



KN Market View

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Key Events

Economy at a glance

Canada's unemployment rate increased to 6.8% in November, up from 6.5% in October and exceeding forecasts of 6.6%. **This marks the highest level since September 2021** and aligns with recent concerns from Bank of Canada policymakers about a **weakening labor market** [link](#).

Canada Unemployment Rate (%)



Source: Trading Economics | Statistics Canada



Consumer sentiment in the United States, as measured by the University of Michigan, rose for the fifth straight month in December 2024, **reaching 74**, the highest level since April. This was **an increase from 71.8** in November and exceeded expectations of 73, according to preliminary estimates [link](#).

The U.S. economy added 227,000 jobs in November, showing a robust rebound from the revised 36,000 jobs added in October. The October figure had been significantly **impacted by Boeing strikes and disruptions from Hurricanes Helene and Milton** [link](#).

India's central bank held its benchmark interest rate steady at 6.50% on Friday, aiming to balance rising inflation with the need to support growth in Asia's third-largest economy. Reserve Bank of India Governor Shaktikanta Das announced a **downward revision of the GDP growth forecast for fiscal year 2025 to 6.6%**, compared to the earlier projection of **7.2% in October** [link](#).

Over half of British employers intend to raise prices and reduce jobs following the release of the new government's first budget, according to a survey published by the Bank of England on Thursday [link](#).

Australia's economy expanded by 0.3% in the third quarter of the year, up slightly from the 0.2% growth recorded in the previous three months.



While this marked the 12th consecutive quarter of growth, it came in below market expectations of 0.4%. [link](#).

Chinese companies should be cautious when purchasing U.S. chips, as they are "no longer safe," and prioritize local alternatives, **four major Chinese industry associations urged** on Tuesday. This rare coordinated statement comes amid **Washington's restrictions on Chinese chipmakers**. Meanwhile, former President Trump has **signaled a potential revival of the trade war** from his previous term in office [link](#).

The OECD has cautioned central banks against lowering interest rates too quickly, highlighting the risks posed by "persistent" inflation in **service sector prices** [link](#).

This week, in the **United States**, key inflation indicators, such as the **Consumer Price Index, Producer Price Index, and export/import price**, will be in the spotlight. Meanwhile, **central banks in the Euro Area, Australia, Canada, Brazil, and Switzerland** are set to outline their **monetary policy plans**. Inflation data from **Mexico, Brazil, South Africa, Russia, and India** will also attract significant attention.

In **China**, updates on **consumer and producer inflation**, trade figures, and **New Yuan Loans** are eagerly anticipated. **Germany** will share its latest **trade balance** and wholesale price reports. Finally, in **Australia**, investors will be watching the **labor market report and NAB business confidence**.



Government Bonds and Currencies

Won under pressure: political shocks and market volatility in South Korea

This week, **the South Korean won depreciated by 2.13% against the dollar, closing at 1,425.25 won per dollar.** This movement occurred in a context of **extreme volatility**, marked by President Yoon Suk Yeol's surprise decision to impose and then swiftly revoke martial law within a matter of hours. The measure, initially intended to **"protect freedom and constitutional order,"** according to Yoon, triggered strong reactions in currency markets, with the won plummeting to a low of 1,444.65 won per dollar [link](#).

US Dollar South Korean Won



Source: Trading Economics



The announcement prompted an immediate reaction in international markets, **with investors seeking refuge in safer assets, such as the U.S. dollar, in a typical risk-off move.** Although **South Korean authorities quickly announced stabilization measures**, including a pledge of "unlimited liquidity" for markets, the initial damage left the Won cementing its position as one of Asia's weakest currencies so far this year, with a depreciation exceeding 9%.

The impact on currency markets also highlights the growing sensitivity of the won to domestic political events. **Since the extension of its trading hours in July, aimed at attracting greater international participation, the currency has become more exposed to global risk appetite fluctuations.** This episode underscores how efforts to integrate South Korea's markets into global indexes can also amplify the effects of political tensions, presenting heightened challenges for local authorities.

In this context, **it will be crucial to monitor the markets closely in the coming days, particularly the won's behavior and its relationship with South Korean government policies.** The combination of domestic political uncertainty and external factors, such as U.S. monetary tightening, could continue to drive volatility. Investors will be watching for any signs of stability or additional measures by South Korean authorities to restore confidence in the currency and the country's financial markets.



UK 10-Year Gilt Yield Rises Amid Rate Cut Expectations

The **UK 10-year gilt yield increased towards 4.3% this week, steered by safe-haven demand after geopolitical tensions.** This sparked market jitters before the situation de-escalated. In response, the broader fixed-income market witnessed gains as investors sought safer assets.

