

# MARKET UPDATE

03/01/2025

## European stocks edge largely lower.

European stock markets traded largely lower Friday, with doubts remaining over valuations going forward given the weak state of regional economies.

At 03:10 ET (08:10 GMT), the DAX index in Germany dropped 0.1% and the CAC 40 in France slipped 0.4%, while the FTSE 100 in the U.K. traded largely unchanged.

### European economic weakness

The broad-based pan-European STOXX 600 gained roughly 6% in 2024, but suffered its worst quarterly drop in more than two years from October to December, weighed by regional political uncertainty, worries over monetary policy as well as concerns that Donald Trump's return to the White House will result in a trade war.

Data released on Thursday showed factory activity in the eurozone declining at a faster rate, offering scant signals of an imminent recovery.

German unemployment data for December is due later in the session, and is expected to show a slight uptick in the unemployment rate to 6.2%, from 6.1% the prior month.

The European Central Bank cut interest rates last month, and is expected to authorize at least four 25 basis point cuts in 2025.

## Asia stocks gain.

Most Asian stocks were higher on Friday led by sharp gains in South Korean shares, while Chinese stocks reversed some earlier losses amid hopes of fresh stimulus measures from the world's second-largest economy.

Stock markets in Japan were closed and will remain shut through January 6, contributing to softer trading volumes.

U.S. stock index futures inched higher in Asian trade on Friday, steadying from a subdued performance at the end of 2024.

### South Korean stocks jump, lifts broader sentiment

South Korea's KOSPI index snapped a five-day losing streak on Friday, with a nearly 2% jump. The index covered most of the ground it lost this week, and was headed for a weekly gain. Other regional markets took positive cues from a recovery in South Korean shares, given that the country is seen as a major pillar in East Asia's economy.



## Gold prices edge higher on slightly weaker dollar.

Gold prices inched higher in Asian trading on Friday, on track for a weekly gain as a slight pullback in the dollar provided support, though the greenback remained close to its two-year peak, keeping pressure on bullion.

Spot Gold rose 0.2% to \$2,662.94 per ounce, while gold futures expiring in February gained 0.3% to \$2,677.70 an ounce by 00:05 ET (05:05 GMT).

Gold set for weekly gain, strong dollar limits gains

The yellow metal was set to gain nearly 2% this week, its best weekly gain since November 17. It had declined in the previous two weeks.

The US Dollar Index fell 0.2% in Asia hours on Friday but remained near a two-year high it hit last month. The US Dollar Index Futures were also lower.

A weaker dollar typically drives gold prices higher because it makes the metal cheaper for buyers using other currencies.

Markets are cautious at the start of 2025, as the U.S. Federal Reserve has signaled only two more interest rate cuts this year.

High interest rates typically pressure gold prices lower, as they increase the opportunity cost of holding non-yielding assets like gold while making interest-bearing investments more attractive.

Other precious saw gains on Friday. Platinum Futures rose 0.5% \$929.70 an ounce, while Silver Futures gained 0.4% to \$30.30 an ounce.

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