

Market Monthly

January 2025

Highlights

- Economics** Global equities moved up in January reaching a new all time high just before the end of the month. European indices outperformed the US indices by a fair amount this month. In the US, annualized GDP came in at 2.3% down from the previous 3.1% and expected 2.6% for 4Q24; the unemployment rate was slightly lower at 4.1% vs prior and expected 4.2%. Final US Manufacturing PMI for December came in better than expected at 49.3 vs 48.2 expected and previous 48.4 Services also increased from 52.1 previous to 54.1, beating expected 53.5. In Europe the picture was a bit different with GDP YoY continues to be at 0.9% same as prior, below the 1.0 expected; PMI numbers for December final also weaker with manufacturing at 45.1 (prior and expected 45.2), while services increased to above 50 to 51.6, beating 51.4 expected (prior 49.5).
- Inflation:** November CPI in USA increased from 2.7% to 2.9% as expected and the preferable FED measure, core price inflation (PCE) YoY increased to 2.6% as expected (2.4% previous). Eurozone inflation also increased, coming in as expected at 2.4% vs 2.2% (previous revised down from 2.4%). Inflation figures in other economies were as follows: China 0.1%, India 5.22%, Brazil 4.50%, Russia 9.52%
- Central bank interest rates:** In January, the first meeting of the year by the FED, no action was taken, the upper bound rate remains at 4.50%. The next meeting is scheduled for March 19, 2025. The ECB also met in January and decided to reduce their Main Refinancing rate by another 25 bps from 3.15% to 2.90%. Their next meeting is schedule for March 6, 2025.
- Capital market rates:** During the course of the month, the yield on the 10Y Treasuries moved down ever so slightly from 4.57 to 4.54%. Reverse movement in the 10Y Bund that moved slightly up from 2.37% to 2.45% at the end of January.

Tactical Asset Allocation

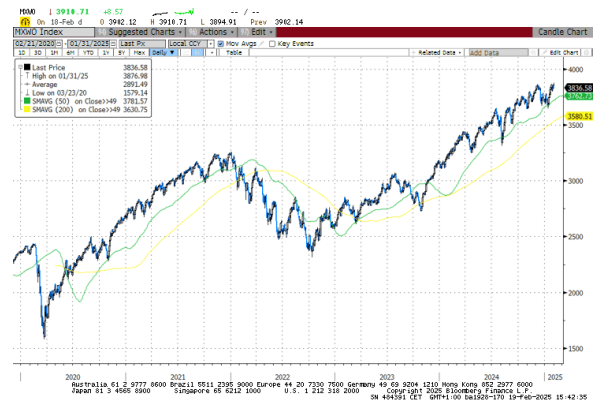
- Forex:** The USD strengthen half way through January against the EUR, but closed the month of January largely unchanged back at 0.96 EUR to 1 USD.
- Bonds incl. High Yields (Nⁱ):** So far, our view with peak of yields on US Treasuries in April has materialized. Currently fixed income rebalances should be done to utilize the still high yield environment. Yields have not moved much yet,

but expectations here are that yields will come down during the new US administration.

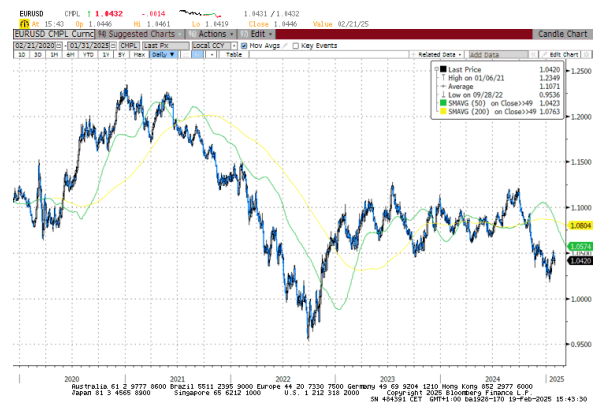
- Equities (O):** January was a solid month, especially for Europe. In the US the S&P500 returned 2.70%, and by contrast the Dax +9.16; Eurostoxx 50 +7.98% while the SMI was +8.59%.
- Commodities (U):** Crude oil did not move much during January as it ended the month at \$72.53/barrel, up from \$71.72/barrel; with the conflict in the Middle East continues, but a cease fire and hostages/prisoner exchange under ways. The new US administration has reiterated that they want to drill for oil in the new year and bring the oil price down. Gold moved up again by 6.56% to reach a new high at \$2'796/oz at the end of January.

Investment Ideasⁱⁱ

- Our exposure remained largely unchanged and focused on taking some profit on various stocks.



Performance Equity Markets MSCI World 5Yⁱⁱⁱ



EURUSD Technical Chart 5y, Bloomberg

ⁱ How to read: (U) underweight; (N) neutral; (O) overweight
ⁱⁱ See rationales on our web page www.aspermontcapital.ch

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