Daily Market Brief

January 2nd 2025

BANQUE BEMO

FOREIGN EXCHANGE MARKETS *(Sources: Bloomberg / Reuters)*

EURUSD

EUR/USD continues to lose ground for the fourth successive day, trading around 1.0350 during the Asian hours on Thursday. The Euro faces challenges as the (ECB) maintains dovish guidance on interest rates policy for this year. The ECB reduced its Deposit Facility rate by 100 (bps) to 3% in 2024 and is expected to lower it further to 2% considered the neutral rate by the end of June 2025. This indicates that the central bank will likely cut its key borrowing rates by 25 bps at each meeting during the first half of this year.

GBPUSD

The GBP/USD pair remains on the defensive around 1.2510 on Thursday during the Asian session, pressured by the stronger US Dollar (USD) broadly. The prospect that the Federal Reserve will slow the easing cycle this year supports the Greenback against the Pound Sterling (GBP). Dovish BoE bets and Trump's tariff threats could undermine the GBP. Fed officials projected they will make just two quarter-percentage-point rate reductions by the end of 2025.

USDJPY

The Japanese Yen (JPY) gains ground to around 157.30 during the early Asian trading hours on Thursday. The anticipation of the US interest rates staying higher for longer lifts the US dollar (USD) against the Japanese Yen (JPY). Markets in Japan are closed for the rest of the week. On Friday, the US S&P Global Manufacturing PMI for December will be closely watched.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0366	1.0375	1.0345	0.10	-0.54	0.12
GBP-USD	1.2528	1.2541	1.2508	0.09	0.02	0.10
USD-JPY	156.61	157.78	156.55	-0.40	0.88	0.38
USD-CHF	0.9045	0.9078	0.9043	-0.21	-0.61	0.32
Commodities	**Last**	**High**	**Low**	**% Daily**	**% Weekly**	**% YTD**
Gold	2634.63	2636.57	2621.80	0.39	0.68	0.39
Silver	29.39	29.40	28.88	1.70	-0.90	1.70
Crude Oil	72.05	72.29	71.80	0.46	2.78	0.46
Bitcoin	95451.61	95820.79	94184.64	0.72	0.48	1.85
Etherium	3406.64	3420.83	3347.67	1.34	0.25	1.80

Period	1M	3M	6M	12M
SOFR ($)	4.33	4.31	4.25	4.18
ESTR (€)	2.12	2.67	2.38	2.12
SONIA (£)	4.71	4.62	4.56	4.47
SARON (F)	0.44	0.38	0.22	0.06
TONAR (¥)	0.22	0.22	0.20	0.12

	Rates
U.S. Federal Fund Target Rate	4.50
ECB Main Refinancing Operation Announcement Rate	3.15
ECB Deposit Facility Announcement Rate	3.00
ECB Marginal Lending Facility Announcement Rate	3.40
BOE Official Bank Rate	4.75

INTERNATIONAL EQUITY MARKETS *(Sources: Bloomberg / Reuters)*

UNITED STATES OF AMERICA

Wall Street lost ground on Tuesday as investors closed the book on a remarkable year for equities, during which the U.S. stock market was powered to record highs by the twin engines of the artificial-intelligence boom and the U.S. Federal Reserve's first interest rate cuts in three-and-a-half years.

EUROPE

European stocks recorded their worst quarterly showing in more than two years on Tuesday, as uncertainty around interest rates and the Trump administration's policies halted a rally that had pushed several markets to record highs this year.

ASIA

Asian stocks began the year on a dour note on Thursday as they struggled for traction after a jittery close to 2024, while the U.S. dollar held steady and investor sentiment stayed cautious ahead of Donald Trump's return to the White House.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	42544.22	-0.07	-5.00	0.00	43050.00	0.39
S&P	5881.63	-0.43	-2.74	0.00	5967.75	0.53
Nasdaq	19310.79	-0.90	-0.48	0.00	21385.25	0.76
DJ EuroStoxx50	4895.98	0.55	1.02	0.00	4909.00	0.55
FTSE 100	8173.02	0.64	-1.68	0.00	8184.50	0.01
CAC 40	7380.74	0.92	1.99	0.00	7390.50	0.13
DAX	19909.14	-0.38	-0.12	0.00	20068.00	0.04
IBEX 35	11595.00	0.50	-1.20	0.00	11586.60	0.00
FTSE MIB	34186.18	0.07	2.10	0.00	34300.00	0.00
Nikkei	39894.54	-0.96	2.06	0.00	39450.00	0.00
Hang Seng	20059.95	-2.24	0.30	-2.24	19652.00	-2.18
DFM General	5158.67	-0.17	6.24	-0.17	N/A	N/A
MSCI Tadawoul	12077.31	0.34	2.88	0.34	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	120.00	120.00	106.10	7.33	20.42	0.00
Solidere B	119.50	120.00	106.10	4.00	17.73	0.00

MUST READ *(Source: Bloomberg/ Forexlive)*

LW LAMB WESTON HOLDINGS INC

A food fight is breaking out over at Lamb Weston, a leading producer of frozen potato products in the US. The company, whose customers include McDonald's, is under fire from Jana Partners. The activist investor has taken a 5 per cent stake in Lamb Weston and is calling for a major shake-up of the board and leadership. Absent that, it said Lamb Weston should consider selling itself. One possible suitor may be Post Holdings, the maker of Weetabix cereals. It is reportedly considering a bid. If true, it might end up biting off more than it can chew. Lamb Weston certainly needs to take some action. The stock is down 22 per cent this year and its valuation - at just 18 times forward earnings — is well below its three- and five-year averages. Among its problems: demand for its frozen french fries is sputtering as inflation-weary consumers dine out less. Sales have fallen in each of the past two fiscal quarters. Price increases failed to make up for the decline in volume. The supply-demand imbalance had another unfortunate knock-on effect: a potato glut. Having purchased more spuds than it needed, the company had to take an $85.1mn charge to write off the excess supplies in its most recent fiscal year. Net income fell 28 per cent to $725.5mn during the period, as other operational issues - including a voluntary product recall and problems related to the rollout of a new software system - also weighed. In October, Lamb Weston said it was closing factories and laying off 4 per cent of its workforce as restaurant traffic and frozen potato demand remain sluggish.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
RPM Internationa	RPM US	$15.8 B	07-Jan-25	Pre-mkt	1.35	1.22
Cal-Maine Foods	CALM US	$5.1 B	07-Jan-25	After-mkt	N/A	0.35
AAR Corp	AIR US	$2.2 B	07-Jan-25	After-mkt	0.82	0.81
Apogee Entrepris	APOG US	$1.5 B	07-Jan-25	Pre-mkt	1.14	1.23
Lindsay Corpora	LNN US	$1.2 B	07-Jan-25	Pre-mkt	1.34	1.36

ECONOMIC CALENDAR

(02-01-25) DE- HCOB Manufacturing PMI DEC
(02-01-25) US- Challenger Job Cuts DEC
(02-01-25) US- Initial Jobless Claims DEC
(02-01-25) CA- S&P Global Manufacturing PMI DEC
(03-01-25) DE- Unemployment Rate DEC
(03-01-25) US- ISM Manufacturing PMI DEC
(03-01-25) EA- ECB's Lane speech

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