



Dec 15, 2024

KN Market View

Main Topics

[Key Events](#) - Germany is expected to experience another year of economic stagnation.

[Government Bonds and Currencies](#) - Global Central Banks: Spotlight on key decisions this week

[Commodities](#) - Cocoa Surges on Supply Woes, Natural Gas Dips Amid Mild Weather

[Stocks](#) - Contrasting Fortunes: **France's Market Rally vs. New Zealand's Weekly Decline**

[Crypto](#) - Bitcoin Surges Amid Trump's Strategic Crypto Plans

[Weekly Paper Picks](#) - What drives robo-advice?

Get access to our distribution list and receive our latest publications.

[Join Our Community!](#)



The British economy shrank by 0.1% in October compared to the previous month, continuing the downward trend from September and **missing market expectations for a 0.1% growth** [link](#).

U.S. initial jobless claims rose sharply by 17,000 to 242,000 in early December, exceeding expectations of a drop to 220,000. Continuing claims also increased to **1,886,000, nearing a three-year high**. These figures challenge recent optimism about a tight labor market and **could support further Federal Reserve rate cuts next year** [link](#).

Germany is expected to experience another year of economic stagnation. The central bank revised its **2025 growth forecast down to a mere 0.1%** and warned that **a trade conflict with the U.S. could potentially push Europe's largest economy into recession** [link](#).

North American import demand for ocean and air cargo has been strong and is expected to remain so into 2025. However, **supply chain disruptions are likely to persist**, including the risk of an International Longshoremen's Association strike at U.S. East Coast and Gulf ports and tariff threats from President Donald Trump [link](#).

The overthrow of the Syrian regime by rebel forces has prompted President Bashar al-Assad to flee the country and take refuge in Russia. **This development could have far-reaching implications for global geopolitics and markets** [link](#).



The Swiss National Bank lowered its key policy rate by 50 basis points to 0.5%, surpassing expectations of a 25 basis point cut. **The move reflects easing inflation, however, challenges** such as rising unemployment, slowing production, and global uncertainties—including geopolitical tensions and unclear foreign policy directions—**continue to weigh on the economic outlook** [link](#).

On Monday, **China's leadership outlined plans for a "more proactive" fiscal approach and "moderately" relaxed monetary policies** in the year ahead to stimulate domestic consumption. It is widely anticipated that **the GDP growth target for 2025 will be set at approximately 5%** [link](#).

In the coming week, all eyes will be on the **Federal Reserve's interest rate announcement**, PCE inflation data, the final GDP growth estimate and industrial production **in the U.S.** Also, **China** is set to unveil key metrics such as **industrial output**, retail sales, **unemployment**, housing prices, and loan prime rates. The **UK** will focus on the **Bank of England's policy decision** alongside updates on **inflation, employment, and retail sales**.

Rate decisions are expected from **Japan, Mexico, the Philippines, Sweden, Norway, Indonesia, and Thailand**. **Canada** will release **inflation** data, **Germany** will provide the **Ifo business climate index**, and **ZEW economic sentiment**; meanwhile the **Euro Area** will report **trade and PMI figures**.



Government Bonds and Currencies

Yen falls amid BOJ rate hike uncertainty

This week, **the Japanese yen continued its decline against the dollar, closing at 153 yen per dollar, marking its lowest level in more than two weeks.** This movement reflects **growing speculation that the Bank of Japan may delay a rate hike at its upcoming meeting.** The probability of a 25-basis-point increase this month dropped to 23%, following reports that the central bank sees "little cost" in postponing further tightening. Additionally, BOJ officials have emphasized the need for more evidence of wage growth before committing to additional policy adjustments [link](#).

US Dollar Japanese Yen



Source: Trading Economics



Despite **concerns about a weak currency and its potential inflationary impacts, some policymakers have downplayed this risk in recent weeks.** Nonetheless, **yen volatility remains a key market focus.** In this context, recent data indicating slight improvement in sentiment among large Japanese manufacturers during the fourth quarter has provided limited support to the domestic economic outlook.

There is also **speculation that the yen could face further downward pressure if the Bank of Japan delays rate adjustments until March or later.** This scenario **raises fears of a renewed carry trade strategy,** which could push the yen to the highs seen in November, around 157 yen per dollar. This uncertainty has sparked concerns among economists, as the institution's credibility could be questioned if expectations for a January hike also fade.

