

# Weekly Market Update

The unveiling of DeepSeek's advanced AI model in China led to significant global market volatility, particularly impacting technology stocks and prompting a reassessment of competitive dynamics in the AI sector.

## US

Nasdaq Composite fell over 3% as Chinese startup DeepSeek unveiled a low-cost AI model, challenging US tech dominance and leading to significant declines in major tech stocks, including a 15% one-day drop in Nvidia shares.

The Trump administration confirmed the implementation of 25% tariffs on imports from Mexico and Canada, and a 10% tariff on Chinese goods, citing concerns over immigration and drug trafficking.

The Federal Reserve held its policy rate steady at a range of 4.25%-4.5%, with discussions emphasising the importance of rate stability over immediate cuts, given the economy's continued strong growth.

Despite market volatility, several US companies reported robust earnings, contributing to investor optimism and partially offsetting concerns over international trade tensions.

## UK

AstraZeneca announced the cancellation of its £450 million expansion project in Liverpool, attributing the decision to reduced government funding under the Labour administration.

The FTSE 100 index had its strongest month since November 2022, buoyed by healthy earnings reports and interest rate cut expectations.

UK house prices showed resilience, rising despite ongoing affordability pressures, indicating sustained demand in the housing sector.

The UK's trade dynamics faced potential challenges due to the US imposing tariffs on Canada and Mexico, with concerns about possible ripple effects on global trade.

## Europe

European markets experienced another weekly gain, with the Euro Stoxx 600 rising by 1.8%, influenced by US policy changes under President Trump, including a focus away from European trade tariffs.

The European Central Bank cut interest rates from 3% to 2.75% and left the door open for further rate cuts, contrasting with the US Federal Reserve's stable approach, contributing to a weaker euro and favourable export conditions.

The EU proposed new customs reforms to hold e-commerce platforms like Temu, Shein, and Amazon liable for unsafe or illegal products sold online, aiming to enhance consumer protection.

European tech stocks were affected by global market reactions to DeepSeek's AI developments, leading to a reassessment of valuations within the sector.

## Asia/ROW

Despite global market volatility, China's mainland blue-chip stocks showed resilience, with equities adding 1.1%, even after data indicated a surprise contraction in manufacturing.

Chinese startup DeepSeek launched a free, open-source AI model rivaling Western counterparts, leading to significant impacts on global tech markets and challenging US tech dominance.

The Japanese yen experienced a strong performance, driven by expectations of rate hikes from the Bank of Japan, influencing currency markets.

Crude oil prices declined after President Trump reiterated calls for Organisation of the Petroleum Exporting Countries (OPEC) to reduce prices, with Brent crude futures dropping 2.2% to \$78.5 a barrel.



# Performance

Asset Class/Region	Currency				
		Week ending 31 Jan 2025	Month to date	YTD 2025	12 Months
<b>Developed Market Equities</b>					
United States	USD	-1.0%	2.8%	2.8%	25.9%
United Kingdom	GBP	2.0%	6.0%	6.0%	17.5%
Continental Europe	EUR	1.5%	7.0%	7.0%	12.1%
Japan	JPY	1.4%	0.1%	0.1%	11.9%
Asia Pacific (ex Japan)	USD	0.2%	1.4%	1.4%	17.3%
Australia	AUD	1.5%	4.6%	4.6%	15.2%
Global	USD	-0.5%	3.5%	3.5%	21.4%
<b>Emerging markets equities</b>					
Emerging Europe	USD	-0.2%	8.4%	8.4%	11.3%
Emerging Asia	USD	0.2%	0.7%	0.7%	19.0%
Emerging Latin America	USD	1.9%	9.5%	9.5%	-15.3%
BRICs	USD	1.3%	0.1%	0.1%	16.7%
China	USD	1.1%	0.9%	0.9%	34.8%
MENA countries	USD	0.3%	3.1%	3.1%	5.4%
South Africa	USD	1.1%	5.3%	5.3%	19.2%
India	USD	1.5%	-1.5%	-1.5%	5.1%
Global emerging markets	USD	0.3%	1.8%	1.8%	14.8%
<b>Bonds</b>					
US Treasuries	USD	0.5%	0.6%	0.6%	1.2%
US Treasuries (inflation protected)	USD	0.6%	1.3%	1.3%	2.9%
US Corporate (investment grade)	USD	0.4%	0.6%	0.6%	3.2%
US High Yield	USD	0.2%	1.4%	1.4%	9.7%
UK Gilts	GBP	0.8%	0.8%	0.8%	-0.5%
UK Corporate (investment grade)	GBP	0.9%	1.1%	1.1%	4.4%
Euro Government Bonds	EUR	0.8%	-0.2%	-0.2%	2.1%
Euro Corporate (investment grade)	EUR	0.8%	0.5%	0.5%	5.1%
Euro High Yield	EUR	0.5%	0.6%	0.6%	8.4%
Global Government Bonds	USD	0.1%	0.7%	0.7%	-0.8%
Global Bonds	USD	0.2%	0.5%	0.5%	0.2%
Global Convertible Bonds	USD	0.2%	2.3%	2.3%	10.7%
Emerging Market Bonds	USD	0.6%	1.2%	1.2%	8.2%

# Performance

Asset Class/Region	Currency				
		Week ending 31 Jan 2025	Month to date	YTD 2025	12 Months
<b>Property</b>					
US Property Securities	USD	-0.5%	1.0%	1.0%	13.3%
Australian Property Securities	AUD	-0.6%	4.7%	4.7%	18.2%
Asia Property Securities	USD	1.9%	1.0%	1.0%	-2.7%
Global Property Securities	USD	0.4%	1.3%	1.3%	9.1%
<b>Currencies</b>					
Euro	USD	-0.9%	0.7%	0.7%	-4.0%
UK Pound Sterling	USD	-0.3%	-0.5%	-0.5%	-2.1%
Japanese Yen	USD	0.6%	1.7%	1.7%	-5.4%
Australian Dollar	USD	-1.0%	1.1%	1.1%	-5.1%
South African Rand	USD	-1.0%	1.6%	1.6%	0.3%
Swiss Franc	USD	-0.3%	0.0%	0.0%	-5.3%
Chinese Yuan	USD	-0.1%	0.8%	0.8%	-1.0%
<b>Commodities &amp; Alternatives</b>					
Commodities	USD	-1.4%	3.0%	3.0%	8.1%
Agricultural Commodities	USD	0.3%	3.3%	3.3%	5.4%
Oil	USD	-2.2%	2.8%	2.8%	-6.1%
Gold	USD	1.0%	6.6%	6.6%	36.5%



# Global Matters Weekly

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