

Economy

The statistics published in the United States were somewhat mixed. While the manufacturing PMI climbed back above the 50 threshold (expansion) to 50.1 in January (vs. 49.8 est.), the services PMI disappointed, falling from 56.8 to 52.8 (vs. 56.5 est.). In the eurozone, we are seeing the same trend, with a better-than-expected manufacturing PMI (up from 45.1 to 46.1 vs. 45.4 est.) but still in contraction (<50), and a services PMI that eases slightly (from 51.6 to 51.4) but remains in expansion. Household confidence improved marginally in the same month (from -14.5 to -14.2). In China, the PMIs disappointed, falling from 50.1 to 49.1 in the manufacturing sector and from 52.2 to 50.2 in services, confirming that growth in activity has stabilised at current levels.

Planetary Limits

Phoenix (Arizona) has been without rain for 155 days. This is the second longest period of drought on record, after the 160 days recorded in 1972.

Bonds

In the US, rates ended the week broadly unchanged (10Y UST unchanged, 2Y -1.7bp), with few publications apart from a contrasting PMI with a rebound in manufacturing (50.1 vs. 49.4 previously) and a fall in services (52.8 vs. 56.8 previously). In Europe, inflation continues to surprise on the downside (German PPI -0.1% m/m compared with +0.3% expected) and sovereign yields have stabilized (10Y Bund +4bp, 10Y OAT +1bp). This week, investors will be keeping a close eye on the Fed and ECB meetings and on US GDP figures.

Sentiment of traders

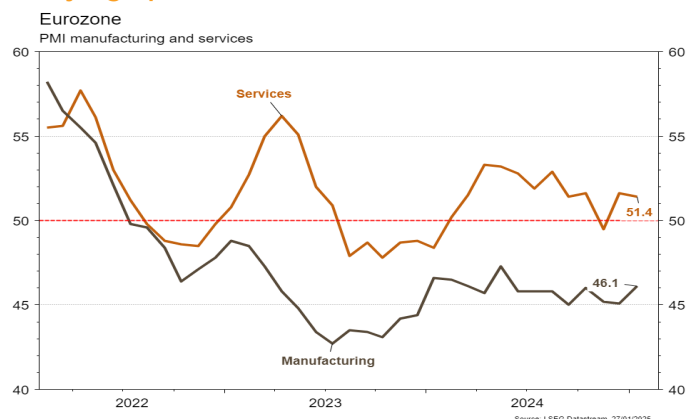
Stock markets

The indices start the week in the red, led by the correction in cryptos, with Chinese AI DeepSeek stealing the show from ChatGPT. In addition, we will have the results of Tesla, Meta, Microsoft, ASML and Apple, among others, and the FOMC (no change expected). Volatility is unlikely to abate in the wake of Trump's intemperate comments.

Currencies

Trump's speech in Davos accelerated the consolidation of the dollar, pushing the €//\$ down to 1.0520 and the \$/CHF to 0.9030. However, renewed threats of a trade war and the Fed's decision this week should support the dollar. We anticipate the following ranges: €//\$ 1.0365-1.0660, \$/CHF 0.8930-0.9170, \$/JPY 155.30-157.05. CHF strengthens to €/CHF 0.9460, sup. 0.9420 res. 0.9520. The £ rebounds to £/\$ 1.2456, sup. 1.2385 res. 1.2580. Gold falls to \$2759/oz, sup. 2722 res. 2790.

Today's graph



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Markets

Trump's inauguration and the first executive orders were well received by equity markets, which rose everywhere (US: +1.8%; Europe: +1.2%; emerging markets: +1.9%). On the eve of the Fed and ECB decisions, 10-year sovereign yields were fairly stable (USD: +0bp; Ger: +4bp; Fra: +1bp; CHF: +8bp). The dollar index suffered and fell fairly sharply (-1.8%), allowing gold to appreciate by 2.1%. Oil prices fell by 3.1%. Coming up this week: Fed meeting, household confidence, durable goods orders, PCE inflation and first estimate of Q4 GDP in the United States; ECB meeting, EC confidence indices (economy, industry and services), unemployment rate and first estimate of Q4 GDP in the eurozone; industrial profits in China.

Swiss Market

Coming up this week: foreign trade/exports in watches in December and 2024 (Ofdf), economic barometer in January (KOF), retail trade turnover in December (FSO) and services turnover in November (FSO).

The following companies are due to release figures: Logitech, Interroll, Lonza, Rieter, Bucher, ABB, Gurit, Montana Aerospace, Roche, StarragTornos and Novartis.

Equities

BUREAU VERITAS (Core Holdings) and **SGS** officially announced on Monday the end of their discussions, without agreement on a possible merger. The stocks are expected to return to their pre-announcement valuation ratios.

HEILDELBERG MATERIALS, the world's second-largest cement manufacturer, joins our Satellite recommendations list. The valuation of the German group, which is more exposed than its peers to the Old Continent, is in value territory, reflecting the absence of possible good news in 2025, such as the resolution of the conflict in Ukraine and the need for reconstruction, or measures to support the German economy after the elections scheduled for 23.02.2025. A cheap option, so to speak.

SIEMENS joins our list of satellite recommendations. After a long phase of simplification, the German group is now essentially focused on the megatrends of electrification and industrial automation-digitisation, and is implementing an ambitious program to increase its growth and margin potential. Despite this, Siemens is still trading at a significant discount to its peers.

Tech sector: DeepSeek has unveiled a high-performance open-source (R1) model capable of rivaling or even surpassing the US leaders. This development is provoking reactions among the US technology giants and, more broadly, throughout the ecosystem linked to datacenters (semiconductors) and service providers based on AI models.

Performances

	Since		
	As at 24.01.2025	17.01.2025	31.12.2024
SMI	12 287.28	2.48%	5.92%
Stoxx Europe 600	530.07	1.23%	4.42%
MSCI USA	5 838.15	1.76%	3.93%
MSCI Emerging	1 090.02	1.86%	1.35%
Nikkei 225	39 931.98	3.85%	0.09%
As at 24.01.2025			
CHF vs. USD	0.9046	1.02%	0.19%
EUR vs. USD	1.0518	2.11%	1.57%
10-year yield CHF (level)	0.42%	0.33%	0.23%
10-year yield EUR (level)	2.55%	2.51%	2.36%
10-year yield USD (level)	4.62%	4.61%	4.57%
Gold (USD/per ounce)	2 774.39	2.13%	5.68%
Brent (USD/bl)	78.50	-3.11%	5.03%

Source: LSEG Datastream