Externally, the yen remains vulnerable against the dollar, especially following U.S. inflation data that increased the likelihood of the Federal Reserve adopting a more hawkish tone, even amid expectations of a rate cut. These developments could amplify the yen's depreciation and heighten pressure on the BOJ to act sooner than planned. Moving forward, close monitoring of both internal and external dynamics will be crucial to understanding the trajectory of the yen in the foreign exchange market.



Global Central Banks: Spotlight on key decisions this week

As the year comes to an end, **central banks from some of the world's most influential economies are preparing to announce their final monetary policy decisions for 2024, shaping expectations for the global economy in 2025.** Among the most anticipated decisions, the Federal Reserve, the Bank of England, and the Bank of Japan are expected to set the tone for monetary trends, while regional and emerging markets offer their own dynamics.

The Federal Reserve **is likely to implement a quarter-point rate cut**, reflecting the continued cooling of inflation throughout the year. However, **the prospect of inflationary pressures tied to proposed tariffs** from Donald Trump's incoming administration **could complicate the Fed's path.** Balancing inflation risks with the need to support economic activity will remain a delicate task as the U.S. economy transitions into the new year.

Target rate probabilities for 18 Nov Dec Meeting			
Target rate	Today	Last Week	Last Month
425-450	96.00%	86.00%	61.90%
450-475 (Current)	4.00%	14.00%	38.10%

Source: CME FedWatch

Meanwhile, the Bank of England **is expected to adopt a cautious stance by keeping rates unchanged.** With inflationary pressures lingering and



global trade risks casting a shadow, the BOE appears focused on maintaining stability rather than accelerating rate cuts. Domestic data showing a mix of wage growth and inflation increases only reinforces the need for a measured approach.

In Japan, **the Bank of Japan is unlikely to take further steps this week after exiting negative rates earlier this year.** Central bank officials have sent mixed signals, suggesting that more evidence of economic recovery and wage growth will be needed before considering additional rate hikes, likely pushing any moves into 2025.

Across other regions, **Sweden's Riksbank is set to continue easing with a fifth rate cut, while Norway is expected to hold rates steady as inflation and energy-related factors shape its outlook.** In Latin America, several central banks, including those of **Chile, Mexico, and Colombia, are preparing to cut rates further to combat slowing growth and persistent inflation. Brazil, however, remains cautious,** with markets anticipating higher rates in 2025 as inflation risks persist.

This week's decisions highlight the diverse challenges central banks face globally. While inflationary pressures are subsiding in many regions, geopolitical uncertainties, trade policies, and varying economic conditions ensure that the pace of monetary easing will remain uneven.



Commodities

Cocoa Prices Hit Highs on Record Deficit and Shrinking Stockpiles

Cocoa futures rose above \$10,900 per tonne, the highest since April, amid worsening production prospects in West Africa due to **dry weather and Harmattan winds**. The ICCO raised its 2023/24 global cocoa deficit estimate to 478,000 MT, the largest in over 60 years, up from 462,000 MT in May. ICE-monitored inventories at US ports fell to a 20-year low of 1,438,699 bags after 18 months of declines. [link](#).

Cocoa (USD/T)



Source: Trading Economics



Natural Gas Falls on Mild Weather, Strong LNG Exports Persist

US natural gas futures fell 5% to \$3.28/MMBtu, retreating from a 13-month high but ending the week up 7%, driven by **mild weather forecasts and rising supplies**. LNG exports hit an 11-month high of 14.9 bcf, boosted by Venture Global LNG's Plaquemines plant. Gas output in the Lower 48 states reached 102.9 bcf, near record levels, while demand is expected to dip to 125.0 bcf next week before rebounding to 136.4 bcf. [link](#).

Natural gas (USD/MMBtu)



Source: Trading Economics



Stocks

From the international markets, not much upside for world wide markets, Japanese stocks posted a 0.9% WoW return, while Spanish stocks experienced a -2.65% return.

