

Index	Last	Change
DJIA	42,635.48	106
S&P 500	5,920.48	9
NASDAQ	21,180.63	8
NIKKEI	38,868.00	-312
HANG SENG	19,777.00	-68
DJ EURSTOXX 50	4,982.18	18.98
FTSE 100	8,262.5	112.5
CAC 40	7,978.51	43.48
DAXX	19,322.79	176.35

➤ **US**

**S&P 500 ekes out narrow gain as investors shake off Fed’s inflation warning**

The broad market index added 0.16%, closing at 5,918.25, while the Nasdaq Composite slipped 0.06% to 19,478.88. The Dow Jones Industrial Average outperformed, rising 106.84 points, or 0.25%, to end at 42,635.20. The three major averages are on pace for a second straight weekly loss.

Minutes released from the Fed’s December meeting reflected that nearly all committee participants found that upside risks to the inflation outlook had increased, adding to investors’ concerns that there may be fewer rate cuts than expected this year.

"In discussing the outlook for monetary policy, participants indicated that the Committee was at or near the point at which it would be appropriate to slow the pace of policy easing," the minutes read.

Bond yields, which have been climbing on bets that President-elect Donald Trump's tariff and tax plans could lead to a spike in inflation, wavered throughout Wednesday's trading session. The rate on the benchmark 10-year Treasury note at one point topped 4.7%, nearing levels last seen in late April.

After digesting a slew of economic data this week, investors are now awaiting Friday's December payrolls report.

"Forecasters find it increasingly difficult to model out the path for interest rates, growth, and inflation because of the uncertainty surrounding Trump policies still being developed," Jeffrey Roach, chief economist for LPL Financial, said. "Markets could get choppy if there is a surprise in Friday's payroll release."

The recent pullback in shares of Coca-Cola has presented an attractive buying opportunity, according to TD Cowen.

Shares rose about 1.1% on Wednesday after analyst Robert Moscow upgraded the stock and reiterated his \$75 price target, suggesting more than 20% upside ahead. According to Moscow, Coca-Cola has room to capitalize on the growth of per capita beverage consumption in international markets over the long term.

"KO continues to execute at the top of its game through successful refranchising internationally and outstanding execution domestically," Moscow said in a note to clients Wednesday. "We view the stock's recent pullback as an overreaction.

Concentration is a key risk to start 2025, with much of the market's gains dependent on the performance of a handful of mega-cap tech companies, Venu Krishna, head of U.S. equity strategy at Barclays, wrote on Wednesday.

“The percentage of SPX constituents beating the index rose to the highest level in over a year by October, but fell sharply over the final 2 months of 2024,” Krishna wrote. “Our US broadening basket weakened over the same period.

## EUROPE & UK

### European stocks head for positive open but concerns over inflation dominate market sentiment

European stocks are heading for a broadly positive open on Thursday as global markets focus on the inflation outlook.

Earnings releases will include trading statements from M&S, Tesco and Greggs . German trade balance data for November is due to be released Thursday.

The inflation outlook in the U.S., Asia and Europe takes center stage this week, with markets being buffeted by concerns about persistent inflationary pressures.

Asia-Pacific markets tumbled in a choppy session overnight as investors worried the U.S. Federal Reserve would delay policy easing due to inflation worries, while China’s entrenched consumer disinflation dented sentiment.

Minutes released from the Fed’s December meeting showed nearly all the FOMC’s members believed upside risks to the inflation outlook had increased, adding to investors’ concerns that there may be fewer rate cuts than expected this year.

U.S. financial markets are closed Thursday in honor of former U.S. President Jimmy Carter, who died in late December at age 100. A state funeral for the country’s 39th president is taking place today.

British baker and on-the-go food retailer Greggs on Thursday reported that like-for-like sales rose 2.5% in the fourth quarter of 2024, which it said was reflective of a “more subdued High Street footfall.”

“Trading performance reflected a well-publicized more challenging market backdrop in the second half of 2024,” the company noted in a trading update.

German imports pulled back 3.3%, while exports added 2.1% from the previous month in November, the country’s statistics office Destatis said Thursday.

Calendar and seasonally adjusted exports totaled 127.3 billion euros (\$131.2 billion), with imports — adjusted for the same factors — amounting to 107.6 billion euros. That put Germany's foreign trade balance at a 19.7 billion euro surplus.

The U.S. was Germany's biggest trading partner for exports, while most imports came from China, the statistics office said.

China's consumer price inflation in December slipped to 0.1% year on year, data from the National Bureau of Statistics showed Thursday, stoking deflation concerns.

Growth in headline inflation was in line with Reuter's estimates, but less than the 0.2% rise in November. Core CPI, which excludes food and energy prices, rose 0.4% year on year compared with 0.3% rise in the previous month, the data showed.

On a month-on-month basis, China's CPI came in flat, compared with the 0.6% decline in the prior month.

