

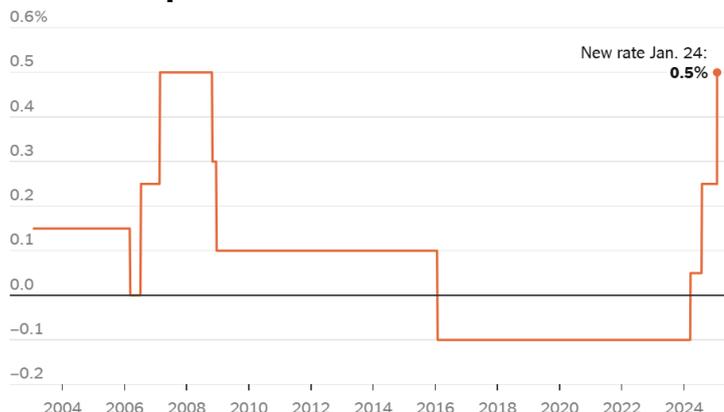


Weekly Market Report

Sunday 26th January 2025

MACROECONOMIC OUTLOOK

Bank of Japan Interest Rate Decision



Source: FactSet (24/01/2025)

The Bank of Japan (BoJ) raised its key short-term interest rate by 25 basis points to 0.5%, the highest level in 17 years, in line with market consensus.

The move reflected wage hike momentum and steady progress in inflation. It also marked the third-rate hike since the central bank ended negative interest rates in March 2024. The central bank also indicated plans for further rate increases and reduced monetary support if economic and price data align with its forecasts. Friday's decision passed with an 8-1 vote, as board member Nakamura dissented.

Meantime, in its quarterly outlook, the BoJ lifted its forecasts for core inflation to 2.7% for FY 2024 from October's estimates of 2.5%, citing a growing labor shortage. It projects core inflation to further moderate to 2.4% in FY 2025 and 2.0% in FY 2026. Meanwhile, the central bank slightly lowered its 2024 GDP growth forecast to 0.5% from earlier figures of 0.6%. Growth outlook remains at 1.1% for FY 2025 and 1.0% for FY 2026.

US Initial Jobless Claims



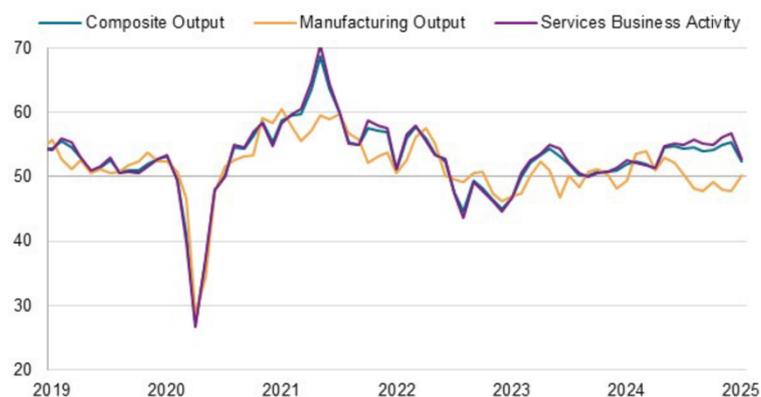
Source: Bloomberg (23/01/2025)

Initial jobless claims in the US rose by 6,000 from the previous week to 223,000 in the period ending January 18th, slightly ahead of market expectations of 220,000, to mark the sharpest rise in six weeks.

In turn, the outstanding claim count rose by 46,000 to 1,899,000 in the earlier period, the most since November of 2021, to suggest that those without jobs are taking a longer time to find suitable employment and pointing to a greater impact of restrictive interest rates by the Fed on the US labor market.

The four-week moving average for initial claims, which reduce weekly volatility, rose by 750 to 213,500. In turn, the non-seasonally adjusted claim count sank by 68,135 to 284,222.

S&P Global US PMI



Source: S&P Global PMI (24/01/2025)

The S&P Global US Manufacturing PMI edged up to 50.1 in January 2025 from 49.4 in December, beating market expectations of 49.7 and signaling a slight improvement in manufacturing conditions after six months of decline. Factory production rose marginally for the first time in half a year, with new orders also returning to modest growth. Employment increased for the third consecutive month, with the fastest pace of job creation since July. Suppliers' delivery times continued to lengthen, reflecting busier supply chains, though the impact on the PMI was less pronounced than in December. On the downside, inventories fell at their sharpest rate in 17 months, partly due to higher-than-expected input use in production rather than cost-driven destocking.

