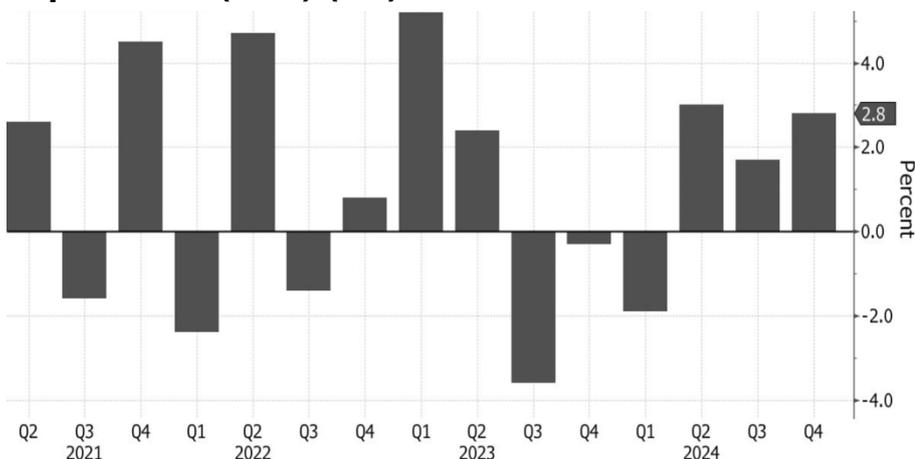


Weekly Market Report

Sunday 23rd February 2025



Japan GDP (YoY) (Q4)



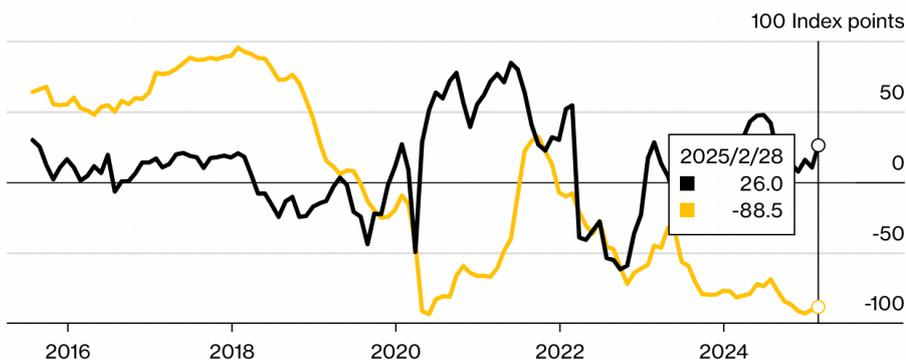
Source: Bloomberg (16/02/2025)

The Japanese economy grew by 2.8% on an annualized basis in Q4 of 2024, aligning with market estimates and accelerating from a revised 1.7% increase in Q3, according to preliminary figures.

The latest result represented the third consecutive yearly expansion, amid a strong rebound in capital expenditure. Additionally, government spending quickened, up for the fourth straight quarter. Moreover, net trade made a positive contribution for the first time in five quarters, with exports continuing to increase even as US President Donald Trump's tariff risks fuel concerns about the shipment outlook, while imports declined after two consecutive periods of growth. Meanwhile, private consumption rose for the third quarter in a row, though its growth slowed significantly amid elevated costs and higher interest rates.

German ZEW Economic Sentiment (Feb)

/ ZEW expectations
 / ZEW current situation



Source: ZEW

Source: Bloomberg (18/02/2025)

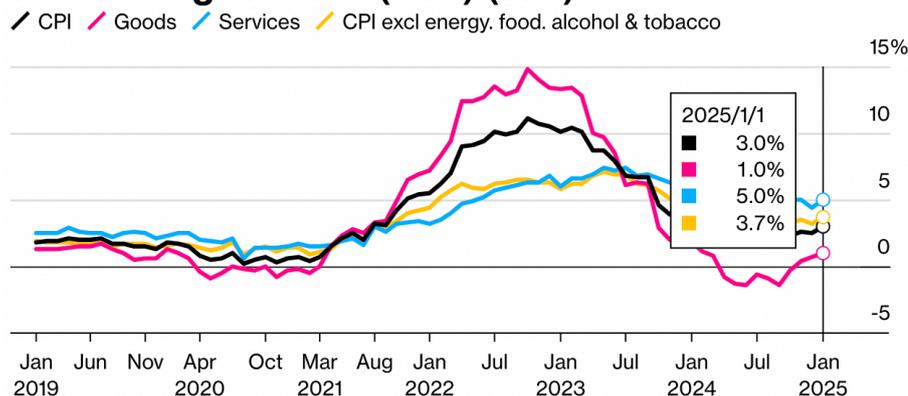
The ZEW Indicator of Economic Sentiment for Germany surged 15.7 points to +26 in February 2025, surpassing market expectations of +20 and reaching its highest level since July 2024.