Main Equity Markets Movers WoW

Major	Price	Day	%	Weekly	Monthly	YTD
JP225	39470	▼ 379	-0.95%	0.97%	2.43%	17.95%
US100	21780	▲ 165	0.76%	0.73%	4.23%	29.44%
IPC	51653	▲ 377	0.74%	0.62%	2.06%	-9.99%
HK50	19971	▼ 426	-2.09%	0.53%	2.75%	17.15%
SENSEX	82133	▲ 843	1.04%	0.52%	5.87%	13.69%
ASX200	8296	▼ 34	-0.41%	-1.48%	0.88%	9.29%
TSX	25274	▼ 136	-0.54%	-1.63%	0.90%	20.59%
US30	43828	▼ 86	-0.20%	-1.82%	0.18%	16.29%
MOEX	2485	▼ 7	-0.30%	-2.01%	-7.87%	-19.81%
ES35	11752	▼ 13	-0.11%	-2.65%	1.98%	16.33%

Source: Trading Economics

This week was tough for US sectors, as **Consumer Discretionary was the only sector with a positive return (1.16%)**, while **Materials** finished the week with the **worst return (-2.92%)**.

US Sector Performance

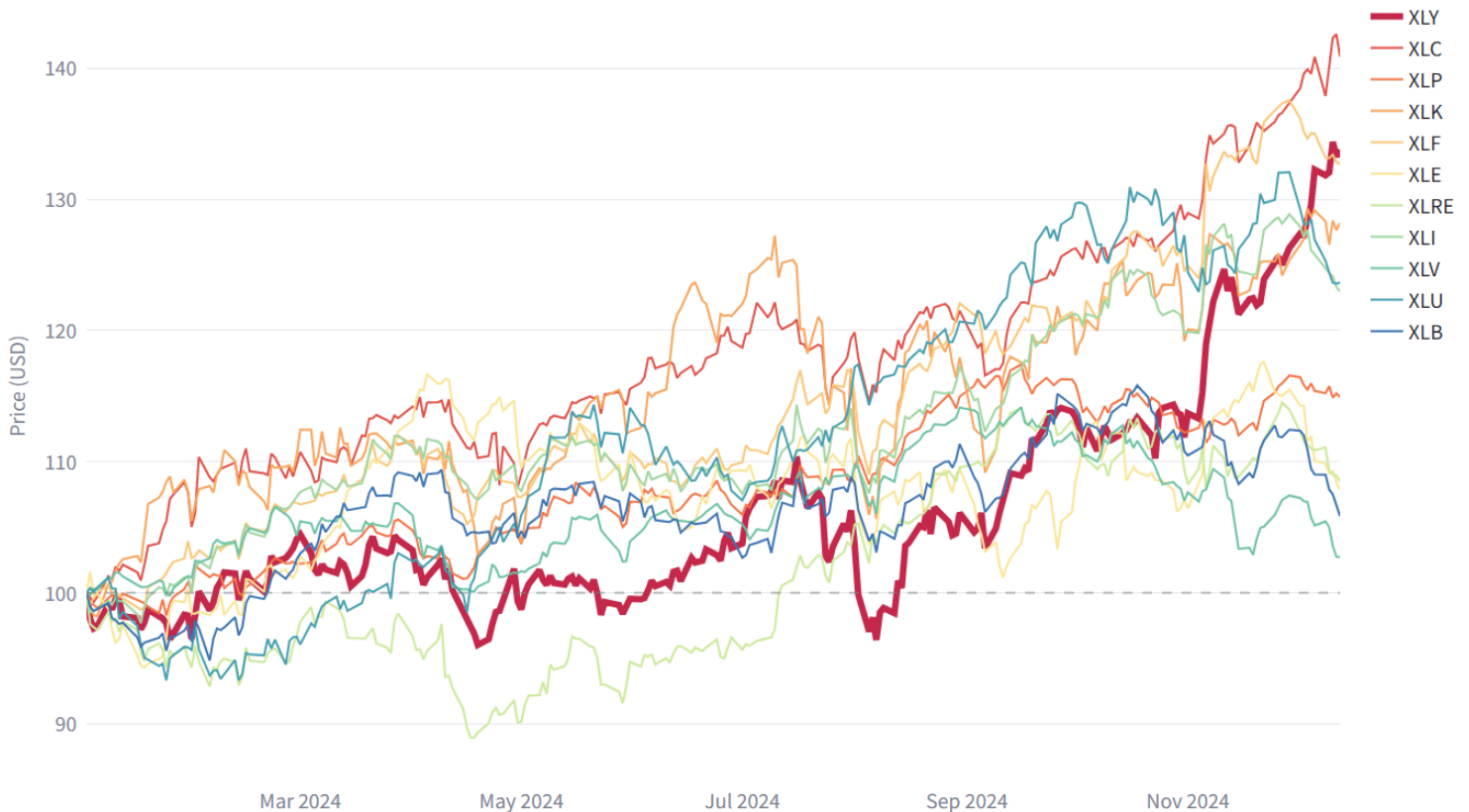
	WoW	YTD
Materials (XLB)	-2.92%	5.85%



Utilities (XLU)	-2.57%	23.65%
Health Care (XLV)	-2.28%	2.74%
Industrials (XLI)	-2.23%	22.99%
Real Estate (XLRE)	-2.15%	8.49%
Energy (XLE)	-1.98%	7.87%
Financials (XLF)	-1.71%	32.71%
Technology (XLK)	-0.74%	28.20%
Consumer Staples (XLP)	-0.41%	14.92%
Communication Services (XLC)	0.01%	40.88%
Consumer Discretionary (XLY)	1.16%	33.79%

Source: FMP

US Sector Performance



Source: FMP



This week on earnings season

Costco

- **Strong Earnings and Membership Growth:** Costco's net income rose to \$1.8 billion (\$4.04 per share), beating analyst expectations of \$3.79 per share, partially aided by a \$100 million tax benefit. Revenue grew 7.5% to \$62.2 billion, though slightly below estimates. Costco ended the quarter with 77.4 million paid memberships, a 7.6% increase year over year, showing strong growth despite recent membership fee hikes.