The S&P Global US Services PMI fell to 52.8 in January of 2025 from 56.8 in the previous month, missing market expectations of 56.5 to mark the softest pace of expansion in US manufacturing activity since April of last year, according to a flash estimate. Output expanded the least in nine months, as a contraction in export orders drove new business to rise at the softest pace in three months. Still, services providers recorded a surge in hiring levels during the period as jobs rose the most in 30 months. On the price front, input costs accelerated to break the 10-month slowing momentum, driving companies to hike selling charges.

US Crude Oil Inventories



Source: Trading Economics (23/01/2025)

Stocks of crude oil in the US fell for a ninth consecutive week on the period ending January 17th, while stocks of distillate fuel dropped sharply and stocks of gasoline rose further, according to the latest data from the Energy Information Administration.

Crude oil inventories dropped by 1.02 million barrels, below the market consensus of a 2.1-million-barrel draw, and extending the 2-million-barrel draw from the previous week. This was in line with the drop in inventories at the Cushing, Oklahoma, delivery hub, which fell by 150 thousand barrels.

MARKET OUTLOOK

Source: Investing.com

EQUITY INDEX

Name ↕	Last	Open	High	Low	Chg. % ↕
S&P 500	6,101.24	6,121.43	6,128.18	6,088.74	+0.00% ↻
Nasdaq	19,954.30	20,087.11	20,118.61	19,897.13	-0.50% ↻
Dow Jones	44,424.25	44,533.75	44,545.52	44,332.22	-0.32% ↻
FTSE 100	8,502.35	8,565.20	8,586.68	8,492.73	0.00% ↻
Euro Stoxx 50	5,219.25	5,241.55	5,260.35	5,208.95	+0.03% ↻
CAC 40	7,927.62	7,958.92	7,988.85	7,904.17	+0.44% ↻
DAX	21,394.93	21,463.15	21,520.50	21,353.01	+0.04% ↻
IBEX 35	11,982.60	12,040.20	12,050.30	11,933.30	0.00% ↻
FTSE MIB	36,200.72	36,300.03	36,472.55	36,119.07	0.00% ↻
Shanghai	3,252.63	3,222.88	3,260.01	3,221.71	+0.70% ↻
Hang Seng	20,066.19	19,842.85	20,144.00	19,768.13	0.00% ↻
Nikkei 225	39,962.50	40,016.50	40,410.50	39,813.50	-0.10% ↻

FIXED INCOME

Name ↕	Last	Open	High	Low	Chg. % ↕
U.S. 10Y	4.616	4.641	4.662	4.605	-0.22% ↻
U.K. 10Y	4.6305	4.6240	4.6670	4.5980	0.00% ↻
France 10Y	3.306	3.278	3.328	3.275	+0.00% ↻
Germany 10Y	2.5445	2.5090	2.5690	2.5010	0.00% ↻
Spain 10Y	3.185	3.172	3.204	3.153	-0.13% ↻
Italy 10Y	3.655	3.630	3.684	3.615	0.00% ↻
China 10Y	1.610	1.700	1.700	1.614	-1.23% ↻
Japan 10Y	1.228	1.210	1.240	1.209	0.00% ↻

FOREX

Name ↕	Last	Open	High	Low	Chg. % ↕
EUR/USD	1.0493	1.0417	1.0523	1.0412	+0.96% ↻
USD/JPY	155.98	156.06	156.58	154.85	-0.05% ↻
GBP/USD	1.2479	1.2356	1.2503	1.2347	+0.81% ↻
USD/CHF	0.9057	0.9078	0.9079	0.9027	0.00% ↻
AUD/USD	0.6309	0.6286	0.6332	0.6278	+0.00% ↻
USD/CAD	1.4342	1.4383	1.4385	1.4314	0.00% ↻
EUR/GBP	0.8404	0.8433	0.8466	0.8403	0.00% ↻
EUR/JPY	163.67	162.56	164.21	161.90	+0.73% ↻
GBP/JPY	194.65	192.77	194.81	192.05	+0.89% ↻
USD/CNY	7.2440	7.2885	7.2885	7.2376	-0.55% ↻

