GLOBAL INSTITUTIONAL ADVISORS

Weekly Market Wrap

Week Ending 23rd January, 2025

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Executive Summary

Global markets were mixed during the week as elevated long-end bond yields and diverging central bank trajectories weighed on risk appetite. US equities were broadly flat with relative resilience in technology, while Indian equities corrected on valuation pressures, foreign outflows, and higher crude prices; European and Chinese equities remained subdued amid weak economic data and structural headwinds. The US dollar softened as interest-rate differentials narrowed, supporting the euro and yen, while commodities outperformed led by gold and silver on safe-haven demand and oil on supply risk premia. Geopolitical risks remained elevated, driven by renewed US–Europe trade tensions, tighter Chinese listing regulations, and increased volatility in Japan's bond market.

Asset Class Performance

Week ending >>>				
	16-Jan-26	**23-Jan-26**	**YTD Returns**	**Growth for the week**
Equity Indices				
S&P 500 (USD)	6,940.0	6,915.6	1.0%	(0.4%)
NASDAQ (USD)	25,529.3	25,605.5	1.4%	0.3%
Dow Jones (USD)	49,359.3	49,098.7	2.2%	(0.5%)
SENSEX (INR)	83,570.4	81,537.7	(4.3%)	(2.4%)
Stoxx 600 (EUR)	614.4	608.3	2.7%	(1.0%)
Nikkei (JPY)	53,936.2	53,846.9	7.0%	(0.2%)
Hang Seng (HKD)	26,845.0	26,749.5	4.4%	(0.4%)

US Indices: US equities were mixed as elevated Treasury yields near ~4.2% and a moderation in Fed rate-cut expectations weighed on broad market sentiment. The Nasdaq marginally outperformed on continued strength in large-cap technology and AI-linked names, supported by resilient earnings and capex guidance, while the S&P 500 and Dow Jones declined on profit-taking and weaker performance in cyclical and industrial sectors amid softening global growth indicators.

Sensex: Indian equities corrected amid stretched valuations and a reversal in foreign flows, with the Nifty trading near ~20x forward earnings and FPIs turning net sellers as higher US yields reduced the relative appeal of emerging-market assets. The move was compounded by rising energy prices, with Brent crude above USD 60/bbl, increasing inflation risks and current account sensitivity for a large oil-importing economy, while domestic investors also engaged in profit-taking after a strong recent rally.

Stoxx 600: European equities weakened as Eurozone composite PMI remained below 50, while earnings revisions turned negative. Energy stocks underperformed despite firmer oil prices due to margin compression concerns.

Nikkei: Japanese equities were flat as the JPY strengthened ~1.5% WoW, weighing on exporters. Markets continued to price in gradual BoJ tightening, with JGB yields rising ~3 bps.

Hang Seng: Chinese equities remained under pressure as property-sector stress persisted, with new home prices still declining YoY and consumer confidence below pre-pandemic averages despite policy easing.

Week ending >>>				
	16-Jan-26	**23-Jan-26**	**YTD Returns**	**Growth for the week**
Interest Rates				
US Bond Yield (%)	4.2	4.2	1.4%	0.1%
JGB yield	2.2	2.2	8.4%	3.5%

US Bond Yield: The 10Y yield hovered near ~4.2%, as core PCE inflation stayed above the Fed's 2% target (~2.8–3.0% YoY) and payroll growth remained above 150k/month, delaying aggressive easing expectations.

JGB Yield: JGB yields rose toward ~2.2% as CPI remained above 2% YoY and wage settlements pointed to sustained domestic inflation, reinforcing expectations of BoJ normalization.

Week ending >>>				
	16-Jan-26	23-Jan-26	YTD Returns	Growth for the week
Currency				
EUR/USD	1.1598	1.1828	0.7%	2.0%
GBP/USD	1.3380	1.3643	1.3%	2.0%
USD/INR	90.8675	91.9600	(2.3%)	1.2%
CHF/USD	1.2453	1.2822	(1.6%)	3.0%
USD/JPY	158.1200	155.7000	0.7%	(1.5%)

Currencies: The US dollar weakened as interest-rate differentials narrowed, with markets pricing fewer relative Fed cuts versus the ECB and BoE, supporting gains in the euro and sterling. The yen strengthened as the US–Japan yield spread compressed on rising expectations of BoJ normalization, while the Swiss franc benefited from safe-haven demand. In emerging markets, the rupee weakened on portfolio outflows and higher crude prices, reflecting India's high oil import dependence.

