

MONDAY MORNING RECAP - January 27, 2025

Last Week

Dow Jones Industrial Average (DJIA)	44,424.25	+936.42	+2.15%
S&P 500 Index	6,101.24	+104.58	+1.74%
NASDAQ Composite Index	19,954.30	+324.10	+1.65%
U.S. 10 yr. Treasury Note Yield	4.63%	+2 Basis Points	
Gold (\$ per troy oz.)	\$2,777.30	+\$33.00	+1.20%
WTI Oil (\$ per barrel)	\$74.66	-\$2.73	-3.53%

Market Summary

GLOBAL EQUITIES: US equities rose last week, with the S&P 500 hitting a record high on Wednesday on the back of President Trump's announcement of \$500bn of investment in AI infrastructure. The index ended the week up 1.74%. European equities also gained thanks to reduced fears about tariffs on European exports to the US, with the STOXX 600 up 1.25%. In Japan, the TOPIX hit its highest intraday level since 1990 due to efforts to improve shareholder returns and the prospect of higher interest rates, before ending the week 2.67% higher.

COMMODITIES: Oil prices fell last week on the back of higher crude oil inventories and Saudi oil exports hitting an eight-month high. WTI and Brent Crude ended the week at \$74.66 and \$78.50 / bbl, respectively. Gold rose to \$2777.30 / troy oz, benefitting from its status as a safe haven asset as the markets processed President Trump's forward policy intentions.

FIXED INCOME: US Treasury yields diverged slightly last week as the markets digested the potential implications of President Trump's executive orders and comments on the US economy. The 2-Year US Treasury yield stayed flat at 4.27% and the 10-Year yield rose to 4.63%. In Europe, the 10-Year German Bund yield ended the week up slightly at 2.57% as the markets awaited news of President Trump's trade intentions and upcoming central bank meetings.

FX: The US dollar weakened against a basket of currencies again last week amidst news that President Trump was considering putting in place tariffs of 25% on imports from Canada and Mexico. The US dollar index ended the week down -1.80%. In Japan, the Yen strengthened on the back of further BoJ rate hikes, ending the week at ¥155.82.

Economic Summary

US POLITICS: Donald Trump was inaugurated on Monday and wasted no time in signing a slew of executive orders. These included measures to crack down on immigration, orders that the US should leave the Paris climate agreement and the World Health Organization, and directives to reduce the prices that consumers pay and examine the causes of the US trade deficit. While he previously said he wanted tariffs on Canadian and Mexican goods by February, the orders did not put any in place. This came alongside mixed messaging on China.

ACTIVITY: In the US, the composite PMI fell from 55.4 in December to 52.4 in January, although manufacturing rose from 49.4 to 50.1 – higher than the consensus expecting of 49.6. The preliminary Eurozone composite PMI was up from 49.6 to 50.2, making its way into growth territory for the first time since August. The Flash PMI for the UK indicated that business activity expanded in January, driven by services, which climbed to 51.2, while manufacturing fell to 49.3.

LABOR: Initial US jobless claims rose by 6k to 223k in the week ended January 18, somewhat above consensus expectations. Claims increased by 11k in California, likely reflecting the impact of wildfires.

MONETARY POLICY: The Bank of Japan raised interest rates by 25bp to 0.5% on Friday, the highest level in 17 years. This was in response to persistent inflation and increasing wages, with data indicating that consumer inflation could hit 2.7% for the year ending March 2025, above October's forecast of 2.5%. The BoJ also made clear its willingness to raise rates further if necessary.



Key Economic Releases

Monday, January 27: US New Home Sales (Cons: 670K, Prior: 664K)
Tuesday, January 28: US CB Consumer Confidence (Cons: 106.0, Prior: 104.7)
Wednesday, January 29: FOMC Statement Fed Interest Rate Decision ECB Press Conference

Thursday, January 30: ECB Interest Rate Decision US GDP QoQ (Cons: N/A Prior: 3.1%)
Friday, January 31: US Core PCE Price Index YoY (Cons: N/A Prior: 2.8%)

Source: Goldman Sachs Asset Management: "Market Monitor", 1/24/2025

"bn" refers to billions. "AI" refers to artificial intelligence. "WTI" refers to West Texas Intermediate crude oil, a common US benchmark for oil prices. "Brent" refers to a global benchmark for oil prices worldwide. "Bbl" refers to barrel. "Oz" refers to ounce. "BoJ" refers to Bank of Japan. "PMI" refers to Purchasing Manager's Index. "bp" refers to basis point.

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