Daily Market Brief

January 28th 2025

BANQUE BEMO

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

EUR/USD

The EUR/USD pair is experiencing a pullback after reaching a recent high, with heavy selling pressure during the Asian session, largely due to a stronger demand for the US Dollar. Investors are concerned about the impact of trade tariffs from President Trump and growing expectations of a major rate cut by the European Central Bank, which is weighing on the euro, while traders await key U.S. economic data and central bank policy decisions this week.

GBP/USD

The GBP/USD pair has paused its three-day rally as the British Pound faces pressure from expectations of a rate cut by the Bank of England, fueled by weak UK economic data. Meanwhile, the US Dollar strengthens due to President Trump's tariff proposals and the Federal Reserve's cautious stance ahead of its policy decision, with market attention also on key U.S. economic data releases.

USD/JPY

The Japanese Yen is losing ground against the US Dollar, reversing much of its previous gains as concerns over US tariffs push Treasury bond yields higher, reducing demand for the Yen. While expectations of further rate hikes by the Bank of Japan may limit JPY weakness, a strong recovery in the US Dollar and potential Fed policy easing are keeping the USD/JPY pair near the 156.00 level.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0440	1.0494	1.0425	-0.50	0.12	0.83
GBP-USD	1.2445	1.2499	1.2435	-0.43	0.77	-0.57
USD-JPY	155.68	155.95	154.49	0.75	-0.10	0.98
USD-CHF	0.9052	0.9060	0.9013	0.35	0.09	0.24
Commodities	**Last**	**High**	**Low**	**% Daily**	**% Weekly**	**% YTD**
Gold	2740.99	2745.33	2737.98	0.01	-0.14	4.44
Silver	30.03	30.26	29.97	-0.62	-2.44	3.90
Crude Oil	73.57	73.61	73.08	0.55	-2.98	3.26
Bitcoin	102910.62	103357.17	101281.17	1.55	-0.21	9.81
Etherium	3202.28	3223.46	3147.45	1.37	-1.44	-4.31

Period	1M	3M	6M	12M
SOFR ($)	4.32	4.30	4.26	4.18
ESTR (€)	2.25	2.57	2.41	2.25
SONIA (£)	4.57	4.51	4.43	4.33
SARON (F)	0.44	0.34	0.28	0.20
TONAR (¥)	0.22	0.23	0.22	0.14

	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

The S&P 500 and Nasdaq Composite were down sharply Monday on concern about an artificial intelligence stock bubble popping because of the emergence of Chinese startup DeepSeek, which has possibly made a competitive AI model for a fraction of the billions Silicon Valley is spending.

EUROPE

European markets closed slightly lower on Monday as investors in the region reacted to a potential artificial intelligence breakthrough out of China. Shares of companies with ties to the AI supply chain also nosedived. European traders are also gearing up for a busy period of earnings this week, as well as the European Central Bank's latest interest rate decision on Thursday.

ASIA

Hong Kong stocks rose Tuesday after Wall Street saw a massive drop in shares of tech companies. Japan's chip-related stocks extended losses for a second day as Chinese startup DeepSeek's challenge to America's global leadership in artificial intelligence threatens Asian tech companies part of the U.S. AI value chain.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	44713.58	0.65	4.00	5.10	44763.00	0.36
S&P	6012.28	-1.46	0.69	2.22	6040.25	-1.52
Nasdaq	19341.83	-3.07	-1.93	0.16	21289.25	-2.84
DJ EuroStoxx50	5188.45	-0.59	5.91	5.97	5204.00	-0.55
FTSE 100	8503.71	0.02	4.34	4.05	8497.50	0.12
CAC 40	7906.58	-0.27	7.49	7.12	7920.50	-0.34
DAX	21282.18	-0.53	6.49	6.90	21475.00	-0.12
IBEX 35	11997.10	0.12	4.04	3.47	12041.40	0.33
FTSE MIB	36191.17	-0.03	5.94	5.86	36357.00	-0.04
Nikkei	39016.87	-1.39	-3.14	-2.20	39070.00	-2.18
Hang Seng	20197.77	0.14	0.67	0.82	20238.00	0.67
DFM General	5191.65	0.50	1.71	1.14	N/A	N/A
MSCI Tadawoul	12372.89	-0.11	4.33	2.79	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	113.90	114.00	109.10	-0.96	-0.61	-5.08
Solidere B	112.10	112.10	112.10	-2.52	-1.32	-6.19

MUST READ *(Source: Bloomberg/ Forexlive)*

Volkswagen open to Chinese rivals taking over excess production lines in Europe

Volkswagen is considering letting Chinese carmakers use its unused European production lines due to declining demand and increasing competition, particularly from Chinese EV manufacturers. Audi and VW executives are open to partnering with Chinese companies as they expand in Europe and seek production capacity. This comes as Chinese brands, such as BYD, gain market share with advanced, low-cost EVs, while VW faces weaker sales in both Europe and China. As a result, VW is reducing its production by 730,000 cars by 2030. Some Chinese firms see using these plants as an opportunity to grow in Europe, similar to Stellantis's investment in Leapmotor. Audi's CEO also cautioned against EU tariffs on Chinese EVs, warning they could harm European companies.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Boeing Company	BA US	$ 131.07B	28-Jan-25	Pre-mkt	-1.73	-0.47
RTX Corp	RTX US	$ 166.44B	28-Jan-25	Pre-mkt	1.39	1.29
Lockheed Martin	LMT US	$ 119.39B	28-Jan-25	Pre-mkt	6.62	7.90
Starbucks Corpor:	SBUX US	$ 113.40B	28-Jan-25	Aft-mkt	0.66	0.90
Microsoft Corpor:	MSFT US	$ 3.23T	29-Jan-25	Aft-mkt	3.12	2.93

ECONOMIC CALENDAR

(28-01-25) US - Durable Goods Orders
(29-01-25) CA - Bank of Canada Rate Decision
(29-01-25) US - FOMC Rate Decision (Upper bound / lower bound)
(30-01-25) FR - GDP QoQ / YoY
(30-01-25) EC - GDP SA YoY / QoQ
(30-01-25) EC - ECB Deposite Facility Rate / ECB Main Refinancing Rate / ECB Marginal Lending Facility
(30-01-25) US - GDP Annualized QoQ

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