- **Same-Store Sales and E-Commerce Growth:** Same-store sales rose 5.2% overall, with the U.S. growing 5.2% and Canada 5.8%. Adjusting for fuel and currency impacts, global same-store sales grew 7.1% year over year. E-commerce sales saw impressive growth of 13%, driven by popular items such as gold bars, jewelry, and home furnishings.
- **Valuation and Strategic Positioning:** The stock trades at a high valuation of 54.1x forward earnings, significantly above peers, but sustained by its strong competitive position and global growth prospects. Despite a slight dip in membership renewal rates (90.4% worldwide), digital memberships and heavy investments in online infrastructure are expected to drive future growth.



Broadcom

- **Strong performance after VMware integration:** Fiscal 2024 revenue hit a record \$51.6 billion, a 44% year-over-year increase, driven by AI chips and the successful integration of VMware. Investors have to be careful reading these numbers, as they contain the revenue from VMware.
- **Massive AI Growth Projections:** Broadcom's AI revenue surged 220% year-over-year, reaching \$12.2 billion in fiscal 2024. Broadcom's next-generation 3-nanometer AI chips launching in spring 2025 are expected to provide a technological edge.
- **Positive Outlook with Risks:** Broadcom provided strong Q1 fiscal 2025 guidance, expecting revenue of \$14.6 billion (22% growth), with AI chip revenue rising 65% to \$3.8 billion. However, non-AI semiconductor revenue declined by 23% year-over-year, and broadband revenue dropped sharply by 51% in Q4, signaling ongoing challenges in non-AI segments.

Next Week's Earnings

	Company	Release Date	Exp. EPS	Time	MktCap (USD)	Country
HEI-A	HEICO Corporation	Mon, Dec 16	\$0.99	BMO	\$27,089	US
MIELY	Mitsubishi Electric Corporation	Tue, Dec 17	\$0.39	BMO	\$33,895	JP
SDXOF	Sodexo S.A.	Tue, Dec 17	-	BMO	\$13,824	FR
SGIOY	Shionogi & Co., Ltd.	Tue, Dec 17	\$0.16	--	\$11,116	JP
ASEKY	Aisin Corporation	Tue, Dec 17	\$0.87	--	\$10,188	JP