It also marked the largest increase in investor confidence since January 2023, ahead of the federal election, as optimism grew that the new German government would be capable of action.

Private consumption is expected to gain momentum over the next six months following a period of sluggish demand, while the European Central Bank's recent interest rate cut and signals of further monetary easing have improved the outlook for the construction sector.

Meanwhile, the assessment of **Germany's current economic situation remained largely unchanged at a low level, with the corresponding indicator edging up 1.9 points to -88.5.**

United Kingdom CPI (YoY) (Jan)



Source: ONS

Source: Bloomberg (19/02/2025)

The annual inflation rate in the UK accelerated sharply to 3% in January 2025, the highest since March 2024, from 2.5% in the previous month and above forecasts of 2.8%.

The largest upward contributions came from transport (1.7% vs -0.6%), mostly upward effects from air fares and from motor fuels, partially offset by a downward effect from secondhand cars; and food and non-alcoholic beverages (3.3% vs 2.5%), mostly meat and bread and cereals.

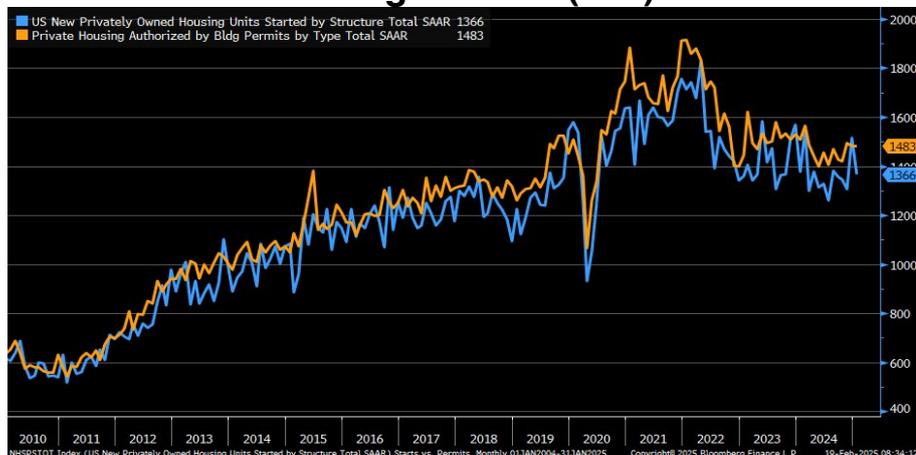
Prices also increased at a faster pace for recreation and culture (3.8% vs 3.4%) and education (7.5% vs 5%) due to inclusion of 20% value-added tax on private school fees.

Services inflation rose to 5% from 4.4% in the previous month but was below the BoE's prediction of 5.2%. Meanwhile, prices slowed for restaurants and hotels (3.3% vs 3.4%), housing and utilities (2.1% vs 3.1%).

Annual core inflation rose to 3.7% from 3.2%, matching forecasts.

Compared to the previous month, the CPI declined 0.1%, less than forecasts of a 0.3% drop.

United States Building Permits (Jan)



Source: Bloomberg (19/02/2025)

Building permits in the United States inched higher by 0.1% to a seasonally adjusted annualized rate of 1.483 million in January of 2025, firmly above market expectations that they would fall to 1.46 million, according to a preliminary estimate.

Permits for housing with two to four units surged by 13.2% from the earlier month to 60 thousand, offsetting the 1.4% drop in housing with five or more units (to 427 thousand), while permits for housing with one unit remained unchanged at 996 thousand. Among different regions, permits rose in the West (2.3% to 316 thousand) and the Midwest (1.8% to 223,000). These outweighed the marginal drop in the South (-0.1% to 806 thousand) and the sharper drop in the Northeast (-6.1% to 138 thousand).