United Kingdom 10Y Bond Yield



Source: Trading Economics

In the meantime, **Bank of England Governor Andrew Bailey specified that additional rate cuts could be on the horizon if inflation continues to decline,** suggesting a potential reduction of up to four quarter-point



cuts, which would bring the key interest rate down to approximately 3.75%. Inflation data has been mixed, with October seeing an unexpected rise to 2.3% from 1.7% in September, but generally, inflation is easing faster than anticipated.

“Monetary policy will need to remain restrictive for sufficiently long until the risks to inflation returning sustainably to the 2% target over the medium term have dissipated further,” Additionally, **UK services sector data showed a slowdown in November, with employment falling for a second consecutive month**, though at a reduced pace [link](#).



Commodities

Arabica coffee futures climb amid dollar weakness

Arabica coffee futures rose above \$3 per pound from a one-week low of \$2.95 on December 3, driven by a **weaker dollar** and **market corrections**. Concerns persist over Brazil's crops, with StoneX forecasting a 10.4% drop in arabica output to 40 million bags in 2024, partially offset by robusta gains, cutting the total crop by 0.5%. Meanwhile, Colombia's November arabica **production rose 37%** year-over-year to 1.76 million 60-kg bags. [link](#).

Coffee (USd/Lbs)



Source: Trading Economics



Silver Prices Hold Firm on Fed Rate Cut Bets and Global Uncertainty

Silver prices held steady above \$31 per ounce, nearing one-month highs, as traders bet on a December interest **rate cut** by the Federal Reserve. The probability of a 25 basis point cut rose to 72%, despite Fed Chair Jerome Powell signaling no urgency to lower rates, citing strong growth and inflation pressures. Speculation of further **stimulus measures** from China also supported silver prices, alongside safe-haven demand driven by political unrest in France and South Korea, and ongoing conflicts in Eastern Europe and the Middle East. [link](#).

Silver (USD/t.oz)



Source: Trading Economics



Stocks

From the international markets, French stocks posted a handsome 4% WoW return, while New Zealand markets experienced a -1.97% return.

Main Equity Markets Movers WoW

Major	Price	Day	%	Weekly	Monthly	YTD
IT40	34750	▲ 123	0.36%	4.00%	2.26%	14.49%
DE40	20385	▲ 26	0.13%	3.86%	5.28%	21.69%
ES35	12072	▼ 47	-0.39%	3.70%	4.34%	19.50%
EU50	4977	▲ 26	0.52%	3.60%	2.58%	10.08%
US100	21622	▲ 197	0.92%	3.31%	2.47%	28.51%
ASX200	8421	▼ 54	-0.64%	-0.18%	2.37%	10.94%
US30	44643	▼ 123	-0.28%	-0.60%	2.09%	18.45%
MOEX	2536	▲ 25	1.01%	-1.62%	-5.74%	-18.16%
NZX 50	12810	▼ 87	-0.68%	-1.97%	1.81%	8.83%

Source: Trading Economics

Looking at US Sectors, **Energy was again the only sector with the worst WoW return; -4.72%**, while **Consumer Discretionary finished the week with a great 4.72% return.**

US Sector Performance

	WoW	YTD
Energy (XLE)	-4.72%	10.05%
Utilities (XLU)	-3.91%	26.92%



Materials (XLB)	-3.03%	9.03%
Real Estate (XLRE)	-2.73%	10.87%
Industrials (XLI)	-2.38%	25.79%
Health Care (XLV)	-2.12%	5.14%
Financials (XLF)	-1.83%	35.01%
Consumer Staples (XLP)	-1.01%	15.39%
Communication Services (XLC)	2.57%	40.87%
Technology (XLK)	3.04%	29.16%
Consumer Discretionary (XLY)	4.72%	32.26%

Source: FMP

US Sector Performance



Source: FMP

This week on earnings season



Lululemon

- **Strong Earnings and Raised Guidance:** Lululemon beat Q3 earnings expectations, reporting \$2.87 per share against the anticipated \$2.75, and exceeded revenue projections with \$2.4 billion. The company raised its full-year revenue guidance to \$10.45-\$10.49 billion and EPS guidance to \$14.08-\$14.16, signaling confidence in sustained growth.
- **International and Gross Margin Growth:** International markets, particularly China, drove growth, with international same-store sales offsetting a 2% decline in North America. Gross margins improved significantly, rising 150 basis points to 58.5%, showcasing effective cost management.
- **Challenges in North America Amid Competition:** While international sales surged, North American sales continued to decline, pressured by competition from newer brands like Alo and Vuori. However, CEO Calvin McDonald expressed confidence in a turnaround for the North American market in 2024, emphasizing opportunities to improve customer engagement and expand market share.