MU	Micron Technology, Inc.	Wed, Dec 18	\$1.75	AMC	\$149,572	US
LEN	Lennar Corporation	Wed, Dec 18	\$4.18	AMC	\$41,905	US
GIS	General Mills, Inc.	Wed, Dec 18	\$1.22	BMO	\$37,813	US
JBL	Jabil Inc.	Wed, Dec 18	\$1.88	BMO	\$14,200	US
BIRK	Birkenstock Holding plc	Wed, Dec 18	\$0.29	BMO	\$11,108	GB
TTC	The Toro Company	Wed, Dec 18	\$0.95	BMO	\$9,913	US
ACN	Accenture plc	Thu, Dec 19	\$3.42	BMO	\$184,985	IE
NKE	NIKE, Inc.	Thu, Dec 19	\$0.65	AMC	\$144,682	US
CTAS	Cintas Corporation	Thu, Dec 19	\$1.01	BMO	\$69,700	US
FDX	FedEx Corporation	Thu, Dec 19	\$3.95	AMC	\$62,118	US

Source: FMP

Crypto

This week, the cryptocurrency market displayed mixed dynamics, with notable gains among leading altcoins while others faced significant declines. Despite market volatility, investor sentiment remained resilient, for the next top-performing assets.

Leading the weekly gains, **Chainlink (LINK)** surged by **18.20%**, **Monero (XMR)** followed with a solid **4.93%** increase, while **Bitcoin (BTC)** managed a modest but stable gain of **1.79%**, further reinforcing its role as a market anchor. Conversely, several altcoins experienced steep weekly declines, signaling bearish sentiment in specific segments of the market.



Main Crypto Movers WoW

Crypto	Price	Day	%	Weekly	Monthly	YTD
Chainlink	29.3826	▲ 0.7645	2.67%	18.20%	112.84%	96.70%
Monero	211.070	▲ 4.654	2.25%	4.93%	49.44%	26.91%
Bitcoin	101780	▲ 532	0.53%	1.79%	11.68%	139.42%
Dai	0.99995	▲ 0.00000	0.00%	0.00%	-0.01%	-0.01%
USD Coin	1.00	▼ 0.00	-0.02%	-0.02%	-0.02%	-0.02%
Bitcoin Cash	533.73	▼ 6.15	-1.14%	-14.02%	29.47%	105.73%
Polygon	0.60	▼ 0.02	-2.48%	-15.12%	61.68%	-38.05%
Stellar	0.42555	▼ 0.01102	-2.52%	-15.37%	193.17%	230.17%
Algorand	0.42	▼ 0.02	-3.73%	-16.98%	125.78%	86.89%
Polkadot	8.62	▼ 0.41	-4.51%	-19.39%	67.54%	5.38%

Source: Trading Economics

Altcoin Whale Accumulation During Market Dips

Also, whales capitalize on market corrections to accumulate significant amounts of altcoins. **Cardano (ADA)** saw over **80 million ADA** purchased in 48 hours, despite a **6.22% price drop** to \$1.14. **Dogecoin (DOGE)** whales, holding between 10 million and 100 million tokens, added **210 million DOGE**, while **XRP** investors acquired over **100 million tokens** as its price declined **5%** to \$2.43. These accumulation trends underline sustained confidence in some altcoins. [link](#)



Bitcoin Surges Amid Trump's Strategic Crypto Plans

Bitcoin has broken the \$100,000 barrier, marking a significant milestone fueled by President-elect Donald Trump's pro-crypto stance. During a visit to the NYSE, Trump confirmed his administration's intent to establish a **U.S. Bitcoin Strategic Reserve**, emphasizing the importance of staying ahead of global competitors like China and Russia. This announcement has ignited bullish sentiment, with analysts predicting **Bitcoin could soar to \$800,000, potentially reaching a \$15 trillion market capitalization.**

BTC / USD



Source: Trading Economics

The broader cryptocurrency market mirrored Bitcoin's momentum, with altcoins posting stronger gains. Investors are optimistic about the prospect of friendlier U.S. crypto regulations, especially as Trump reportedly



considers Brian Quintenz, a pro-crypto advocate, for the CFTC leadership. Quintenz's appointment could signal a **new era of regulatory clarity** for the industry.[link](#)

Inflation Data and Regulatory Shifts Drive Momentum

U.S. **Consumer Price Index (CPI)** data met expectations, **reinforcing** market expectations of a **25-basis-point Federal Reserve rate cut** in December. Lower rates are beneficial for speculative assets, including cryptocurrencies, and have driven Wall Street indexes to record highs. The **macroeconomic backdrop**, combined with Trump's **crypto-forward policies**, has created a **favorable environment** for the crypto market.

