Daily Market Brief

January 29th 2025

BANQUE BEMO

FOREIGN EXCHANGE MARKETS
(Sources: Bloomberg / Reuters)

EUR/USD

EUR/USD is stabilizing around 1.0440 after a two-day decline, though challenges persist due to risk-off sentiment and anticipation of the Fed's interest rate decision. The USD is supported by the Fed's cautious policy stance and Trump's tariff threats, while the EUR may weaken as expectations grow for a rate cut by the ECB amid a sluggish Eurozone economy.

GBP/USD

GBP/USD is holding steady around 1.2440, though it faces downside risks from increased risk aversion due to US tariff threats and a cautious Fed policy outlook. The Pound remains under pressure amid concerns of stagflation in the UK economy, with traders anticipating a potential rate cut by the Bank of England in February, despite optimistic remarks from UK Prime Minister Keir Starmer.

USD/JPY

The Japanese Yen (JPY) is recovering part of its previous losses against the US Dollar, supported by expectations for more Bank of Japan interest rate hikes and narrowing US-Japan yield differentials. However, the USD faces challenges due to Fed rate cut bets and concerns over Trump's tariff threats, limiting the JPY's potential gains as traders await the upcoming FOMC policy decision.

Fx rates	Last	High	Low	% Daily	% Weekly	% YTD
EUR-USD	1.0440	1.0444	1.0426	0.10	0.30	0.83
GBP-USD	1.2456	1.2461	1.2435	0.10	1.14	-0.48
USD-JPY	155.28	155.79	155.00	-0.17	0.81	1.24
USD-CHF	0.9039	0.9050	0.9032	-0.03	0.33	0.39
Commodities	**Last**	**High**	**Low**	**% Daily**	**% Weekly**	**% YTD**
Gold	2760.39	2766.29	2759.80	-0.11	0.14	5.18
Silver	30.38	30.49	30.35	-0.15	-1.47	5.10
Crude Oil	73.71	73.98	73.56	-0.08	-2.29	3.45
Bitcoin	102684.68	102788.14	100248.98	2.39	-2.31	9.57
Etherium	3144.04	3149.40	3039.58	3.02	-5.59	-6.05

Period	1M	3M	6M	12M
SOFR ($)	4.31	4.29	4.23	4.14
ESTR (€)	2.26	2.57	2.42	2.26
SONIA (£)	4.55	4.50	4.41	4.30
SARON (F)	0.44	0.34	0.28	0.21
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

Stocks climbed Tuesday, recovering some ground from a sell-off sparked by the emergence of Chinese artificial intelligence startup DeepSeek that sent tech shares reeling. All eyes were on Nvidia in Tuesday's trading with the stock rising nearly 9%. Investors' attention is turning toward corporate earnings due this week. The Federal Reserve will also make its latest decision on interest rates Wednesday.

EUROPE

European stocks closed higher Tuesday, in the wake of a global sell-off fueled by concerns over a potential artificial intelligence breakthrough in China that could pose a massive challenge to Western AI firms.

ASIA

Japan and Australian stocks rose Wednesday as Wall Street rebounded overnight, while several Asia-Pacific markets were closed for the Lunar New Year holiday. Minutes from the BoJ December meeting released Wednesday showed members discussed neutral interest rates and monetary policy conduct.

Index	Close	% Daily	% M	YTD	Futures	% Change
DJIA	44850.35	0.31	4.32	5.42	45034.00	0.30
S&P	6067.70	0.92	1.62	3.16	6107.00	1.00
Nasdaq	19733.59	2.03	0.06	2.19	21662.50	1.93
DJ EuroStoxx50	5195.71	0.14	6.06	6.12	5259.00	1.06
FTSE 100	8533.87	0.35	4.71	4.42	8535.50	0.49
CAC 40	7897.37	-0.12	7.37	7.00	7914.50	-0.13
DAX	21430.58	0.70	7.24	7.64	21620.00	1.07
IBEX 35	12154.20	1.31	5.40	4.82	12193.30	1.26
FTSE MIB	36147.06	-0.12	5.81	5.74	36314.00	-0.12
Nikkei	39016.87	1.02	-2.15	-1.20	39550.00	0.05
Hang Seng	20225.11	0.14	2.35	0.82	20325.00	0.30
DFM General	5176.73	-0.84	0.07	-0.49	N/A	N/A
MSCI Tadawoul	12420.64	0.39	4.44	3.19	N/A	N/A

Leb. Mrkts	Closing Px	High	Low	% Daily	% Weekly	YTD
Solidere A	112.80	115.00	111.00	-0.97	-0.79	-6.00
Solidere B	113.00	114.00	112.00	0.80	0.62	-5.44

MUST READ
(Source: Bloomberg/ Forexlive)

Alibaba releases AI model it claims surpasses DeepSeek-V3

On January 29, 2025, Chinese tech giant Alibaba released its new Qwen 2.5-Max AI model, claiming it surpasses leading models such as DeepSeek-V3, GPT-4, and Meta's Llama-3.1-405B. The release, timed on the first day of the Lunar New Year, reflects the pressure exerted by the rapid rise of the Chinese AI startup DeepSeek. DeepSeek's AI assistant, powered by its DeepSeek-V3 model, along with its R1 model released in mid-January, has made waves in the AI sector, causing shockwaves in Silicon Valley and leading to a drop in tech stock prices. DeepSeek's efficiency and low development costs have raised concerns about the large expenditures of major US AI companies. In response to DeepSeek's success, Chinese competitors have rushed to upgrade their models. For instance, two days after the release of DeepSeek's R1, ByteDance, the owner of TikTok, unveiled an update to its AI model, claiming it outperformed OpenAI's o1 in AIME, a benchmark for AI comprehension and response. This move mirrors DeepSeek's claim that its R1 model competes with OpenAI's o1 across several performance tests. These developments underscore the growing intensity in the global AI race, especially as Chinese firms accelerate their advancements.

MAIN WEEKLY EARNINGS

Company	Ticker	Market Cap	Date	Time	Estimate	Year Ago
Microsoft Corpor	MSFT US	$ 3.32T	29-Jan-25	Aft-mkt	3.12	2.93
Servicenow Inc	NOW US	$ 241.10B	29-Jan-25	Aft-mkt	3.68	3.11
International Busi	IBM US	$ 208.66B	29-Jan-25	Aft-mkt	3.74	3.87
Meta Platforms Ir	META US	$ 1.70T	29-Jan-25	Aft-mkt	7.67	6.63
Tesla Inc	TSLA US	$ 1.28T	29-Jan-25	Aft-mkt	0.75	0.71

ECONOMIC CALENDAR

(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
(30-01-25) US - Personal Consumption

CONTACT

Banque BEMO sal
Asset Management Unit

Ashrafieh, Elias Sarkis Ave., BEMO Bldg, 4th Floor
P.O.Box 16-6353 Beirut, Lebanon
Tel: +961 1 325405/6/7/9