Meanwhile, **Housing starts in the United States slumped 9.8% month-over-month to an annualized 1.366 million in January 2025, down from December's 10-month high of 1.515 million and missing market forecasts of 1.4 million.**



EQUITY INDEX

Name	Last	Open	High	Low	Chg. %
S&P 500	6,013.13	6,114.10	6,114.82	6,008.56	-1.71%
NASDAQ Composite	19,524.01	20,006.69	20,016.66	19,510.91	-2.20%
Dow Jones Industrial Average	43,428.02	43,820.13	43,959.73	43,349.33	-1.69%
FTSE 100	8,659.37	8,662.97	8,684.78	8,638.63	-0.04%
Euro Stoxx 50	5,475.85	5,464.25	5,490.35	5,454.25	+0.32%
CAC 40	8,154.51	8,138.24	8,180.72	8,126.87	+0.39%
DAX	22,287.56	22,329.22	22,393.59	22,226.34	-0.12%
IBEX 35	12,952.00	12,952.10	12,987.90	12,894.60	-0.12%
FTSE MIB	38,421.05	38,405.06	38,492.26	38,284.55	+0.45%
Shanghai Composite	3,379.11	3,356.69	3,381.06	3,339.03	+0.85%
Hang Seng	23,477.92	23,090.03	23,477.92	22,901.69	+3.99%
Nikkei 225	38,784.00	38,553.50	38,816.50	38,461.50	+0.28%

FIXED INCOME

Name	Last	Open	High	Low	Chg. %
United States 10-Year	4.430	4.507	4.511	4.406	-1.78%
United Kingdom 10-Year	4.5715	4.6130	4.6210	4.5720	-0.87%
France 10-Year	3.219	3.264	3.266	3.216	-1.53%
Germany 10-Year	2.4625	2.5300	2.5320	2.4610	-2.76%
Spain 10-Year	3.140	3.190	3.190	3.139	-1.87%
Italy 10-Year	3.553	3.605	3.605	3.555	-1.66%
China 10-Year	1.730	1.760	1.760	1.720	+2.37%
Japan 10-Year	1.411	1.460	1.467	1.395	-1.40%

FOREX

Name	Last	Open	High	Low	Chg. %
EUR/USD	1.0458	1.0501	1.0507	1.0448	0.00%
USD/JPY	149.29	149.64	150.75	148.92	-0.23%
GBP/USD	1.2630	1.2668	1.2681	1.2624	0.00%
USD/CHF	0.8977	0.8980	0.9006	0.8967	+0.00%
AUD/USD	0.6355	0.6399	0.6410	0.6351	0.00%
USD/CAD	1.4220	1.4177	1.4238	1.4168	+0.00%
EUR/GBP	0.8278	0.8290	0.8294	0.8263	0.00%
EUR/JPY	156.13	157.15	158.23	155.80	-0.61%
GBP/JPY	188.55	189.56	190.99	188.13	-0.50%
USD/CNY	7.2501	7.2563	7.2574	7.2372	-0.14%

COMMODITIES

Name	Last	Open	High	Low	Chg. %
Gold Spot US Dollar	2,936.03	2,939.00	2,950.01	2,916.70	-0.09%
Gram Silver US Dollar	1.0455	1.0594	1.0633	1.0443	-0.94%
Crude Oil WTI Futures	70.22	72.37	72.55	70.00	-3.12%
Brent Oil Futures	74.43	76.66	76.75	74.21	-2.68%
Natural Gas Futures	4.234	4.174	4.444	4.148	+1.93%
Copper Futures	4.5600	4.6100	4.6150	4.5330	-1.08%
Platinum Futures	987.70	997.90	1,003.80	982.50	-0.95%
US Corn Futures	491.25	498.00	499.50	490.00	-1.36%
US Wheat Futures	590.00	585.50	593.00	585.25	+0.77%
US Soybeans Futures	1,039.50	1,043.75	1,049.25	1,036.50	-0.57%

U.S. MARKET RECAP



U.S. STOCKS LOWER AT CLOSE OF TRADE; DOW JONES DOWN 1.69%

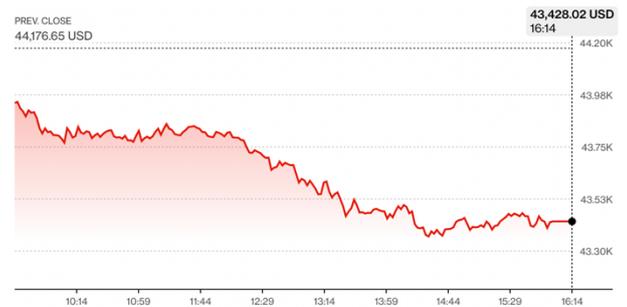
Source: Investing.com & Bloomberg (21/02/2025)

U.S. stocks were lower after the close on Friday, as losses in the Industrials, Technology and Consumer Services sectors led shares lower.

At the close in NYSE, the **DOW JONES fell 1.69%** to hit a new 1-month low, while the **S&P 500 lost 1.70%**, and the **NASDAQ declined 2.20%**.

The best performers of the session on the **DOW JONES** were Merck & Company Inc, which rose 2.08% or 1.82 points to trade at 89.50 at the close. Meanwhile, Coca-Cola Co added 1.87% or 1.31 points to end at 71.35 and Procter & Gamble Company was up 1.81% or 3.02 points to 170.23 in late trade.

