

Weekly Market Update

The global financial landscape from January 20–24 2025, was dominated by shifts in trade policies and monetary tightening, with the EU–China World Trade Organisation dispute and US tariff threats spotlighting the fragility of international trade dynamics.

US

US stock markets approached record highs, buoyed by President Trump's plans to boost investment in artificial intelligence and positive earnings reports from major companies.

President Trump, in his address at the World Economic Forum in Davos, reiterated his stance on imposing tariffs on imports to strengthen the American economy, signalling potential shifts in trade dynamics.

The White House issued a memorandum indicating that previous commitments to the Organization for Economic Co-operation and Development (OECD) Global Tax Deal are not binding without congressional approval, instructing the Treasury Secretary to assess foreign compliance with US tax treaties.

US crude oil prices declined, influenced by the administration's pro-drilling policies, impacting the energy market. Trump has also demanded the Organisation of the Petroleum Exporting Countries (OPEC) cut their prices.

UK

Analysts highlighted the UK's potential to strengthen its economy by leveraging its services sector, independent trade policies, and focusing on investments in technology and infrastructure.

The UK unemployment rate rose to 4.4% in the three months to end November and the number of payrolled employees saw its most significant drop since the peak of the pandemic. However, there was an increase in wage growth with average pay rising to 5.6%, outpacing CPI.

The UK government replaced Marcus Bokkerink, chair of the Competition and Markets Authority, citing a need for growth-oriented leadership following criticisms of regulatory decisions.

Prime Minister Keir Starmer and US President Donald Trump have agreed to meet soon emphasising strong UK-US ties. These developments highlight efforts to drive economic growth and strengthen global partnerships.

Europe

The European Commission filed a complaint at the World Trade Organisation against China's "unfair and illegal" practices regarding high-tech patent royalties, signalling escalating trade tensions.

Discussions at the World Economic Forum emphasised the need for Europe to boost confidence and improve integration amidst economic challenges and external criticisms.

Analysts suggested that Europe should not panic in response to US policy shifts but instead seize opportunities to innovate and improve its economic and geopolitical systems.

The Hamberg Commercial Bank (HCOB) composite PMI rose to 50.2 in January 2025 from 49.6 in the previous month, indicating modest expansion in economic activity.

Asia/ROW

The US implemented a stringent investment ban on China, effective January 2025, focusing on sensitive technologies, which could impact China's tech sector and foreign investment inflows.

The IMF projected 4.6% growth for China in 2025, noting risks related to trade policy uncertainty and potential debt deflation.

The Bank of Japan raised interest rates to 0.5%, leading to a strengthening of the yen, reflecting a shift towards tightening monetary policy to address inflationary pressures.

Countries are increasingly seeking alternative trading partners, leading to a decreased reliance on the US and a rise in trade activities in Asia, Europe, and the Middle East.



Performance

Asset Class/Region	Currency				
		Week ending 24 Jan 2025	Month to date	YTD 2025	12 Months
Developed Market Equities					
United States	USD	1.8%	3.8%	3.8%	26.5%
United Kingdom	GBP	-0.1%	4.0%	4.0%	16.9%
Continental Europe	EUR	1.6%	5.3%	5.3%	12.5%
Japan	JPY	2.7%	-1.2%	-1.2%	11.3%
Asia Pacific (ex Japan)	USD	1.9%	1.2%	1.2%	16.7%
Australia	AUD	1.2%	3.1%	3.1%	15.9%
Global	USD	2.1%	4.1%	4.1%	22.1%
Emerging markets equities					
Emerging Europe	USD	4.0%	8.6%	8.6%	14.1%
Emerging Asia	USD	1.7%	0.6%	0.6%	17.9%
Emerging Latin America	USD	3.6%	7.5%	7.5%	-16.3%
BRICs	USD	1.5%	-1.2%	-1.2%	13.4%
China	USD	3.0%	-0.2%	-0.2%	27.9%
MENA countries	USD	1.0%	2.8%	2.8%	2.4%
South Africa	USD	1.6%	4.1%	4.1%	19.4%
India	USD	0.0%	-2.9%	-2.9%	5.1%
Global emerging markets	USD	1.9%	1.5%	1.5%	13.6%
Bonds					
US Treasuries	USD	0.1%	0.1%	0.1%	2.1%
US Treasuries (inflation protected)	USD	0.3%	0.7%	0.7%	3.6%
US Corporate (investment grade)	USD	0.2%	0.2%	0.2%	4.2%
US High Yield	USD	0.3%	1.2%	1.2%	9.9%
UK Gilts	GBP	0.2%	0.0%	0.0%	0.2%
UK Corporate (investment grade)	GBP	0.3%	0.3%	0.3%	5.1%
Euro Government Bonds	EUR	-0.2%	-1.0%	-1.0%	2.5%
Euro Corporate (investment grade)	EUR	0.0%	-0.3%	-0.3%	5.3%
Euro High Yield	EUR	0.2%	0.1%	0.1%	8.2%
Global Government Bonds	USD	0.9%	0.5%	0.5%	0.0%
Global Bonds	USD	0.8%	0.4%	0.4%	1.1%
Global Convertible Bonds	USD	1.2%	2.1%	2.1%	10.4%
Emerging Market Bonds	USD	0.5%	0.6%	0.6%	8.7%

Performance

Asset Class/Region	Currency				
		Week ending 24 Jan 2025	Month to date	YTD 2025	12 Months
Property					
US Property Securities	USD	1.6%	1.5%	1.5%	13.5%
Australian Property Securities	AUD	0.6%	5.2%	5.2%	23.5%
Asia Property Securities	USD	0.8%	-0.9%	-0.9%	-4.6%
Global Property Securities	USD	1.3%	1.0%	1.0%	9.1%
Currencies					
Euro	USD	2.2%	1.6%	1.6%	-3.6%
UK Pound Sterling	USD	2.6%	-0.2%	-0.2%	-2.0%
Japanese Yen	USD	0.3%	1.0%	1.0%	-5.5%
Australian Dollar	USD	1.8%	2.2%	2.2%	-4.4%
South African Rand	USD	1.7%	2.6%	2.6%	2.3%
Swiss Franc	USD	1.1%	0.3%	0.3%	-4.7%
Chinese Yuan	USD	1.2%	0.8%	0.8%	-1.1%
Commodities & Alternatives					
Commodities	USD	-0.7%	4.4%	4.4%	9.9%
Agricultural Commodities	USD	1.6%	3.0%	3.0%	5.0%
Oil	USD	-2.8%	5.2%	5.2%	-1.9%
Gold	USD	2.5%	5.6%	5.6%	37.2%

Global Matters Weekly

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