Week ending >>>				
	16-Jan-26	23-Jan-26	YTD Returns	Growth for the week
Commodities & Crypto				
Gold (USD per troy ounce)	4,596.1	4,987.5	15.5%	8.5%
Silver (USD per troy ounce)	90.1	103.2	44.0%	14.5%
Oil (USD per barrel)	59.4	61.1	6.4%	2.7%
Bitcoin (USD)	94,919.9	88,596.8	1.1%	(6.7%)
Natural Gas (Henry Hub)	3.1	5.3	43.1%	70.0%
Copper (US cents per pound)	583.1	594.8	4.7%	2.0%
Aluminum (USD per metric tonne)	3,143.6	3,161.1	6.1%	0.6%
Wheat (US cents per bushel)	518.0	529.0	4.4%	2.1%
Sugar (US cents per pound)	15.0	14.7	(1.9%)	(1.5%)

Gold: Gold rallied as real yields softened and central banks remained net buyers, with global official sector purchases exceeding 1,000 tonnes annually for a second consecutive year.

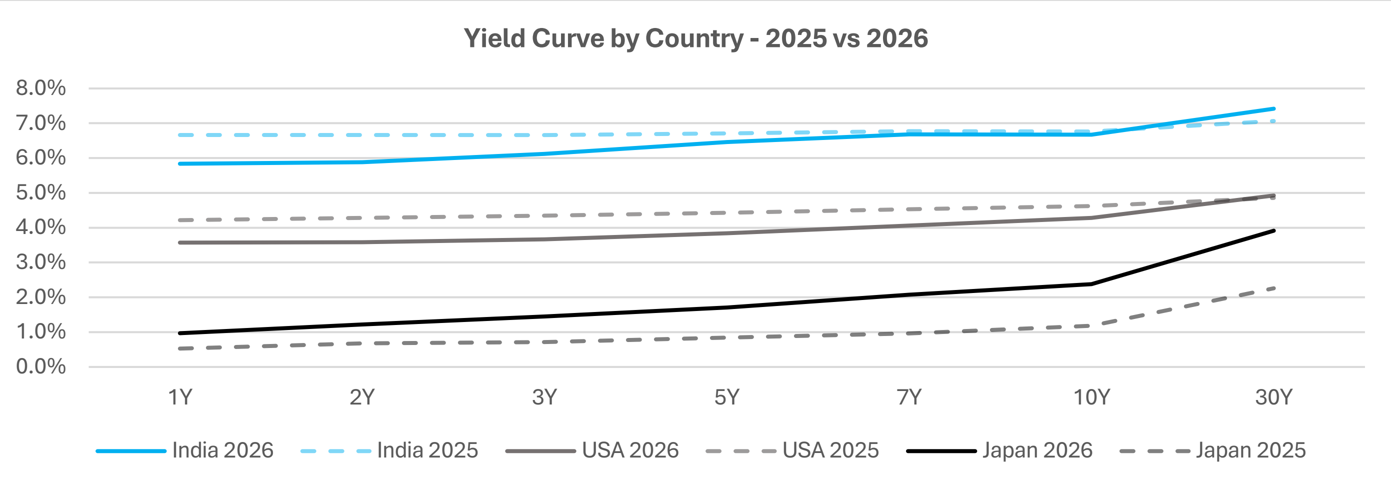
Silver: Silver outperformed on dual safe-haven and industrial demand dynamics, with ~50% of demand tied to industrial uses, including solar and electronics.

