

Economy

The few statistics published in the United States were fairly satisfactory. In particular, the ISM manufacturing index rose more than expected (from 48.4 to 49.3 vs. 48.2 est.) in December, offsetting the fall in the Chicago PMI in December (from 40.2 to 36.9). In October, house prices rose by 0.4% m/m, in line with expectations. In the eurozone, growth in the M3 monetary aggregate accelerated from 3.4% y/y to 3.8% y/y, more than expected in November (3.5% est.). In China, purchasing managers' confidence improved in December and came as a pleasant surprise in the services sector (the PMI rose from 50 to 52.2), while it stagnated in the manufacturing sector (50.1 vs. 50.3 in November).

Planetary Limits

According to the International Energy Agency (IEA), electrification will accelerate in the coming years. While electricity demand grew 1.4x faster than global energy demand over the period 2000-2010 and 2x faster over the period 2010-2023, the IEA estimates that electricity demand will grow 6x faster than global energy demand over the period 2023-2035. The electrification of uses is one of the keys to decarbonizing the economy.

Bonds

In the US, the ISM manufacturing index rebounded (+0.9 m/m) although it is still in contraction territory, while the employment component continues to deteriorate (-2.8 m/m). Rates contracted slightly (2Y -5bp/10Y -3bp) as a result, in a week marked by low liquidity, a few days before the change of government and after the Fed cut its key rate by 25bp as expected on 18 December. In Europe, due to persistent political uncertainty, 10Y yields continued to rise (Bund +3bp/OAT +8bp).

Sentiment of traders

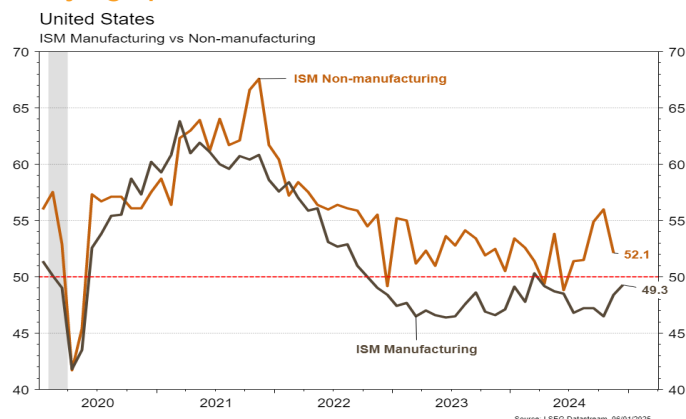
Stock markets

After last week's up-and-down sessions, we now get down to the nitty-gritty with the publication of final PMIs and employment statistics on both sides of the Atlantic. The CPI and PPI will also be published in the eurozone, while in the US we have durable goods orders and the ISM services index, among others. The indices opened in the green without much conviction.

Currencies

After hitting a low of €//\$ 1.0226 at the end of last week, the € is attempting a rebound to 1.0340. At the start of the year, we remain positive on the dollar. The first trends will come this week with European inflation and US employment figures. Traders remain cautious as they await Trump's first statements on 20 January. The CHF is weakening slightly to €/CHF 0.9380. The JPY remains weak at \$/JPY 157.75. Our ranges are: €//\$ 1.0225-1.0390, €/CHF 0.9256-0.9435, £/\$ 1.2332-1.2660, XAU/\$ 2606-2668.

Today's graph



Markets

The positive surprise from the ISM manufacturing index limited the fall in US equities to -0.4%, while they rose by 0.2% in Europe. The decline in emerging markets (-0.9%) is partly explained by the strength of the dollar (dollar index: +0.9%), which has not prevented gold prices from rising (+1%). Sovereign 10-year yields are fairly stable in USD and EUR, but the Fra-Ger spread is widening (+5bp to 79bp). Coming up this week: ISM services, Fed minutes, employment report and household confidence (Univ. of Michigan) in the United States; consumer price indices, unemployment rate, EC confidence indices (economy, industry and services) and retail sales in the eurozone; consumer and producer price indices, foreign exchange reserves and trade balance in China.

Swiss Market

Coming up this week: retail sales November (FSO), services sales October (FSO), inflation December and 2024 (FSO), 2024 results (provisional) and currency reserves at the end of December (SNB) and December and 2024 unemployment (Seco).

Sika will publish its sales figures for 2024 and VAT Group its provisional results for 2024.

Equities

BYD (Satellite) sold 4,272,145 cars in 2024 (+41% y/y, after +67% y/y in 2023) and is the leading manufacturer on the Chinese market and the leading manufacturer of "New Energy Vehicles - NEV" on the world market.

The Chairman of **MICROSOFT** (Core Holdings), Brad Smith, announced last Friday that the group plans to allocate \$80 billion in capital expenditure (Capex) for the 2025 financial year. More than 50% of these investments will be dedicated to the construction and optimization of data centers, in order to meet growing demand for capacity and support the deployment of new technologies. This decision comes at a time when Microsoft has been experiencing capacity constraints, affecting the growth of Azure over the last two quarters. It should be noted that this amount far exceeds consensus expectations of \$62.5 billion, according to FactSet.

UBS (Satellite): According to the WSJ, a US Senate committee investigation has revealed that Nazi-linked accounts discovered by the bank in the 1990s were not disclosed to investigators. UBS undertook to resolve this problem by rehiring Neil Barofsky, the independent ombudsman who had been dismissed by CS. UBS's cooperation has been welcomed by the US authorities and we do not expect any disproportionate financial impact.

Performances

	Since		
	As at 03.01.2025	27.12.2024	31.12.2024
SMI	11 624.02	0.30%	0.20%
Stoxx Europe 600	508.19	0.20%	0.11%
MSCI USA	5 681.27	-0.40%	1.14%
MSCI Emerging	1 073.21	-0.89%	-0.21%
Nikkei 225	39 894.54	-0.96%	0.00%
As at 03.01.2025			
CHF vs. USD	0.9108	-1.02%	-0.49%
EUR vs. USD	1.0289	-1.28%	-0.64%
10-year yield CHF (level)	0.23%	0.24%	0.23%
10-year yield EUR (level)	2.43%	2.39%	2.36%
10-year yield USD (level)	4.60%	4.62%	4.57%
Gold (USD/per ounce)	2 643.49	1.02%	0.69%
Brent (USD/bl)	76.35	3.13%	2.15%

Source: LSEG Datastream

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