

**Economy**

The statistics published in the United States were reassuring. The ISM services index rose more than expected in December (from 52.1 to 54.1 vs. 53.5 est.) and job creation in the same month was also higher than expected (+256,000 vs. 165,000 est.). In the eurozone, the acceleration in price growth in December, from 2.2% to 2.4% y/y, came as no surprise. The EC confidence indices disappointed in December in industry (from -11.4 to -14.1 vs. -11.6 est.) and economy (from 95.6 to 93.7 vs. 95.6 est.) but not in services (from 5.3 to 5.9 vs. 5.7 est.). In China, consumer prices (+0.1% y/y) and producer prices (-2.3% y/y) remain weak, while exports, in anticipation of future customs duties, rebound by 10.7% y/y (vs +7.5% est.).

**Planetary Limits**

According to the US National Oceanic and Atmospheric Administration (Noaa), 2024 was the warmest year on record since 1850. The global average was 1.46°C warmer than in the pre-industrial period. This new record is 0.1°C higher than the previous one, set in 2023. Thus the ten warmest years since 1850 have all occurred in the last decade.

**Bonds**

In the US, with better-than-expected JOLTS and ISM figures and falling jobless claims, yields continued on their upward trajectory, with the 10-year gaining 16bp. In Europe, bolstered by a slightly better than expected CPI in Germany (+0.4% m/m) and a services PMI at 51.2, the Bund gained 17bp over the week, while the OAT gained 14bp due to the political and fiscal uncertainties still present in France. With the US presidential inauguration just a week away, all eyes will be on CPI and retail sales.

**Sentiment of traders**

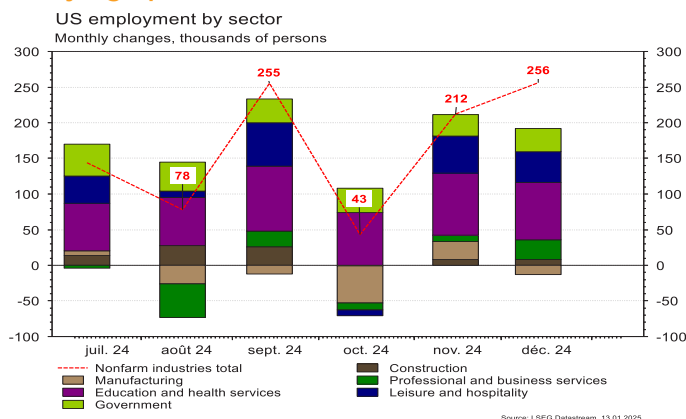
**Stock markets**

The US employment figures resurrected the spectrum of inflation and sent the indices into the cellar. This week will be a busy one on the macro side, with PPI, CPI, retail sales and industrial production in the US and, in the eurozone, CPI and the trade balance. On the micro side, the quarterly results of US banks will be published. Volatility is set to continue.

**Currencies**

Following the better-than-expected US employment figures, the dollar has risen again and is trading this morning at: €/ \$ 1.0222, \$/ CHF 0.9165, \$/JPY 157.52. With traders revising their expectations of a Fed rate cut in 2025 to two, or even zero for some, we remain positive on the dollar in the short term. We expect the following ranges: €/ \$ 1.0160-1.0280, \$/CHF 0.9080-0.9235. The pound is collapsing rapidly to £/ \$ 1.2156, with a test of the sup. 1.2000 level very likely, res. 1.2370. Gold is up at \$2688/oz, sup. 2644 res. 2703.

**Today's graph**



**Markets**

Good economic figures in the US pushed up 10-year sovereign yields, by around 16bp in USD, EUR and even CHF. Equities suffered in the US (-1.9%) and emerging markets (-1.5%), but not in Europe (+0.7%) or Switzerland (+1.4%). The dollar index continued to appreciate (+0.6%), without penalizing gold (+1.8%). Oil prices rebound by 3.3% following new US sanctions against Russian exports. Coming up this week: confidence of SMEs (NFIB index) and homebuilder's (NAHB index), consumer price index, retail sales, industrial production, housing starts and building permits in the United States; industrial production and trade balance in the eurozone; Q4 GDP, retail sales, industrial production and investments in China.

**Swiss Market**

Coming up this week: December consumer confidence survey (Seco) and November accommodation statistics (FSO).

The following companies are due to release sales figures: Lindt&Sprüngli, Titlisbahnen, Flughafen Zürich (December statistics), Partners Group (assets under management), Bossard, Geberit, Richemont and Zehnder.

**Equities**

**GE VERNOVA** joins our Satellite recommendation list. The group, which is a spin-off from General Electric and floated on the stock market in April 2024, is ideally positioned to benefit from the megatrend of electrification and decarbonization of electricity, and offers strong visibility to 2028 in terms of sales and profit growth.

**TSMC** (Satellite) announced sales of NTD 278 billion for the month of December 2024, recording growth of +57.9% year-on-year and +14.3% quarter-on-quarter. The fourth quarter results will be published this Thursday 16 January, and we expect a solid outlook for the full year 2025.

**ZURICH & SWISS RE** (Satellite): The Californian fires are still not under control, but the question of the economic damage is already being asked. Although it is naturally too early to make a precise estimate, an insured loss of around \$20bn seems likely and manageable. California fires are a well-known and recurring peril that the insurance/reinsurance industry has withdrawn from in recent years, in favor of the state's FAIR fire insurance program. The US insurer Farmers - which Zurich administers - is one of the leaders in fire insurance in California (15% of market share), but appears to be well reinsured and Zurich's direct exposure limited.

**Performances**

|                           | Since            |            |            |
|---------------------------|------------------|------------|------------|
|                           | As at 10.01.2025 | 03.01.2025 | 31.12.2024 |
| SMI                       | 11 791.91        | 1.44%      | 1.65%      |
| Stoxx Europe 600          | 511.50           | 0.65%      | 0.76%      |
| MSCI USA                  | 5 570.34         | -1.95%     | -0.83%     |
| MSCI Emerging             | 1 057.11         | -1.50%     | -1.71%     |
| Nikkei 225                | 39 190.40        | -1.77%     | -1.77%     |
| <b>As at 10.01.2025</b>   |                  |            |            |
| <b>CHF vs. USD</b>        | 0.9165           | -0.62%     | -1.11%     |
| <b>EUR vs. USD</b>        | 1.0250           | -0.38%     | -1.02%     |
| 10-year yield CHF (level) | 0.40%            | 0.23%      | 0.23%      |
| 10-year yield EUR (level) | 2.57%            | 2.43%      | 2.36%      |
| 10-year yield USD (level) | 4.77%            | 4.60%      | 4.57%      |
| Gold (USD/per ounce)      | 2 691.50         | 1.82%      | 2.52%      |
| Brent (USD/bl)            | 78.85            | 3.27%      | 5.50%      |

Source: LSEG Datastream

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