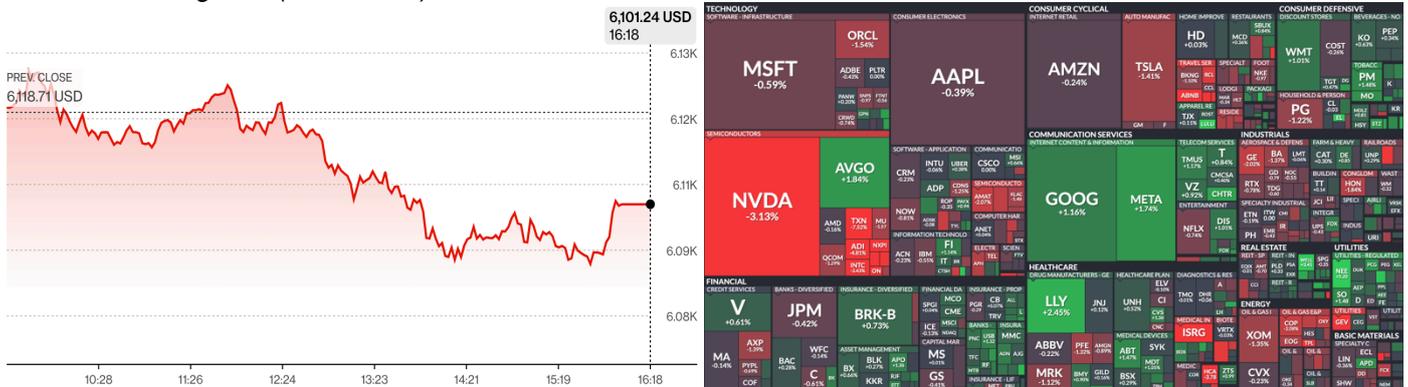
COMMODITIES

Name ↕	Last	Open	High	Low	Chg. % ↕
XAU/USD	2,771.25	2,752.56	2,786.04	2,752.56	+0.59% ↻
XAGg/USD	0.9827	0.9787	0.9976	0.9764	+0.00% ↻
Crude Oil WTI	74.66	74.30	75.21	74.01	+0.05% ↻
Brent Oil	78.50	77.86	78.99	77.60	+0.27% ↻
Natural Gas	4.027	3.933	4.050	3.808	+2.03% ↻
Copper	4.3210	4.3280	4.3890	4.3085	-0.23% ↻
Platinum	972.10	967.50	984.70	966.30	+0.18% ↻
US Corn	486.50	486.75	489.40	483.60	-0.51% ↻
US Wheat	544.00	550.00	552.25	541.25	-1.81% ↻
US Soybeans	1,055.75	1,051.00	1,063.00	1,046.75	-0.87% ↻

US MARKET RECAP

US STOCKS LOWER AT CLOSE OF TRADE; DOW JONES DOWN 0.32%

Source: Investing.com (24/01/2025)



Graph 1 – S&P 500 Graph (Source: Bloomberg)

Graph 2 – S&P 500 Map (Source: Finviz)

US stocks were lower after the close on Friday, as losses in the Oil & Gas, Technology and Industrials sectors led shares lower.

At the close in NYSE, the **DOW JONES declined 0.32%**, while the **S&P 500 fell 0.29%**, and the **NASDAQ fell 0.50%**.

The best performers of the session on the DOW JONES were Walmart Inc, which rose 1.01% or 0.95 points to trade at 94.76 at the close. Meanwhile, Walt Disney Company added 1.01% or 1.12 points to end at 112.16 and Verizon Communications Inc was up 0.92% or 0.36 points to 39.54 in late trade.

The worst performers of the session were NVIDIA Corporation, which fell 3.12% or 4.60 points to trade at 142.62 at the close. Honeywell International Inc declined 1.84% or 4.15 points to end at 221.51 and American Express Company was down 1.39% or 4.53 points to 321.34.

The top performers on the S&P 500 were Nextera Energy Inc which rose 5.20% to 72.83, Welltower Inc which was up 3.41% to settle at 136.75 and Lululemon Athletica Inc which gained 3.14% to close at 400.03.

The worst performers were Texas Instruments Incorporated which was down 7.52% to 185.52 in late trade, CF Industries Holdings Inc which lost 7.50% to settle at 88.10 and Microchip Technology Inc which was down 5.34% to 56.39 at the close.

The top performers on the NASDAQ were Nvni Group Ltd which rose 195.30% to 4.40, Evaxion Biotech AS which was up 65.66% to settle at 6.03 and PMGC Holdings Inc which gained 56.57% to close at 3.10.

The worst performers were Golden Star Acquisition Corp, which was down 67.38% to 2.91 in late trade, Next Technology Holding Inc which lost 53.95% to settle at 1.40 and Singularity Future Technology Ltd which was down 38.26% to 1.63 at the close.