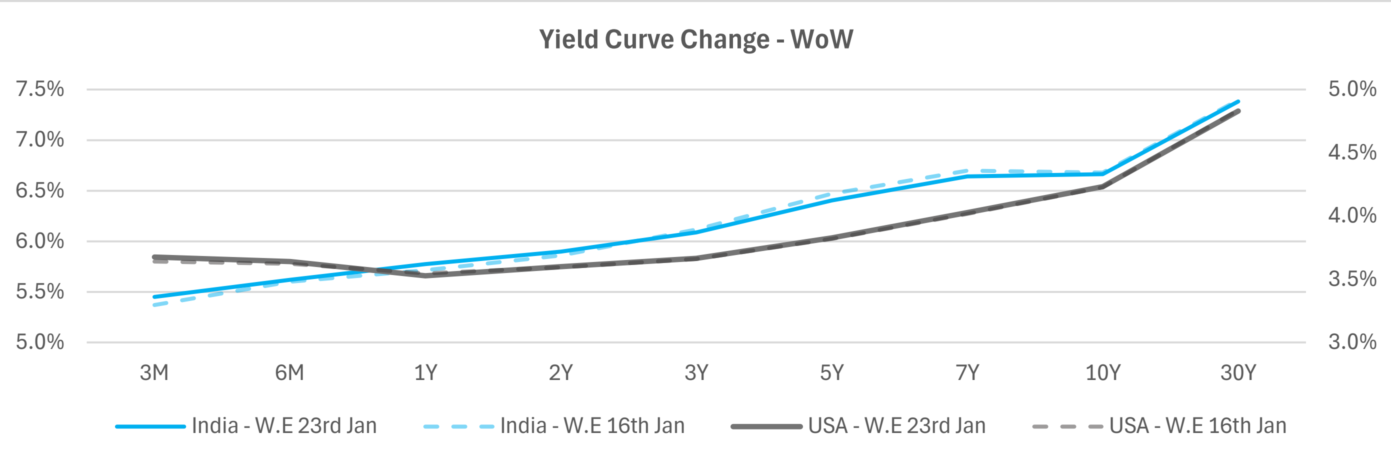
Oil: Crude rose with Brent above USD 60/bbl, reflecting Middle East risk premia and OPEC+ supply discipline, while global inventories stayed below 5-year averages.

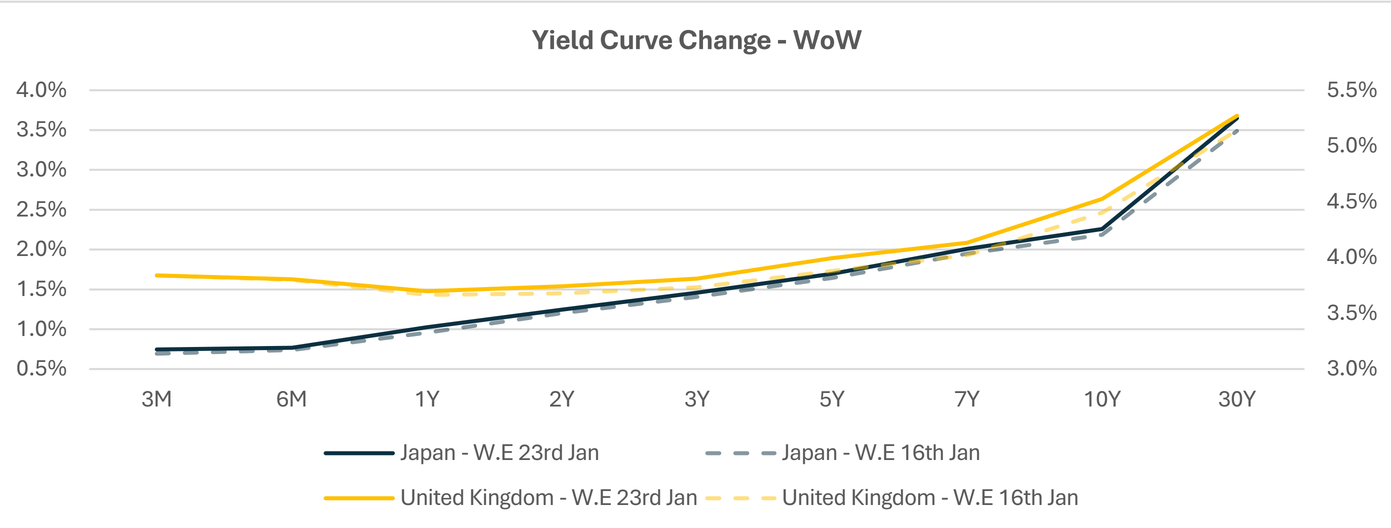
Bitcoin: Bitcoin corrected as ETF inflows moderated from initial launch levels and speculative positioning unwound, with volatility rising above ~60% annualized.

Natural Gas: US gas surged on colder weather and production cuts, tightening balances as storage withdrawals exceeded seasonal averages and output declined from recent highs.

