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17TH - 21ST FEBRUARY 2025

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

In like a lamb, out like a lion. A phrase that befits the past week's stock market movements. The holiday-shortened week started well enough, with the S&P 500 index having two record closes on Tuesday and Wednesday as the markets continued to shrug off tariff worries and the lack of any curveballs from the Federal Reserve's FOMC minutes. The market went on to give back all the weekly gains by the close of the week after Walmart's full year forecasts came in short of analysts' expectations on Thursday and the consumer sentiment index data on Friday added to the gloom, coming in lower than expected. The S&P ultimately ended the week about 1.7% lower while the tech heavy Nasdaq ended 2.3% lower for the week. However, it is still worthy of note that even with the unexciting end to the week, The S&P 500 is still well up over 2% for the year so far.

Data highlights: In January, Canada's CPI results were 1.9% a rise by 0.1%, which matched analysts' expectations. In Europe, The United Kingdom employment rate remained unchanged at 4.4% which defied expectations of a negative rise to 4.5%. UK CPI inflation fell to -0.1% in January from +0.3% in December. U.K retail sales increased to 1.7%. Over in Asia, Japanese GDP rose by 0.3% in the fourth quarter compared to the third quarter, while the CPI rose to 3.2% year on year against analyst projection of 3.1%. In Australia, the Reserve Bank of Australia (RBA) reduced the interest rate to 4.1%, in-line with market expectations. Australia's unemployment rate changed to 4.1% marking a slight 0.1% increase.

Week ahead: Eurozone CPI – Monday | Australia Monthly CPI – Wednesday | U.S Initial Jobless Claims, GDP growth rate – Thursday | Eurozone Retail Sales, Unemployment rate & Inflation rate, Canada GDP growth rate – Friday.

Global Markets Overview

Treasury yields: Bond traders reacted to fresh data stoking concerns about the health of the US economy worsening a selloff in stocks and sending investors scrambling for safe haven in the bond market. Yields on the U.S.-2year treasuries were down 1.43% from the week before while yields on the U.S.-10 year also dropped by 1% from the week before. However, the spread between the U.S. 2-year and 10-year papers remained largely unchanged, closing the week wider by some 1.6 basis points. Over in the Eurozone, the yields on the German 10-year bunds and U.K. 10-year gilts rallying by some 1.60% and 1.56% respectively.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.43	-1.00	-3.01
Bund 10Y	2.47	1.60	4.35
Gilt 10Y	4.57	1.58	0.07
Japan 10Y	1.43	4.99	29.88

Equities: US stock market experienced a downturn with S&P 500 declining by just below 2% by Friday attributed to weak consumer sentiment and increased inflationary concerns. Trump's announcement on introduction of potential new tariffs on pharmaceuticals, automobiles and semiconductors added to uncertainties. Stocks in the Chinese markets rallied which forced investors to reassess their attractiveness with the question of 'Is China Investable again?'- despite previous concerns of regulatory crackdowns and geopolitical risks. The Chinese market movement has been driven by improvement in the overall market sentiment and increased government stimulus measures. The stock of the week goes to Walmart. The retailer spoiled the party, helping to sour sentiment on Thursday. The retail bellwether had a strong holiday quarter, as anticipated, but missed lofty expectations for its full-year forecast. The retailer expects sales to grow 3% to 4%, while analysts were looking for the higher end of that range. Given its size, Walmart has one of the best reads on the health of the consumer. Despite Management reiterating that U.S. shoppers were resilient, the Street was clearly hoping for more reassurance.

Indices	Close	% W/W	% YTD
S&P 500	6013	-1.66	2.24
EU Stoxx 50	5475	-0.34	11.82
FTSE 100	8659	-0.84	5.95
Nikkei 225	38777	-0.95	-2.80

Currencies: The U.S. Dollar (USD) maintained its downward trajectory despite intensified efforts to maintain the Dollar's global dominance. 'U.S. pressure' was the cause for Bank for International Settlements (BIS) withdrawal from the mBridge project- a digital currency initiative that involves China. Increased market sentiment favouring the Euro caused speculators to reduce their net short positions. demonstrating a cautious shift in sentiment towards the Euro. This is also clear from the increased preference of U.S. companies utilizing cross-currency swaps to convert dollar denominated debt to Euros.

Currencies	Close	% W/W	% YTD
EURUSD	1.0458	-0.32	1.00
GBPUSD	1.2632	0.37	0.93
USDJPY	149.27	-2.00	-5.04
USDZAR	18.38	-0.02	-2.43

Commodities: Gold maintained its allure as the safe-haven asset as investors flocked to the metal resulting in a 1.86% week on week gain in price. Soured economic sentiment from the U.S. coupled with lacklustre forward guidance by Walmart seemed to have sent investors rushing to safety. On the energy front, Natural Gas extended its rally for a third week running, climbing by 13.66% from the week before as supply and demand imbalances continue to linger in the near term. However, as winter comes to its latter days and as prospects of a peace deal emerging, this could potentially lead to reopening of Russian gas supplies which could impact energy prices and catalyse new geopolitical dynamics.

Commodities	Close	% W/W	% YTD
Gold	2936	1.86	11.87
Copper	70.40	-0.48	-1.84
Wheat	604.00	-1.55	7.38
Coffee	389.25	-4.46	23.63

Performance of Major Global Financial Assets

% Change.

	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
W/W	-1.0	1.6	1.6	5.0	2.2	0.9	-1.7	-2.3	-0.3	-1.0	-0.8	-1.0	3.8	-0.1	-0.3	0.4	-2.0	-0.1	0.0	-0.5	1.9	-2.2	-4.5	-1.5
MTD	-2.4	0.4	0.7	14.9	1.9	0.0	-0.5	0.6	3.6	2.6	-0.2	-2.0	16.1	-1.6	0.9	1.9	-3.8	0.1	-1.5	-2.9	4.9	6.6	4.8	5.5
YTD	-3.0	4.4	0.1	29.9	3.4	0.9	2.2	2.9	11.8	11.9	6.0	-2.8	17.0	-1.7	1.0	0.9	-5.0	-0.6	-2.4	-1.8	11.9	13.2	23.6	7.4
	GOV. BOND YIELDS						EQUITY INDICES							CURRENCIES						COMMODITIES				

KEY: -100% +100%

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

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