As Trump prepares to take office, the crypto market will closely monitor his policy moves and appointments, particularly for the CFTC, which could shape the next phase of cryptocurrency adoption in the U.S. [link](#)

Weekly Paper Picks

What Drives Robo Advice?

Link: <https://www.sciencedirect.com/science/article/pii/S0927539824001087?via%3Dihub>

Robo-advisory services craft portfolio recommendations by focusing primarily on investment goals and time horizons, making these the key drivers of asset allocation. The study reveals that theoretical



considerations, such as Merton's hedging demands, are often neglected in favor of simplicity and client accessibility.

Table 3
Efficient set.

Portfolio #	Equities	Bonds	Cash	Commodities	Frequency	In %
w_1	21	55.5	22.5	1	9876	6.53
w_2	28	56	15	1	8228	5.44
w_3	36	49.2	13.8	1	37 075	24.52
w_4	42	44.5	12.5	1	19 156	12.67
w_5	49	38	12	1	29 423	19.46
w_6	57	31.5	10.5	1	16 706	11.05
w_7	64	25.5	8.5	2	17 321	11.46
w_8	73	16.8	8.2	2	7973	5.27
w_9	81	9.7	7.3	2	4026	2.66
w_{10}	88	3.1	6.9	2	1203	0.8
w_{11}	94	0	6	0	213	0.14

Recommended portfolio allocations for equities, bonds, cash, and commodities. Each asset class contains many sub-asset classes (e.g., equities contain US small caps, international stocks, etc.), but the allocations within each sub-asset class are identical. Frequency denotes the number of input combinations that all lead to a particular portfolio recommendation.

By analyzing data from a leading US robo-advisor, the research highlights how these services prioritize user-friendly designs and align with client perceptions rather than adhering strictly to complex normative models. Additionally, the integration of national survey data uncovers the demographic and behavioral factors that influence the adoption of robo-advisory platforms. These findings showcase the practical compromises made to appeal to a wider audience while streamlining investment decision-making processes.

Table 4
Projected efficient set.

Portfolio #	Equities	Bonds	Cash	Commodities	θ_{i+1}	θ_{i-1}
\hat{w}_1	21	55.5	22.5	1	-	-
\hat{w}_2	28.4	52.4	18.2	1	0.51	0.49
\hat{w}_3	36.1	49.4	13.6	1	0.42	0.58
\hat{w}_4	41.8	44.2	13	1	0.55	0.45
\hat{w}_5	49.2	38.3	11.5	1	0.52	0.48
\hat{w}_6	56.9	31.5	10.2	1.5	0.48	0.53
\hat{w}_7	63.9	25.2	9.5	1.4	0.57	0.43
\hat{w}_8	73.2	17	7.9	2	0.46	0.54
\hat{w}_9	80.9	9.6	7.5	2	0.47	0.53
\hat{w}_{10}	88.5	4.1	6.5	0.8	0.42	0.56
\hat{w}_{11}	94	0	6	0	-	-

We plot the efficient portfolios implied by their neighboring portfolios as the fitted value of a linear regression (without intercept) of w_i against w_{i+1}, w_{i-1} under the constraint that the regression coefficients add up to one.



Contact

research@kaxanuk.mx

Disclaimers

The content of this document is strictly informative and does not constitute an offer or recommendation of KaxaNuk S.C. to buy, sell or subscribe any kind of securities, or to perform specific transactions. KaxaNuk S.C. is not responsible for the interpretation given to the information and /or content of this document. KaxaNuk S.C. does not accept or will accept any liability for losses or damages resulting from investment decisions that would have been based on this document. The persons responsible for the preparation of this report certify that the opinions stated reflect their own point of view and do not represent the view of KaxaNuk S.C. nor of its officials. This document is based on publicly available information, including official government sites and other web sources which are considered reliable, however KaxaNuk S.C. makes no warranty regarding its accuracy or completeness.

This content is intellectual property owned by KaxaNuk S.C. Any violations of this term, and all terms contained herein, will be legally pursued to the fullest extent permitted by law.