ZURICH

Another “Magnificent” week

The Fed will meet this week, and the market’s confidence in a 25-bps rate cut was strengthened after the CPI release on Wednesday. As anticipated, headline CPI rose to an annual rate of 2.7% for November, up from October’s 2.6% reading. Investors began to price in a rate cut due to an absence of any surprises in the data. The Nasdaq closed above 20,000 for the first time, while Tesla, Meta, and Alphabet all set their own record highs. However, long-dated treasury bond yields (which move inversely to price) were on the rise last week, reflecting the fading confidence of further rate cuts in 2025. Nvidia shares finished the week down more than 3% after China announced they would be launching an anti-trust probe into the company. The Bank of Canada lowered rates by a half-point last week, marking its fifth cut since June.

The European Central Bank (ECB) decided to reduce interest rates by 25-bps on Thursday, and their statement also implied a more dovish outlook. The cut was in-line with expectations, resulting in a muted reaction that saw the DAX 40 and Euro Stoxx 50 finishing the week relatively flat. The Euro was on the defensive last week, touching a December low against the dollar. The Swiss National Bank also cut their main rate by 50-bps to 0.5%.

In the UK, GDP figures were released on Friday that showed the economy had unexpectedly shrunk for the second month running in October. The chancellor, Rachel Reeves, expressed her disappointment but stressed that the new government’s policies are more focused on “long-term economic growth”. The data sparked recession fears, and 10-year gilt yields finished the week higher.

Top leaders in China announced they would be shifting their monetary policy to “moderately loose” for the first time in 14 years on Monday. Chinese government bond prices continued to push higher as investors looked to lock in higher yields with expected rate cuts on the horizon.

Fact of the week

The world’s oldest active bond, which was originally sold in the Netherlands, celebrated its 400th birthday last week.

Our regular market information continues on the next page.

Snapshot

- Oil
- Gold

- Corporate Bonds
- Sovereign Bonds
- World Equities
- Copper

The week ahead	
16 Dec	Japan, German, UK, and U.S. PMI all go to print.
18 Dec	The Fed rate decision and UK CPI figures are announced.
19 Dec	Bank of Japan and Bank of England announce their rate decisions.

	1 Week Return 06.12.24 to 13.12.24		Year to Date Return 31.12.23 to 13.12.24	
	Local Currency	**Euro**	**Local Currency**	**Euro**
World	-1.0%	-0.3%	22.1%	28.6%
U.S.	-0.7%	0.0%	28.4%	35.2%
Europe	-0.9%	-0.9%	9.0%	9.0%
Ireland	2.3%	2.3%	20.7%	20.7%
U.K.	-0.1%	-0.4%	11.0%	15.6%
Japan	0.7%	-1.1%	18.9%	14.8%
Hong Kong	-0.4%	0.4%	1.1%	6.9%
Corporate Bonds	-1.2%	-1.2%	1.4%	1.4%
Sovereign Bonds	-1.5%	-1.5%	2.4%	2.4%

Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in this product, you may lose some or all of the money you invest.

Equities

- Global stocks were down last week finishing at -0.3% in euro terms and -1.0% in local terms.
- Year-to-date global markets are up by 28.6% in euro terms and by 22.1% in local terms.
- The U.S. market, the largest in the world, finished at 0.0% in euro terms and -0.7% local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.4% last week. The German equivalent finished at 2.3%. The Irish 10-year bond yield finished at 2.5%.
- The Euro/U.S. Dollar exchange rate finished at 1.05, whilst Euro/GBP finished at 0.83.

Commodities

- Oil finished the week at $67 per barrel and is down -2.0% year-to-date in euro terms.
- Gold finished the week at $2,633 per troy ounce and is up 33.3% year-to-date in euro terms.
- Copper finished the week at $9,012 per tonne.

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