The worst performers of the session were Unitedhealth Group, which fell 7.17% or 36.00 points to trade at 466.42 at the close. NVIDIA Corporation declined 4.08% or 5.72 points to end at 134.43 and Amazon.com Inc was down 2.83% or 6.30 points to 216.58.



The top performers on the **S&P 500** were Moderna Inc which rose 5.34% to 35.53, Kenvue Inc which was up 4.15% to settle at 23.32 and Hershey Co which gained 4.07% to close at 172.86.

The worst performers were Akamai Technologies Inc which was down 21.73% to 76.73 in late trade, GE Vernova LLC which lost 8.84% to settle at 327.88 and Old Dominion Freight Line Inc which was down 8.54% to 180.40 at the close.



The top performers on the **NASDAQ** were Saverone 2014 Ltd ADR which rose 1,184.78% to 4.11, MicroAlgo Inc which was up 453.04% to settle at 6.36 and Boxlight Corp Class A which gained 51.22% to close at 3.10.

The worst performers were PowerUp Acquisition Corp which was down 59.37% to 2.56 in late trade, Mobilehealth Network Solutions which lost 46.28% to settle at 0.50 and Bluebird bio Inc which was down 42.05% to 4.08 at the close.



Falling stocks outnumbered advancing ones on the New York Stock Exchange by 2134 to 649 and 69 ended unchanged; on the Nasdaq Stock Exchange, 2563 fell and 738 advanced, while 113 ended unchanged.

The **CBOE Volatility Index**, which measures the implied volatility of S&P 500 options, was up 16.28% to 18.21.

Gold Futures for April delivery was down 0.19% or 5.74 to \$2,950.36 a troy ounce.

Elsewhere in commodities trading, **Crude oil** for delivery in April fell 3.12% or 2.26 to hit \$70.22 a barrel, while the April **Brent oil** contract fell 2.94% or 2.25 to trade at \$74.23 a barrel.



US Defense Stocks Drop While Europe Emerges as Surprise Winner

Source: Bloomberg (21/02/2025)

US defense contractors are on shaky ground just a month into the new administration — taking a backseat to European peers — as mounting concerns over a deluge of policies including a tightened military spending budget send shock waves across the government-sensitive group.

The S&P 500 Aerospace and Defense Index is on track for its fourth straight week of losses, the longest stretch in over a year. In contrast, European arms makers, which have historically languished in comparison, posted their best week in 16 months.

The bifurcation in performance comes as instability abounds amid lingering political uncertainties in the US, while Europe ramps up its investment in modernizing its previously-neglected defense capabilities following the Russia and Ukraine conflict.

President Donald Trump is discussing cutting the U.S. defense budget in half, while Defense Secretary Pete Hegseth has proposed reducing projected U.S. military spending by 8% over the next five years.

Bond Investors Grow Cautious on Australian State Fiscal Concerns

Source: Bloomberg (20/02/2025)

Pacific Investment Management Co. and Yarra Capital Management are cautious on Australia's semi-government debt as concerns mount about the fiscal health of the nation's states.

S&P Global Ratings revised the outlook for the state of Queensland to negative from stable on Wednesday, citing the potential for significant fiscal deterioration. The move followed a similar adjustment for three other states last year, including New South Wales when the ratings agency noted the risk for weak financial management.

"We would like to see the states show a stronger commitment in reining in spending and fiscal repair," said Jessica Ren, an investment manager at Yarra in Sydney, who prefers longer-dated Australian sovereign bonds. "We won't be adding any more until we see proper evidence of that commitment," she added, referring to Yarra's state bond positions.

Further downgrades on outlook for Australian states may follow in the next year as spending climbs on everything from household energy rebates to A\$0.50 (\$0.32) public transport fares. Governments are forecast to collectively triple gross debt to A\$850 billion by fiscal 2028 from fiscal 2019, as operating expenses outpace tax receipts, S&P said.

Private Equity Gets Pushback on Attempts to Strip Investor Protections

Source: Bloomberg (19/02/2025)

In 2025's go-go leveraged debt markets, everything is up for negotiation, but a trio of investor protections are proving to be lines that lenders won't cross.

The safeguards are designed to block aggressive moves now known simply by the names of the companies that first deployed them - J Crew, Serta and Chewy - and make it harder to push through debt restructurings that strip lenders of claims to assets. Attempts to secure funding without them were rebuffed recently by credit providers in at least three cases involving buyout firms.