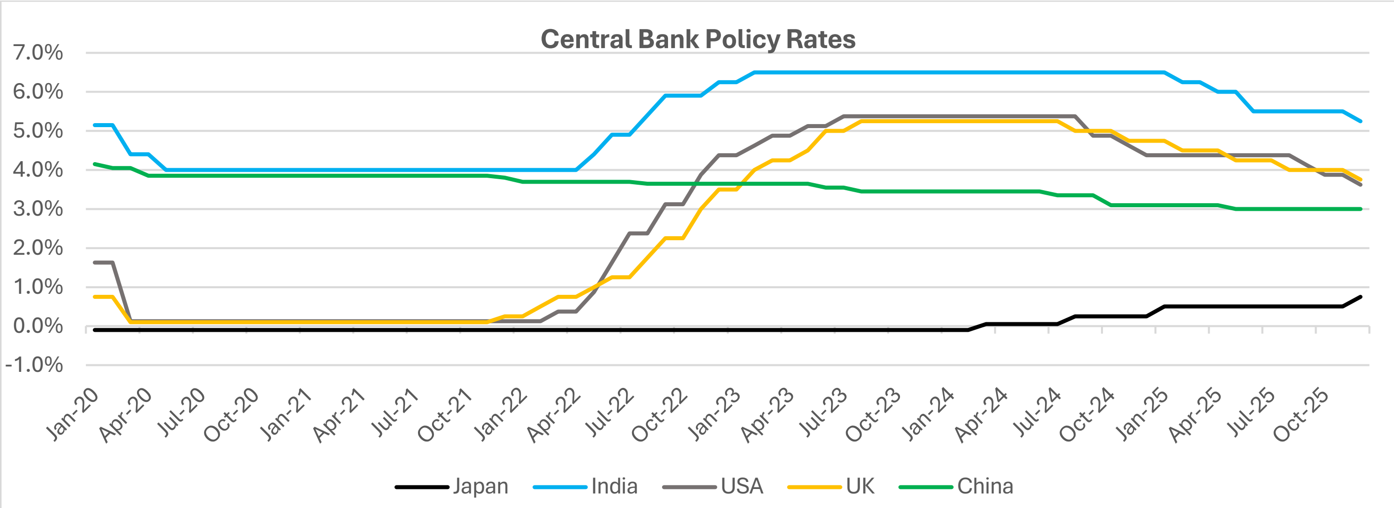
Interest Rate & Yield Curve Shifts







Global yield curves remain upward sloping, reflecting expectations of sustained restrictive policy and higher term premia, with India and the US showing the steepest profiles due to structural inflation and fiscal supply pressures. WoW, curves in India, the US, Japan, and the UK shifted higher, particularly at longer maturities, indicating a repricing of long-run inflation and debt sustainability risks rather than near-term policy tightening. Central bank paths highlight growing divergence: the Fed and BoE are near peak rates with gradual easing ahead, India remains restrictive, China continues mild easing to support growth, and Japan is slowly normalizing policy after exiting ultra-loose settings, contributing to persistent long-end yield volatility.



Policy rate paths underscore increasing global divergence. The US and UK appear to have peaked and are transitioning into a gradual easing phase, consistent with cooling inflation but resilient growth. India remains firmly in restrictive territory, reflecting the RBI's inflation-first stance amid strong domestic demand. China continues a mild easing trajectory to support weak growth and property-sector stress, while Japan stands out as the only major economy moving away from ultra-loose policy, slowly lifting rates from near-zero levels. This divergence in policy settings is contributing to volatility and curve steepening at the long end across global bond markets.

Geopolitical News & Impact

US–Europe tensions over Greenland and trade policy
Former President Trump's renewed push to assert leverage over Greenland reignited trade and diplomatic tensions with Europe, including threats of tariffs on multiple European countries. Markets reacted to the prospect of renewed protectionism and geopolitical brinkmanship, which could complicate transatlantic trade relations and disrupt strategic resource access. Although some tariff threats were later softened under a proposed "framework" deal, uncertainty remains elevated around future US trade policy direction.

China tightens rules on Hong Kong listings
China signaled stricter regulatory oversight for mainland firms seeking to list in Hong Kong, reflecting a continued emphasis on capital controls and regulatory discipline. The move raises concerns over equity fundraising activity and investor sentiment in Hong Kong markets, which are already under pressure from weak domestic growth and property-sector stress. This development reinforces the structural headwinds facing Chinese and Hong Kong equities.

Japan bond market volatility and policy risk
Japan's government bond market came under pressure as long-dated yields surged, with the 40-year JGB yield reaching its highest level since issuance and global investors warning of potential spillovers into US Treasuries. The move reflects growing expectations that the Bank of Japan will continue normalizing policy amid sustained inflation and wage growth. Japanese officials called for calm, but the scale of selling raised concerns about disorderly repricing of ultra-long duration assets and the risk of forced liquidation by domestic institutions.