10TH - 14TH FEBRUARY 2025

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

After trailing behind the U.S. equity market in the past few years, European stocks are making a comeback having outperformed their U.S. peers so far. The European index was up 3.15% in the previous week boosting the year-to-date gains to 12.20% compared to just under 4% for the S&P 500. Hopes of an end to the Russia-Ukraine war and strong earnings reports buoyed sentiment along with the dialling down of negative implications of trade tariffs by the U.S. President after the President opted for reciprocal tariffs on a country-by-country basis as opposed to the global blanket tariffs that had been threatened earlier. However, higher than expected inflation prints across the developed economies continues to fuel higher-for-longer rate expectations.

Data highlights: The January headline U.S. CPI rose by 0.5% month over month and 3.0% year over year coming in higher than the analyst expectations by 20bps and 10bps respectively. Similarly, January PPI data came in hotter than expected, advancing by 0.4% compared to an expected increase of 0.3%. Retail Sales data released on Friday capped this trend, coming in 0.5% points higher than expected at 4.2% growth year over year. Over in Europe, U.K. GDP grew by an unexpected 1.5% against analysts' expectations of a 1% growth on a year over year basis. The Eurozone economy grew at 0.9% year over year which was in line with the consensus.

Week ahead: Japan GDP – Monday | Australia Interest Rate, U.K. Unemployment Rate, Canada CPI – Tuesday | U.K. CPI, U.S. FOMC Minutes – Wednesday | Australia Unemployment Rate – Thursday | Japan CPI, U.K. & Canada Retail Sales - Friday.

Global Markets Overview

Treasury yields U.S. Treasuries were somewhat volatile as a hotter-than-expected CPI print prompted traders to revise their expectations for the next Fed rate cut from September to December. However, the spread between the 2-year and 10-year treasuries remained largely unchanged as markets took on a wait-and-see approach to trade tariff threats by the U.S. President. In Japan, yields on the government bonds trended upwards as more investors converged around the view that the BoJ could hike the policy rate at a faster than expected rate as a result of sticky inflation. The 10-year bond yields rose to 1.36% from 1.28% week on week, reaching the highest level in about 15 years.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.48	-0.41	-2.03
Bund 10Y	2.43	2.49	2.70
Gilt 10Y	4.50	0.54	-1.49
Japan 10Y	1.36	4.61	23.71

Equities: European Bulls charged forward for a second consecutive week as the German DAX ended 3.33% higher while the pan-European STOXX 50 climbed 3.15%. U.S. stocks also finished the week largely higher with the Nasdaq Composite gaining 2.90% ending the week within 1% of its all-time highs along with the S&P 500 Index. This followed the news that the implementation of reciprocal tariffs would begin on April 1, boosting investors' hopes that the additional tariffs would be delayed as there seemed to be more time for negotiation between the U.S. and its trade partners. Meta Platforms Inc is our stock of the week as it cruised to new highs, extending its winning streak to 20 consecutive up days on a wave of support for the Instagram and Facebook parent's artificial-intelligence strategy. The stock has stomped its record for the previous longest rally, which lasted 11 days in September 2015. Meta's latest winning streak kicked off on Jan. 16, following reports that President-elect Donald Trump was weighing an executive order to delay the U.S. ban on TikTok. The rally is so long that it began in the final days of the Biden administration—since then, it has persisted through some of the most significant, market-rocking news which includes the looming threat of chip tariffs and the broad selloff in technology stocks triggered by Chinese start-up DeepSeek. Meta was one of few U.S. tech firms to see shares rise after DeepSeek ignited concerns about competition in the AI market.

Indices	Close	% W/W	% YTD
S&P 500	6115	1.47	3.96
EU Stoxx 50	5493	3.15	12.20
FTSE 100	8732	0.37	6.84
Nikkei 225	39149	0.93	-1.87

Currencies: The U.S. Dollar shed its value against a majority of the major currencies except the Yen with the largest losses witnessed against the Euro. Despite a hotter than expected CPI print, news of a delayed implementation of trade tariffs by the U.S. President allayed traders' fears of even hotter inflation in the U.S. and indeed, globally. Risk-on sentiment was also dominant across global markets as evidenced by the strong rallies in equities markets which further dampened the price of the greenback. That said, other major currencies still struggle to establish clear directions against the Dollar as most non-dollar pairs and crosses ended the week within their prior ranges.

Currencies	Close	% W/W	% YTD
EURUSD	1.0492	1.59	1.33
GBPUSD	1.2586	1.48	0.56
USDJPY	152.31	0.59	-3.11
USDZAR	18.39	-0.08	-2.42

Commodities: Gold continued to shine as the price of the metal climbed to a record high on Friday reaching $2,964. Silver also gained an additional 0.90% week on week capping a fourth consecutive week of gains as it approached the highest price in more than a decade. Similarly, Natural Gas futures were up for a fifth straight session on Friday topping a 12.57% gain for the week as colder forecasts, strong LNG demand and tightening storage levels put upward pressure on the commodity prices. LNG exports also hit a record high within the week. However, expectations of a resolution in the Russia-Ukraine war may dampen price expectations as Russian gas supplies come back fully into the supply chain. On the agricultural front, Coffee prices continued to grind higher as the price of arabica coffee has doubled over the past year. The price run-up is largely driven by climate-change-fuelled weather patterns that have disrupted agricultural production around the world.

Commodities	Close	% W/W	% YTD
Gold	2883	0.75	9.83
Copper	466.45	1.65	15.85
Wheat	613.50	3.02	9.07
Coffee	407.40	2.70	29.39

Performance of Major Global Financial Assets

% Change.

GOV. BOND YIELDS

	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y
W/W	-0.4	2.5	0.5	4.6	1.4	1.6
MTD	-1.4	-1.2	-0.8	9.4	-0.3	-0.9
YTD	-2.0	2.7	-1.5	23.7	1.3	0.0

EQUITY INDICES

	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG
W/W	1.5	2.9	3.2	3.3	0.4	0.9	7.0
MTD	1.2	3.0	3.9	3.6	0.7	-1.1	11.8
YTD	4.0	5.2	12.2	13.1	6.8	-1.9	12.8

CURRENCIES

	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR
W/W	-1.2	1.6	1.5	0.6	-0.5	-0.1
MTD	-1.5	1.3	1.5	-1.9	0.2	-1.5
YTD	-1.6	1.3	0.6	-3.1	-0.6	-2.4

COMMODITIES

	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
W/W	-0.4	0.8	1.6	2.7	3.0
MTD	-2.5	3.0	9.0	9.7	7.2
YTD	-1.4	9.8	15.8	29.4	9.1

KEY: -100% ← → +100%

Data Sources: Bloomberg, Investing.com, Standard Investment Bank

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