

Weekly Market Report For : 6 – 10 January 2025

Overview

- Investor concerns over "higher for longer" interest rates dragged down stocks after strong US economic and payrolls data.
- Goldman Sachs expects the Fed to cut rates twice this year, down from three.
- Chinese stocks fell after the US added Tencent and CATL to the blacklist of companies linked to the Chinese military.
- Chinese economy continues to slow down, with inflation was as low as 0.1% YoY, falling for the 4th consecutive month.
- Oil prices surged more than 3% after the US imposed sanctions on Russia.
- Investors wait for US inflation figures and the fourth-quarter earnings of listed companies, which will be announced soon.



Market Brief


- Last week, the overall stock market declined due to strong US economic and labor market data, raising concerns that the Fed might delay interest rate cuts, as well as uncertainty over Trump's policy.
- **US**
 - Data showed the US economy remains strong, with the December services PMI at 64.4, up from 58.2 the previous month, while nonfarm payrolls increased by 256,000 in December, higher than the expected 154,000, and the unemployment rate fell to 4.1%, below expectations of 4.2%.
 - The strong economic figures have raised concerns that the Fed will slow interest rate cuts this year.
 - Goldman Sachs has cut its forecast for the Fed's rate cuts this year from three to two, with cuts expected in June and December.
 - During the week, several Fed committee members have commented in favor of further rate cuts, stating that decisions will be data-dependent.
 - The market is concerned about the clarity of Trump's tariff policies, with attention focused on the first 100 days after Trump takes office on January 20th.
- **China**
 - Chinese stock markets declined after the US Department of Defense added Tencent and CATL to the list of companies working for the Chinese military, resulting in US government agencies being banned from purchasing goods and services from the companies.
 - China economy continues to slow down, with December's inflation rate at 0.1% YoY, down from 0.2% the previous month, marking the fourth consecutive month of decline, reflecting weak domestic demand.
 - The Chinese government has introduced additional measures to support domestic consumption, such as subsidies for the purchase of consumer goods. However, the market still expects more concrete stimulus measures this year.
- Oil prices increased by more than 3% on Friday, January 10th, due to the Biden administration imposing sanctions on Russian oil producers, tankers, and ports.
- Gold prices rose despite a stronger dollar, reflecting market concerns over the uncertainty of Trump's policy.
- The market is likely to move in a narrow range, awaiting the US inflation rate to be announced this week and the earnings report of listed companies which will be announced soon.

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