

Weekly Market Update

Global financial markets were rocked by a significant bond market selloff, with rising yields across major economies (US, EU, UK, Japan, and others), fuelled by inflation fears, concerns over US trade policies under the incoming Trump administration, and shifting investor sentiment. This trend highlighted growing caution among investors, affecting equity markets, currencies, and future economic projections globally.

US

The Dow Jones Industrial Average experienced its worst start to a year since 2016, dropping nearly 700 points on January 10, driven by stronger-than-expected employment growth dampening hopes for Federal Reserve rate cuts.

US Treasury yields rose sharply, with the 10-year yield exceeding 4.7%, the highest since April, amid concerns over President-elect Donald Trump's potential trade policies and their inflationary impact.

Corporate borrowers issued a record \$83 billion in dollar bonds, capitalising on strong investor demand ahead of potential market volatility from the incoming administration.

President Joe Biden banned new offshore oil and gas drilling in most US coastal waters, signalling a significant policy shift in the energy sector.

UK

Government bonds (gilts) experienced a significant selloff, with yields reaching levels not seen since 1998, raising borrowing costs and concerns about economic growth.

The British pound fell to a 14-month low against the US dollar, influenced by rising gilt yields and economic uncertainties, that could be ripe for US acquisitions.

The Bank of England's Sarah Breeden brushed off this week's gilt moves, saying she backs further rate cuts. Even so, some economists say the BoE will need to slow the pace of easing.

Confidence among British businesses plummeted to the lowest levels since September 2022, with concerns over taxation and sales prospects.

Europe

German Bund yields rose significantly, reflecting a broader global bond market selloff amid concerns over US trade policies and rising inflation.

The re-election of Donald Trump raises prospects of global tax disputes, with his administration's intent to penalise countries imposing extra levies on US multinationals, potentially affecting the EU.

US President-elect Donald Trump has shown renewed interest in taking control of Greenland, a territory of Denmark in the Arctic, as well as expanding into Canada and Panama Canal.

European companies are warned of increased activism, with 86% expecting a rise in 2025, particularly targeting mid-sized firms with market values of €1bn to €2bn.

Asia/ROW

China's latest inflation at 0.1% raises concerns about deflation, with similarities being drawn to Japan's economic situation 30 years ago.

Chinese equities fell over 5% in early 2025, influenced by deflation concerns and an ailing property sector.

Japan faces ongoing economic challenges, with concerns about deflationary pressures and the impact of global trade dynamics on its export-driven economy.

Oil prices rose to levels last seen in October, driven by geopolitical concerns and US sanctions on Russian oil producers.



Performance

Asset Class/Region	Currency				
		Week ending 10 Jan 2024	Month to date	YTD 2025	12 Months
Developed Market Equities					
United States	USD	-1.9%	-0.9%	-0.9%	23.0%
United Kingdom	GBP	0.3%	1.0%	1.0%	11.5%
Continental Europe	EUR	1.2%	1.3%	1.3%	8.8%
Japan	JPY	-2.5%	-2.5%	-2.5%	13.6%
Asia Pacific (ex Japan)	USD	-1.6%	-1.7%	-1.7%	12.7%
Australia	AUD	0.5%	1.7%	1.7%	15.1%
Global	USD	-1.6%	-0.8%	-0.8%	18.0%
Emerging markets equities					
Emerging Europe	USD	0.3%	2.0%	2.0%	5.8%
Emerging Asia	USD	-1.9%	-2.1%	-2.1%	14.0%
Emerging Latin America	USD	1.0%	0.6%	0.6%	-23.4%
BRICs	USD	-3.7%	-4.2%	-4.2%	8.7%
China	USD	-4.4%	-6.2%	-6.2%	18.4%
MENA countries	USD	0.6%	1.0%	1.0%	1.3%
South Africa	USD	-3.2%	-1.3%	-1.3%	13.5%
India	USD	-2.8%	-1.6%	-1.6%	5.7%
Global emerging markets	USD	-1.5%	-1.6%	-1.6%	9.4%
Bonds					
US Treasuries	USD	-0.8%	-0.9%	-0.9%	0.4%
US Treasuries (inflation protected)	USD	-0.3%	-0.5%	-0.5%	2.1%
US Corporate (investment grade)	USD	-0.9%	-1.0%	-1.0%	2.5%
US High Yield	USD	-0.3%	0.0%	0.0%	8.7%
UK Gilts	GBP	-1.7%	-1.8%	-1.8%	-3.1%
UK Corporate (investment grade)	GBP	-1.3%	-1.4%	-1.4%	2.4%
Euro Government Bonds	EUR	-0.9%	-1.5%	-1.5%	1.5%
Euro Corporate (investment grade)	EUR	-0.5%	-0.7%	-0.7%	5.0%
Euro High Yield	EUR	-0.4%	-0.3%	-0.3%	8.2%
Global Government Bonds	USD	-0.9%	-1.2%	-1.2%	-2.6%
Global Bonds	USD	-1.0%	-1.4%	-1.4%	-1.5%
Global Convertible Bonds	USD	-1.0%	-0.7%	-0.7%	6.9%
Emerging Market Bonds	USD	-0.8%	-0.6%	-0.6%	6.9%

Performance

Asset Class/Region	Currency				
		Week ending 10 Jan 2025	Month to date	YTD 2025	12 Months
Property					
US Property Securities	USD	-4.1%	-3.7%	-3.7%	3.8%
Australian Property Securities	AUD	0.5%	2.9%	2.9%	20.3%
Asia Property Securities	USD	-2.8%	-2.9%	-2.9%	-9.0%
Global Property Securities	USD	-3.5%	-3.2%	-3.2%	1.5%
Currencies					
Euro	USD	-0.5%	-1.0%	-1.0%	-6.6%
UK Pound Sterling	USD	-1.6%	-2.4%	-2.4%	-4.0%
Japanese Yen	USD	-0.3%	-0.2%	-0.2%	-7.7%
Australian Dollar	USD	-0.9%	-0.5%	-0.5%	-8.1%
South African Rand	USD	-1.8%	-1.1%	-1.1%	-2.2%
Swiss Franc	USD	-0.8%	-1.0%	-1.0%	-7.1%
Chinese Yuan	USD	-0.1%	-0.5%	-0.5%	-2.2%
Commodities & Alternatives					
Commodities	USD	3.6%	3.8%	3.8%	11.5%
Agricultural Commodities	USD	1.9%	0.7%	0.7%	5.4%
Oil	USD	4.2%	6.9%	6.9%	3.9%
Gold	USD	1.9%	2.5%	2.5%	32.9%



Global Matters Weekly

13 January 2025

For more information, please contact your adviser or alternatively contact:

Belvest Investment Services Limited
研富投資服務有限公司
9th Floor, Centre Mark II
305-313 Queen's Road Central
Sheung Wan, Hong Kong

Tel +852 2827 1199
Fax +852 2827 0270
belvest@bis.hk
www.bis.hk

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