yesterday. Bloomberg's dollar gauge rose as much as 0.7% after being lower on the day at the start of Asian trade. The benchmark 10-year yield moved 9 bps down to trade around 4.54%. Markets price 44 bps of rate cuts before the end of the year. European shares have outperformed the US equities YTD by roughly 2%.

Markets this morning:

This morning the Asian shares fluctuate with tariff being the biggest unknown. Hong Kong shares are up 0.4% whereas mainland China equities are down 0.1%. US futures have erased their gains. US Treasury yield curve has bull-flattened but the long end yields are slightly higher than the early morning lows. Gold has jumped to \$2,725 among all the volatility. Brent Crude trades above \$80.

Upcoming Key events/data:

We don't have any top level macro data from the US. From the UK we get ILO Unemployment Rate and weekly earnings. We get Germany's ZEW survey data which confirms an ongoing slowdown. Today's earning releases include 3M, Charles Schwab and Fifth third Bancorp among others.

Have a great day.

Chief Investment Office
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