The dollar continues to continue

Christmas didn't come to US equities this year, all three major indexes, the S&P 500, the Nasdaq 100 and the Dow Jones, finished the typical "Santa Rally" period in the red. It took until Friday for the S&P 500 and the Nasdaq Composite to snap five-day losing streaks, their longest since April. However, US economic data was more upbeat: weekly initial jobless claims reported on Thursday shrank to 211,000, an eight-month low, while ISM manufacturing data grew to 49.3% in December compared to the 48.4% registered in November. The dollar climbed further, with EUR/USD touching a two-year low beneath the $1.023 level. Meanwhile, lower trading volume left the 10-year Treasury yield (which moves inversely to the price) flat as it continued to hover near 4.6%.

In Europe, unemployment figures in Germany rose in December, albeit less than expected according to the federal labour office. On Friday, ECB Chief Economist Philip Lane warned that global trade fragmentation will have a direct impact on central banks and monetary policy owing to "larger, more frequent supply shocks during the transition period" while also noting that "over the longer run, reduced trade diversification increases volatility and inflation". 10-year German bund yields surpassed 2.4%, the highest since November, as uncertainty surrounding future rate decisions continued to hang over the Eurozone.

Chinese President Xi Jinping looked to assuage economic fears in a New Year's speech in which he stated that China's economy is "overall stable and progressing". In particular, he projected 5% GDP growth in 2025. China's Caixin manufacturing PMI indicated that factory activity in December fell from 51.5 to 50.5, coming in below expectations and breaking a two-month streak of positive growth.

In a quiet week for UK economic releases, the FTSE 100 enjoyed a strong first trading day in 2025 and closed on Friday up roughly 1% for the week. The pound fell to a nine-month low against the appreciating dollar, while 10-year gilt yields held in the 4.5-4.6% range.



Fact of the week

The US stock market has seen 20%+ gains in four of the last six calendar years.

Our regular market information continues on the next page.

Snapshot



- World Equities
- Oil



- Corporate Bonds
- Sovereign Bonds
- Gold
- Copper

The week ahead	
07 Jan	Euro Area CPI and US ISM services PMI are put to print.
09 Jan	US market closed due to National Day of Mourning in honor of Jimmy Carter.
10 Jan	US non-farm payrolls data is reported.

	1 Week Return 27.12.24 to 03.01.25		Year to Date Return 31.12.24 to 03.01.25	
	Local Currency	**Euro**	**Local Currency**	**Euro**
World	-0.5%	0.8%	0.8%	1.5%
U.S.	-0.4%	0.9%	1.1%	1.8%
Europe	0.0%	0.0%	0.1%	0.1%
Ireland	0.1%	0.1%	-1.1%	-1.1%
U.K.	1.0%	0.8%	0.7%	0.3%
Japan	-0.7%	0.7%	0.0%	0.5%
Hong Kong	-1.5%	-0.4%	-1.3%	-0.8%
Corporate Bonds	-0.5%	-0.5%	-0.5%	-0.5%
Sovereign Bonds	-0.5%	-0.5%	-0.6%	-0.6%

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 finished at 0.8% in euro terms and -0.5% in local terms last week.
- Year-to-date global markets are up by 1.5% in euro terms and by 0.8% in local terms.
- The U.S. market, the largest in the world, finished at 0.9% in euro terms and -0.4% local terms.

Fixed Income & FX

- The U.S. 10-year yield finished at 4.6% last week. The German equivalent finished at 2.4%. The Irish 10-year bond yield finished at 2.7%.
- The Euro/U.S. Dollar exchange rate finished at 1.03, whilst Euro/GBP finished at 0.83.

Commodities

- Oil finished the week at $74 per barrel and is up 3.6% year-to-date in euro terms.
- Gold finished the week at $2,640 per troy ounce and is up 1.0% year-to-date in euro terms.
- Copper finished the week at $8,768 per tonne.

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