Rising stocks outnumbered declining ones on the New York Stock Exchange by 1484 to 1285 and 100 ended unchanged; on the Nasdaq Stock Exchange, 1670 rose and 1632 declined, while 138 ended unchanged.

Shares in Golden Star Acquisition Corp fell to all-time lows, losing 67.38% or 6.01 to 2.91.

RECAP OF FINANCIAL NEWS

Asia Private Credit Funding Hits Eight-Year Low on China Slump

Source: Bloomberg (20/01/2025)

Asia's private credit market faces diverse challenges in 2025 after fundraising dropped to an eight-year low and concerns over China's ailing growth hit sentiment.

Fundraising of Asia Pacific-focused private debt funds fell 34% to \$5.4 billion in 2024 from the year-earlier period, the lowest tally since 2016, according to Preqin data. Capital deployment in the region dipped 67% to \$4.6 billion last year, the data show.

Although China still accounts for a sizable share of Asia's total — taking about a fifth, or \$1 billion, of regional capital deployed in 2024 — it is no longer a huge driver of transactions and returns. The country's real estate crisis, coupled with a crackdown on the financial services sector sparked an investor exodus.

Asia's private credit market is also much less mature and more nuanced with each country presenting a different risk profile. All this has made the region a much harder sell to investors.

Moreover, investors in Asia are not sufficiently compensated for the risk of lending given that premiums have compressed in both the public and private credit space, experts said.

Still, market participants remain relatively optimistic about 2025 given that Asia Pacific represents just a fraction of the \$1.6 trillion global private credit market.

France's 2024 Power Grid Was 95% Fossil Free as Nuclear, Renewables Jumped

Source: Bloomberg (20/01/2025)

France's low-carbon electricity output surged to more than 95% of annual power production for the first time in 2024, as rising nuclear and hydro generation squeezed the use of fossil fuels.

Rebounding atomic production together with record output from renewables boosted the country's electricity production to a five-year high of 536.5 terawatt hours, transmission network operator Réseau de Transport d'Electricite said in a statement on Monday. Net exports almost doubled to record of 89 terawatt hours as domestic demand remain subdued due to sluggish economic growth. Electricite de France SA's nuclear fleet has largely recovered from maintenance issues that worsened the continent's energy crisis in 2022. That's helping keep a lid on electricity prices, even as the cost of natural gas has risen since Russia's attack on Ukraine.

Nuclear and renewables together contributed to the decarbonization of French power generation and the rise in exports to neighboring countries, RTE said in the statement.

France's nuclear output climbed 13% to a five-year high, accounting for 67% of the country's total generation. Renewables reached a record 148 terawatt hours, or almost 28% of the total. Hydropower soared to the highest since 2013 amid heavy rains, while wind power receded.

Solar accounted for 4.3% of total generation, leapfrogging natural gas for the first time. Power generation using gas, coal and fuel oil was the lowest since the early 1950s

Inflation-Protected Treasuries Draw Highest Yield Since 2009

Source: Bloomberg (23/01/2025)

An auction of inflation-protected US Treasuries on Thursday drew the highest yield in more than a decade.

The \$20 billion sale of 10-year Treasury Inflation-Protected Securities, or TIPS, was awarded at 2.243%, the highest result since January 2009 and about a basis point higher than the indicated yield at 1 p.m. New York time, the bidding deadline. While Treasury yields of all types have been gradually rising and linger shy of their 2023 peak levels, auctions capture yields only once per month.

The rise in inflation-protected yields reflects “a combination of underlying growth fundamentals and the market pricing in longer-term real term premium as a result of concerns about the fiscal outlook,” said Michael Pond, head of global inflation-linked market strategy at Barclays Capital Inc. “The economy has held up well despite higher rates.” The Federal Reserve’s ongoing reduction in its holdings of Treasuries is also a factor, he said.

Despite drawing a higher-than-anticipated yield, the auction fared better than appeared likely earlier in the day, when weakness in the broader Treasury market briefly lifted the indicated yield to around 2.26%, exceeding auction results since 2008.

South Africa’s Coal Exports Improve for First Time Since 2017

Source: Bloomberg (24/01/2025)

South Africa increased coal exports from the biggest terminal on the continent for the first time in seven years after an improvement in rail shipments by state-owned logistics company Transnet SOC Ltd.