Goldman Sachs is cautious on Chinese tech behemoth Tencent Holdings , removing it from its Asia-Pacific "conviction list" of top picks.

The investment bank also removed several other stocks from the list and added others, including one it gives nearly 50% upside.

A summary of the Fed's December meeting showed central bank officials were concerned about how policies from the incoming Trump administration could impact inflation.

"Almost all participants judged that upside risks to the inflation outlook had increased," the minutes said. "In discussing the outlook for monetary policy, participants indicated that the Committee was at or near the point at which it would be appropriate to slow the pace of policy easing."

## ➤ ASIA

### **Chinese onshore yuan hits a 16-month low after stronger Treasury yields send dollar higher**

Asia-Pacific markets traded mixed Wednesday, following Wall Street declines after Treasury yields rose and major U.S. tech stocks declined.

Hong Kong's Hang Seng Index dropped 0.83% in its final hour of trade and mainland China's CSI 300 closed 0.18% lower at 3,789.22, while the Chinese onshore Yuan hit a 16-month low of 7.3316 against the greenback.

China's onshore yuan hit a 16-month low against the greenback, reaching as low as 7.3316. This comes after Treasury yields rose overnight, strengthening the dollar.

Japan's Nikkei 225 dipped 0.26% to close at 39,981.06, while the Topix lost 0.59% to 2,770. South Korea's KOSPI rose 1.16% to close at 2,521.05 while the Kosdaq Index rose 0.19% to 719.63.

Shares of South Korean tech giant Samsung Electronics rose 3.43% in choppy trading, shrugging off a worse-than-expected profit forecast for the fourth quarter.

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### Economic Release

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<i><b>Event</b></i>	<i><b>Survey</b></i>	<i><b>Prior</b></i>
EUR : TRADE BAL	<b>19.7B</b>	<b>13.4B</b>

- **US and Canada**

<i><b>Event</b></i>	<i><b>Survey</b></i>	<i><b>Prior</b></i>
US : JOBLESS CLAIMS	<b>210K</b>	<b>211K</b>

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## DOMESTIC MARKET

Stocks	Last	Close	Change	Volume
SOLIDERE A	108	108	0.00	0
SOLIDERE B	105	105	0.00	0
HOLCIM	70.1	70.1	0.00	0
BLOM	#N/A N/A	#N/A N/A	#N/A N/A	0
BLOM BANK	4.62	4.62	0.00	0
AUDI	2.48	2.48	0.00	0
BYBLOS BK	1.17	1.17	0.00	0

## FOREIGN EXCHANGE

Currencies	BID	ASK
EUR/USD	1.03	1.035
GBP/USD	1.225	1.23
USD/JPY	158	158.5
USD/CAD	1.44	1.445
USD/LBP	89500	89500
USD/CHF	0.91	0.915

Commodities	Spot	Closing
GOLD	2660.68	2665.07
SILVER	30.1	29.08
CRUDE OIL	76.15	76.5

## Market Summary

### Commodities

#### GOLD

### **Gold retreats; focus on U.S. data for cues on Federal Reserve's policy path**

Gold prices retreated on Thursday on profit-booking after hitting a near four-week peak in the last session, while focus shifted to jobs report due on Friday for clarity on the Federal Reserve's 2025 interest rate path.

"Prices are trading in a narrow range and there is some profit-booking in place. A new trigger is needed for gold to breach its resistance," said Ajay Kedia, director at Kedia Commodities in Mumbai.

The bullion hit a near four-week high in the last session after a weaker-than-expected U.S. private employment report hinted that the Fed may be less cautious about easing rates this year.

The ADP National Employment Report on Wednesday showed U.S. private payrolls growth slowed sharply a month ago to 122,000 from 146,000 in November 2024. Economists polled by Reuters had forecast a gain of 140,000.

The market now awaits U.S. jobs report on Friday for more cues on the Fed's policy path.

Policymakers at the Fed's last meeting agreed that inflation was likely to continue slowing this year and saw a rising risk of price pressures remaining sticky due to the potential effect of Trump's policies, the minutes showed.

Trump will take office on Jan. 20 and his proposed tariffs and protectionist policies are expected to fuel inflation.

Bullion is considered an inflationary hedge, but high rates reduce the non-yielding asset's allure.

For 2025, "we forecast firm prices but as gold enters a new paradigm, reduced physical demand and higher supply may curb rallies," HSBC said.

Elsewhere, physically-backed gold exchange-traded funds (ETFs) registered their first inflow in four years, even though their holdings fell by 6.8 metric tons, the World Gold Council said.

## **OIL**

### **Oil prices extend losses on rising U.S. fuel inventories**

Oil prices fell on Thursday, extending losses from the previous day, pressured by large builds in U.S. fuel inventories last week, though concerns over tighter supplies from OPEC members and Russia capped the decline.

Both benchmarks lost more than 1% on Wednesday, as a stronger dollar and a bigger-than-expected rise in U.S. fuel stockpiles weighed on prices.

