Daily Market Brief

January 20th 2025

BANQUE BEMO

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

EUR/USD

EUR/USD is recovering some losses but may face limited upside due to market caution ahead of Donald Trump's inauguration and the strengthening US Dollar from rising Treasury yields. Meanwhile, concerns over Trump's policies and dovish ECB expectations are weighing on the Euro, with markets anticipating further rate cuts by the European Central Bank and a steady US interest rate policy until at least March.

GBP/USD

The GBP/USD pair is slightly up to start the week, recovering some of Friday's losses, but lacks strong bullish momentum as it remains near its lowest level since November 2023. While the US Dollar faces pressure from expectations of potential rate cuts and a positive risk sentiment, concerns over the UK's fiscal health and the Bank of England's potential rate cut in February could limit any significant gains for the British Pound.

USD/JPY

The Japanese Yen has trimmed some of its intraday gains but retains a positive bias, supported by strong Japan Core Machinery Orders and expectations of a Bank of Japan interest rate hike later this week. However, uncertainty around US President Trump's trade policies and a generally positive risk sentiment limit the Yen's upside, with traders waiting for key developments from Trump's inaugural address and the BoJ's upcoming policy meeting.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0305	1.0308	1.0266	0.31	0.59	-0.47
GBP-USD	1.2210	1.2215	1.2161	0.34	0.07	-2.44
USD-JPY	156.18	156.58	155.71	-0.08	0.83	0.65
USD-CHF	0.9130	0.9152	0.9127	-0.22	0.44	-0.61
Commodities	**Last**	**High**	**Low**	**% Daily**	**% Weekly**	**% YTD**
Gold	2710.43	2710.96	2689.46	0.27	1.77	3.27
Silver	30.39	30.44	30.13	0.07	2.62	5.15
Crude Oil	77.67	78.47	77.67	-0.27	-1.46	8.30
Bitcoin	106100.08	106443.20	99488.18	2.46	6.44	13.22
Etherium	3393.78	3395.10	3141.45	5.08	-1.15	1.41

Period	1M	3M	6M	12M
SOFR ($)	4.30	4.29	4.25	4.19
ESTR (€)	2.22	2.61	2.41	2.22
SONIA (£)	4.63	4.53	4.46	4.35
SARON (F)	0.43	0.34	0.24	0.14
TONAR (¥)	0.22	0.22	0.21	0.13

	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

Stocks climbed Friday, as the three major averages posted their first weekly gain of the new year. Investors are also looking ahead as Donald Trump is set to be inaugurated as president for the second time on Monday. Stocks rallied right after his November electoral victory, as investors bet on deregulation and lower taxes.

EUROPE

European markets closed in positive territory on Friday with London's FTSE 100 ending the session at a record high. Mining stocks led the gains, with the sector up 2% after Bloomberg reported Glencore had been in talks with Rio Tinto to explore the industry's largest ever merger.

ASIA

Asia-Pacific markets rose Monday, ahead of Donald Trump's inauguration as investors awaited greater clarity on the policies of the incoming U.S. administration. The Bank of Japan is holding its next policy meeting from Jan. 23 to Jan 24 — BOJ Governor Kazuo Ueda has signaled intentions to hike rates.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	43487.83	0.78	1.51	2.22	43707.00	0.78
S&P	5996.66	1.00	1.11	1.96	6034.50	0.99
Nasdaq	19630.20	1.51	0.29	1.65	21594.50	1.61
DJ EuroStoxx50	5148.30	0.81	5.88	5.15	5163.00	0.94
FTSE 100	8505.22	1.35	5.20	4.06	8487.00	1.20
CAC 40	7709.75	0.98	5.98	4.46	7725.70	1.19
DAX	20903.39	1.20	5.12	4.99	21014.00	1.27
IBEX 35	11916.30	0.64	3.92	2.77	11904.30	0.69
FTSE MIB	36267.63	1.25	7.41	6.09	36345.00	1.25
Nikkei	38451.46	1.17	0.52	-2.49	38870.00	0.52
Hang Seng	19584.06	1.81	1.11	-0.60	19967.00	2.04
DFM General	5211.73	0.26	3.33	1.30	N/A	N/A
MSCI Tadawoul	12331.87	0.62	3.70	2.45	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	112.10	118.80	112.00	-2.27	-11.03	-6.58
Solidere B	118.90	118.90	118.90	-0.92	-4.88	-0.50

MUST READ *(Source: Bloomberg/ Forexlive)*

US Treasury to launch measures to avoid debt limit breach on Tuesday

U.S. Treasury Secretary Janet Yellen announced that the government would reach its borrowing limit on January 23, 2025, prompting the Treasury to begin using "extraordinary measures" to avoid breaching the $36.1 trillion debt ceiling and risking a catastrophic default. In a letter to congressional leaders, Yellen explained that these measures, which start on January 21, will include suspending investments in two government employee benefit funds—the Civil Service Retirement and Disability Fund and the Postal Service Retiree Health Benefits Fund—until March 14. The suspension will free up borrowing capacity, but the funds must be restored once the debt limit is raised or suspended. Yellen warned that the duration of these measures is uncertain, and urged Congress to take action to protect the U.S. government's credit. The debt ceiling, which has existed since 1917, is a cap set by Congress on how much the government can borrow to meet its obligations. Since the ceiling was not addressed in a last-minute budget deal in December 2024, failure to raise or suspend it could result in the Treasury being unable to meet its debt obligations, leading to a potential default with severe economic consequences. The debt ceiling has been raised 103 times since 1939 as government spending has exceeded tax revenues.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Charles Schwab	SCHW US	$ 139.87B	21-Jan-25	Pre-mkt	0.91	0.68
3M Company	MMM US	$ 76.80B	21-Jan-25	Pre-mkt	1.66	2.42
Interactive Brokeı	IBKR US	$ 80.32B	21-Jan-25	Aft-mkt	1.85	1.52
Seagate Technolo	STX US	$ 20.66B	21-Jan-25	Aft-mkt	1.87	0.12
Netflix Inc	NFLX US	$ 360.08B	21-Jan-25	Aft-mkt	4.22	2.30

ECONOMIC CALENDAR

(20-01-25) JP - Industrial Production MoM/YoY
(21-01-25) UK - ILO Unemployment Rate 3Mths
(21-01-25) DE - Zew Survey Expectations
(21-01-25) CA - CPI NSA MoM / CPI YoY
(21-01-25) UK - Jobless Claims Change
(22-01-25) US - MBA Mortgage Applications
(23-01-25) US - Initial Jobless Claims

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