

Hazy — outlook

Saving you time

 **BONHÔTE**
Bankers since 1815

N°779

13 January 2025

US equity markets made a weak start to the year amid steadily rising bond yields, lifted by robust employment data.

Making matters worse, Trump's inauguration and the fears that future economic policies could drive inflation triggered a wave of profit-taking. In contrast, European stocks rebounded in the wake of last year's underperformance.

As stated, yields surged. The return on the US 10-year rose by almost 20 basis points to 4.78%. The German Bund similar gained 20 basis points to stand at 2.60%.

US hiring trends continue to beat forecasts

The US labour market continues to surprise on the upside, worrying market participants, who now fear that the Fed could call time on monetary easing. In December, the economy added 256,000 jobs, roaring past the consensus estimate of 165,000. The unemployment rate fell to 0.1 of a percentage point to 4.1%.

The inflation data release this week will therefore be particularly closely watched. Even now, the likelihood of a further rate cut at the Fed's next monetary powwow is virtually nil.

The US economy is showing few signs of weakness – unlike the Eurozone, which is facing sluggish demand and borrowing costs still too high to encourage economic activity.

ECB is set to continue cutting interest rates

The ECB is likely to continue lowering interest rates. This is good news for European companies. However, the hazy outlook on the new Trump administration's initial measures, most notably increases in customs duties on various types of goods imported from Europe, is dampening investor appetites for Eurozone stocks.

All in all, the S&P 500 lost 1.94% and the Nasdaq fell 2.24%. The EuroStoxx 600 gained 0.65% over the week.

Gold rallied to USD 2,680 despite rising bond yields. It remains a core holding in current conditions.

Dominating this week will be the first earnings releases from US companies, with banks getting the ball rolling.

Swiss Market Index (SMI)

The SMI tested 11950 but was repelled and resumed its downswing. The nearest supports are 11610 and 11560.



Key data

	USD/CHF	EUR/CHF	SMI	EURO STOXX 50	DAX 30	CAC 40	FTSE 100	S&P 500	NASDAQ	NIKKEI	MSCI Emerging Markets
Latest	0.92	0.94	11'791.91	4'977.26	20'214.79	7'431.04	8'248.49	5'827.04	19'161.63	39'190.40	1'057.10
Trend	↑	➡	➡	➡	➡	➡	➡	↓	↓	➡	↓
YTD	1.00%	-0.08%	1.65%	1.66%	7.93%	0.68%	0.92%	-0.93%	-0.77%	-1.77%	-1.71%

(values from the Friday preceding publication)

This document is provided for your information only. It has been compiled from information collected from sources believed to be reliable and up to date, with no warranty as to its accuracy or completeness. By their very nature, markets and financial products are subject to the risk of substantial losses which may be incompatible with your risk tolerance. Any past performance that may be reflected in this document is not a reliable indicator of future results. Nothing contained in this document should be construed as professional or investment advice. This document is not an offer to you to sell or a solicitation of an offer to buy any securities or any other financial product of any nature, and the Bank assumes no liability whatsoever in respect of this document. The Bank reserves the right, where necessary, to depart from the opinions expressed in this document, particularly in connection with the management of its clients' mandates and the management of certain collective investments. The Bank is a Swiss bank subject to regulation and supervision by the Swiss Financial Market Supervisory Authority (FINMA). It is not authorised or supervised by any foreign regulator. Consequently, the publication of this document outside Switzerland, and the sale of certain products to investors resident or domiciled outside Switzerland may be subject to restrictions or prohibitions under foreign law. It is your responsibility to seek information regarding your status in this respect and to comply with all applicable laws and regulations. We strongly advise you to seek independent legal and financial advice from qualified professional advisers before taking any decision based on the contents of this publication.

Banque Bonhôte & Cie SA — Neuchâtel, Bern, Biel/Bienne, Geneva, Lausanne, Solothurn, Zurich — T. 032 722 10 00 — contact@bonhote.ch