The pushback is a marked contrast to other loans over the past few months where lenders have agreed to everything from debt-funded dividends to debt being repriced at lower rates as private equity flexes its negotiating power. Those concessions were negatives for lenders because dividend recaps weaken balance sheets, while repricings leave credit investors with a smaller cushion to carry them through any market slump.

China to Tighten Grip on Rare Earth Mining for Non-State Firms

Source: Bloomberg (19/02/2025)

China plans to prohibit non-state companies from mining rare earths, further tightening its control over a strategic sector that has emerged as a battleground in its trade war with the US.

The government said only large state-owned groups can mine, smelt or separate the minerals and proposed banning private firms from the activities, according to draft rules issued by the Ministry of Industry and Information Technology on Wednesday.

Rare-earth companies will need to compile and submit production data to the MIIT every month, according to the document. The public can provide feedback on the plan until March 21, it added.

The proposal came after the country banned the exports of several materials including germanium and gallium in a tit-for-tat move to counter the US government's technology curbs. Beijing also imposed new export control on tungsten and other critical metals used in electronic and defense industries in its retaliation to US President Donald Trump's tariffs on Chinese goods.

China is the world's largest producer of rare earths, accounting for around 70% of global production. It also dominates the processing of these elements, giving it significant leverage over the market.

TotalEnergies, Air Liquide Plan €600 Million Hydrogen Venture

Source: Bloomberg (18/02/2025)

TotalEnergies SE and Air Liquide SA plan a €600 million (\$628 million) joint venture to produce green hydrogen for the French oil giant's refinery in the Netherlands, along with a supply deal for its petrochemical plant in Belgium.

The two companies aim to build a 250-megawatt electrolyzer powered by wind energy near the Zeeland refinery, Total said in a statement Tuesday. Separately, Total also agreed to buy green hydrogen for its Antwerp facility from a 200-megawatt electrolyzer that Air Liquide plans to build near Rotterdam.

Total's continued drive to reduce emissions at its refineries with low-carbon hydrogen, following other recent deals with Air Liquide and Air Products & Chemicals Inc., contrasts with a more cautious approach from its peers.

"The partnership with Air Liquide takes on a new dimension and marks a new step in TotalEnergies' ambition to decarbonize the hydrogen consumed by its refineries in Europe by 2030," said Vincent Stoquart, President, Refining & Chemicals at TotalEnergies said in the statement.

Ukraine Bond Rally Halts as Talks Divide Western Allies

Source: Bloomberg (17/02/2025)

US and Russian officials started meeting in Saudi Arabia on Tuesday to discuss how to end the war in Ukraine, without anyone from Kyiv taking part and Europe struggling to respond. The limited role for Europe in the negotiations, with the US potentially approving permanent Russian control over some occupied territories, is making the process unpalatable for Ukraine.

That's seen as negative by the market as the prospect of a deal recedes, said Timothy Ash, senior EM sovereign strategist at RBC BlueBay Asset Management. "I believe Ukraine will likely walk away from the deal, which means the war is unlikely to end anytime soon — a negative outlook for Ukraine bonds," Ash said.

The bullish expectations prevalent until recently made Ukraine's debt some of the best-performing assets since last year. The government's dollar bonds returned close to 60% in 2024 and another 11% already this year, according to data compiled by Bloomberg. Some are now asking if that pace is sustainable.

On Tuesday, Ukraine's dollar bonds were among the worst performers across emerging markets, with zero-coupon notes due in 2030 slipping 1.5 cents on the dollar to about 59 cents.

ECONOMIC CALENDAR (GMT UK TIME)



Time	Cur.	Imp.	Event	Forecast	Previous
Monday, February 24, 2025					
All Day		Holiday	Japan - Emperor's Birthday		
10:00			CPI (YoY) (Jan)	2.5%	2.5%
Tuesday, February 25, 2025					
07:00			German GDP (QoQ) (Q4)	-0.2%	-0.2%
15:00			CB Consumer Confidence (Feb)		104.1
Wednesday, February 26, 2025					
15:00			Crude Oil Inventories		4.633M
15:00			New Home Sales (Jan)		698K
Thursday, February 27, 2025					
13:30			Durable Goods Orders (MoM) (Jan)		-2.2%
13:30			GDP (QoQ) (Q4)	2.3%	3.1%
13:30			Initial Jobless Claims		219K
Friday, February 28, 2025					
13:00			German CPI (MoM) (Feb)		-0.2%
13:30			Core PCE Price Index (YoY) (Jan)		2.8%
13:30			Core PCE Price Index (MoM) (Jan)		0.2%
14:45			Chicago PMI (Feb)		39.5
Saturday, March 1, 2025					
01:30			Manufacturing PMI (Feb)		49.1

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