Miners exported 52.1 million tons from Richards Bay Coal Terminal in 2024, a 10% rise from the previous year, according to a company presentation. The shipments roughly match the amount of coal that reaches the facility by rail from inland mines.

Transnet missed a goal of getting 60 million tons of coal to RBCT in 2024. Still, the uptick indicates measures the rail operator has put in place to deal with a range of issues from sabotage to locomotive shortages are starting to take effect.

Oil Posts First Weekly Drop of 2025 as Trump Rattles Market

Source: Bloomberg (24/01/2025)

Oil posted its first weekly decline this year after President Donald Trump threatened trade wars and demanded OPEC+ lower crude prices.

West Texas Intermediate settled little changed above \$74 a barrel after fluctuating between gains and losses for most of the session. Earlier on Friday, crude extended losses after Russian President Vladimir Putin reiterated, he’s open to discussing Ukraine and oil prices with Trump. This week, Trump had threatened more penalties in Moscow if Putin doesn’t “make a deal” to end the prolonged war in Ukraine.

Recently imposed US sanctions on Russia’s oil have been tightening the global market and loosening them may increase supplies available to customers in Asia that had been scrambling to seek alternatives. The sanctions were introduced before Trump took office to boost Ukraine’s leverage in possible peace negotiations.

Oil markets have been reacting to Trump’s statements since he took office on Monday. The first week of his new term began with tariff threats aimed at Canada, Mexico and China, followed by a pledge that he would ask the OPEC+ producer group to “bring down the cost of oil.”

Ghana’s Trade Surplus Hits \$5 Billion First Time on Gold Surge

Source: Bloomberg (25/01/2025)

Ghana’s annual trade surplus reached \$5 billion in 2024 for the first time ever as the value of the country’s gold exports soared.

The excess of merchandise exports over imports widened from \$2.7 billion in 2023, the Bank of Ghana said in a summary of economic and financial data. Gold shipments in Africa’s top producer of the metal increased more than 50% to \$11.6 billion last year, it said.

The favorable trade balance could support stability of the cedi, Ghana’s currency, which has depreciated by 3.2% to the dollar so far this year on a strengthening US currency following President Donald Trump’s election victory. In gross domestic product terms, the trade account improved to 5.9% of GDP in 2024 from 3.5% a year earlier, the Bank of Ghana said.

ECONOMIC CALENDAR (GMT UK TIME)

Source: Investing.com

Time	Cur.	Imp.	Event	Actual	Forecast	Previous
Monday, January 27, 2025						
15:00	USD	★ ★ ★	New Home Sales (Dec)		670K	664K
Tuesday, January 28, 2025						
13:30	USD	★ ★ ★	Durable Goods Orders (MoM) (Dec) P		0.8%	-1.2%
15:00	USD	★ ★ ★	CB Consumer Confidence (Jan)		106.0	104.7
Wednesday, January 29, 2025						
13:45	EUR	★ ★ ★	ECB Press Conference			
15:30	USD	★ ★ ★	Crude Oil Inventories			-1.017M
19:00	USD	★ ★ ★	FOMC Statement			
19:00	USD	★ ★ ★	Fed Interest Rate Decision		4.50%	4.50%
19:30	USD	★ ★ ★	FOMC Press Conference			
Thursday, January 30, 2025						
09:00	EUR	★ ★ ★	German GDP (QoQ) (Q4) P			0.1%
13:15	EUR	★ ★ ★	Deposit Facility Rate (Jan)		2.75%	3.00%
13:15	EUR	★ ★ ★	ECB Interest Rate Decision (Jan)		2.90%	3.15%
13:30	USD	★ ★ ★	GDP (QoQ) (Q4) P			3.1%
13:30	USD	★ ★ ★	Initial Jobless Claims			223K
13:45	EUR	★ ★ ★	ECB Press Conference			
Friday, January 31, 2025						
13:00	EUR	★ ★ ★	German CPI (MoM) (Jan) P			0.5%
13:30	USD	★ ★ ★	Core PCE Price Index (MoM) (Dec)			0.1%
13:30	USD	★ ★ ★	Core PCE Price Index (YoY) (Dec)			2.8%
14:45	USD	★ ★ ★	Chicago PMI (Jan)			36.9

CONTACT, DISCLAIMER & SOURCES

Contact: kota.investment.club@gmail.com

Website: <https://www.kotainvestmentclub.com>

LinkedIn: <https://www.linkedin.com/company/kota-investment>

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Sources: Bloomberg, Reuters, FT, Investing.com, Trading Economics, Boursorama, Zone Bourse