Gasoline stocks rose by 6.3 million barrels last week to 237.7 million barrels, the U.S. Energy Information Administration said on Wednesday. Analysts polled by Reuters had expected a 1.5 million-barrel build.

Distillate stockpiles rose by 6.1 million barrels in the week to 128.9 million barrels, versus expectations for a 600,000-barrel rise.



But crude inventories fell by 959,000 barrels in the week, compared with analysts' expectations for a 184,000-barrel draw.

"Increased U.S. fuel inventories prompted some selling, but the downside is limited due to the winter demand season in the northern hemisphere," said Hiroyuki Kikukawa, president of NS Trading, a unit of Nissan Securities.

Looking ahead, China's demand trends, the incoming U.S. administration's energy and trade policies, and its stance on the Russia-Ukraine war will be key focuses, he noted, adding that traders were likely to refrain from taking large positions until President-elect Donald Trump takes office on Jan. 20.

Meanwhile, the Brent futures first-month contract premium to the six-month contract on Wednesday reached its widest since August 2024, reflecting concerns of tightening supply and expectations of a revival in Chinese demand.

Oil output from the Organization of the Petroleum Exporting Countries fell in December after two months of increase, a Reuters survey showed. Field maintenance in the United Arab Emirates offset a Nigerian output hike and gains elsewhere in the group.

In Russia, oil output averaged 8.971 million barrels a day in December, below the country's target, Bloomberg reported.

## **FX**

### **Dollar firms as solid US data suggests Fed likely to slow easing cycle**

The dollar strengthened on Tuesday as U.S. economic data showing a generally stable jobs market and a still robust services sector suggested that the Federal Reserve will likely slow the pace of its current rate-cutting cycle.

The greenback rose to a near six-month peak against the yen after the U.S. data. It was last up 0.2% at 157.875 yen. Earlier in the global session, the dollar hit its highest since July of 158.425 yen.

Data showed that U.S. job openings unexpectedly increased in November, although hiring slowed during the month. Job openings, a measure of labor demand, rose 259,000 to 8.098 million by the last day of November, according to the Bureau of Labor Statistics' Job Openings and Labor Turnover Survey, or JOLTS report. Hires, however, dropped 125,000 to 5.269 million in November.

U.S. services sector activity also accelerated in December, while a surge in a measure of prices paid for inputs to a near two-year high pointed to elevated inflation. The Institute for Supply Management's non-manufacturing purchasing managers index (PMI) increased to 54.1 last month from 52.1 in November.

"The really big surprise in the report was the jump in the prices paid index to an eleven-month high of 64.4 in December from 58.2 — perhaps this reflects higher transportation costs or delivery charges in the holiday season," wrote Dave Rosenberg, founder and president of Rosenberg Research, in a note to clients.

"Suffice it to say that the (ISM) report was enough to push the markets to now expect a little more than one Fed rate cut for the year, and that has now been delayed to July from June."

Following the data, the U.S. rate futures market has priced in a 95% chance of a pause in rate cuts this month, and a 4.8% probability of easing, according to LSEG estimates. Rate futures have also implied just 37 basis points of cuts in 2025, compared with two cuts expected under the Fed's "dot plot" or rate forecasts.

Investors are also assessing whether President-elect Donald Trump's actual policies on tariffs will be consistent with his hard-line rhetoric.

Market participants have been pricing in a scenario where the implementation of widespread tariffs could boost U.S. inflation, potentially limiting the Fed's ability to cut interest rates and thereby supporting the dollar.

But they wondered whether officials are preparing to water down some of Trump's campaign promises. Trump on Monday denied a Washington Post report that said his aides were exploring tariff plans that would only cover critical imports.

Karl Schamotta, chief market strategist, at Corpay in Toronto thinks, however, that the market is betting Trump "will ultimately implement a narrower set of tariffs on major trading partners, and is downgrading U.S. inflation and rate expectations in line with that."

In afternoon trading, the U.S. dollar index, which measures the currency against six major units, rose 0.2% to 108.55, after dropping as low as 107.74 overnight, its weakest since Dec. 30.

On Jan. 2, the index hit a high of 109.58, a more than two-year peak, due to expectations that Trump's promised fiscal stimulus, reduced regulation, and higher tariffs would boost U.S. growth.

The euro, on the other hand, fell 0.4% to \$1.0352, extending its fall after the economic numbers. The currency earlier rose after Tuesday's Eurostat data showed inflation in the 20 nations sharing the euro rose to 2.4% last month from 2.2% in November.

Meanwhile, euro zone households increased their inflation expectations in November, an ECB poll showed. Inflation in the 20 euro zone nations picked up to 2.4% last month from 2.2% in November, Eurostat said on Tuesday.

"The health of the U.S. labor market is paramount to expectations for the Federal Reserve's actions this year so it's likely that, save for major news on the incoming administration, we could see calmer FX waters through Friday morning," said Helen Given, FX trader, at Monex USA in Washington.



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