

Sign of relief — over inflation

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N°780

20 January 2025

Global financial markets reacted positively to US inflation data released last week, helped by initial earnings reports from US banks.

Today investors will be watching how the new president's inauguration at the Capitol goes. All eyes will be on the first raft of measures to be announced.

In detail, the US consumer price index sparked a sense of relief among market participants, unnerved by the possibility of resurgent inflation during Donald Trump's second term in office. The adjusted indicator (excluding food and energy) clocked in slightly below expectations, at 3.2% year-on-year, compared with 3.3% for the consensus, leading bond yields lower as a result.

Moderate slowdown in US

The US 10-year yield retraced back to 4.6%, with its German counterpart returning to 2.50%. Initial jobless claims for the week ending 11 January came in at 217,000, which was slightly above the consensus at 213,000. Retail sales for December rose by 0.4% month-on-month versus a consensus estimate for a 0.5% increase.

All in all, these macroeconomic data are another sign of a moderate slowdown in the world's leading economy, putting the prospect of overheating to rest for the time being. The likelihood of inflation returning to 2% remains intact. This scenario does not deny the possibility of further monetary easing by the Fed this year, but the pace is likely to be more gradual. In particular, any sharp tariffs introduced by the Trump administration could potentially slow the disinflation process.

Equity indices rebound

In Europe, the release of solid results by Richemont rekindled interest in the luxury goods sector, which has been feeling the heat for several months. Added to that, the political climate in France has lost some of its sting after the newly appointed government survived a vote of confidence. Equity indices staged a rebound.

At this stage, the outlook for the Eurozone remains uncertain, with slowing economic growth that is proving difficult to reverse and continued reliance on China.

The pace of quarterly results releases will pick up this week, featuring the likes of Netflix, Johnson & Johnson, GE Aerospace, Procter & Gamble and Abbott in the US. In Europe, Investor AB, Givaudan and Ericsson will be reporting.

All in all, the S&P 500 added 2.91%, the Nasdaq gained 2.45% while the Stoxx Europe 600 put on 2.37%.

Swiss Market Index (SMI)

The SMI is now heading for the next resistances at 12120 and 12180 after breaking to the upside of 11950.



Key data

	USD/CHF	EUR/CHF	SMI	EURO STOXX 50	DAX 30	CAC 40	FTSE 100	S&P 500	NASDAQ	NIKKEI	MSCI Emerging Markets
Latest	0,91	0,94	11 990,27	5 148,30	20 903,39	7 709,75	8 505,22	5 996,66	19 630,20	38 451,46	1 070,12
Trend	➡	➡	⬆	⬆	⬆	⬆	⬆	⬆	➡	⬇	➡
YTD	0,83%	0,01%	3,36%	5,15%	5,01%	4,46%	4,06%	1,96%	1,65%	-3,62%	-0,50%

(values from the Friday preceding publication)

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