Dollar Tree

- **Improved Financial Performance and Raised Guidance:** Dollar Tree exceeded expectations in Q3, with net sales increasing by 3.5% year-over-year to \$7.6 billion and adjusted earnings per share (EPS) rising 15.5% to \$1.12. The company raised its full-year revenue guidance to \$30.7-\$30.9 billion and its EPS forecast to \$5.31-\$5.51, reflecting confidence in ongoing improvements.
- **Strategic Changes in Store Formats and Family Dollar:** The company continued its shift toward a multi-price strategy, expanding higher price-point offerings to 2,300 stores. Same-store sales for Dollar Tree and Family Dollar grew modestly (1.8% and 1.9%, respectively). Dollar Tree also closed underperforming Family Dollar locations.
- **Leadership and Operational Challenges:** Dollar Tree is undergoing leadership changes, with an interim CEO and CFO amid a search for permanent replacements. Operational disruptions, such as tornado damage to a distribution center and ongoing macroeconomic pressures (e.g., reduced SNAP benefits), continue to present challenges, impacting Q4 sales performance and operating margins.



MRVL

- **AI-Driven Growth and Upbeat Revenue Forecast:** Marvell posted fiscal Q4 2025 revenue guidance of \$1.8 billion, representing 26% year-over-year growth, driven primarily by custom AI silicon programs in volume production. This forecast beat analyst expectations of \$1.65 billion highlighting the company's positioning in AI.
- **Long-Term Sales and Market Expansion Potential:** Data center end-market sales surged 98% year-over-year in Q3, emphasizing its strategic focus. These markets could support 20%-25% long-term sales growth and 25%-30% EPS growth.
- **Financial Restructuring Amid Net Losses:** Despite strong revenue growth, Marvell reported a \$676.3 million net loss due to significant restructuring charges and declining gross margins (23% compared to 38.9% the previous year). The restructuring aligns with its strategy to pivot investments toward the data center segment.



Next Week's Earnings

	Company	Release Date	Exp. EPS	Time	MktCap (USD)	Country
ORCL	Oracle Corporation	Mon, Dec 9	\$1.48	AMC	\$340,485	US
MDB	MongoDB, Inc.	Mon, Dec 9	\$0.68	AMC	\$16,416	US
CASY	Casey's General Stores, Inc.	Mon, Dec 9	\$4.29	AMC	\$12,087	US
TOL	Toll Brothers, Inc.	Mon, Dec 9	\$4.34	AMC	\$11,901	US
HQY	HealthEquity, Inc.	Mon, Dec 9	\$0.71	AMC	\$7,562	US
AZO	AutoZone, Inc.	Tue, Dec 10	\$33.60	BMO	\$48,020	US
FERG	Ferguson plc	Tue, Dec 10	\$2.60	BMO	\$40,752	GB
MIELY	Mitsubishi Electric Corporation	Tue, Dec 10	\$0.39	BMO	\$33,895	JP
ASHTF	Ashtead Group plc	Tue, Dec 10	\$1.60	BMO	\$31,421	GB
SGIOY	Shionogi & Co., Ltd.	Tue, Dec 10	\$0.16	--	\$11,116	JP
GME	GameStop Corp.	Tue, Dec 10	-\$0.03	AMC	\$10,708	US
ASEKY	Aisin Corporation	Tue, Dec 10	\$0.87	--	\$10,188	JP
CZMWF	Carl Zeiss Meditec AG	Tue, Dec 10	\$0.52	BMO	\$9,338	DE
ADBE	Adobe Inc.	Wed, Dec 11	\$4.66	AMC	\$207,285	US
IDEXY	Industria de Diseño Textil, S.A.	Wed, Dec 11	\$0.31	--	\$152,665	ES
NDSN	Nordson Corporation	Wed, Dec 11	\$2.59	AMC	\$12,926	US
BZ	Kanzhun Limited	Wed, Dec 11	\$0.21	BMO	\$9,629	CN
LPPSY	LPP SA	Wed, Dec 11	-	BMO	\$7,573	PL
FLGZY	Flughafen Zürich AG	Wed, Dec 11	-	BMO	\$6,937	CH
AVGO	Broadcom Inc.	Thu, Dec 12	\$1.38	AMC	\$677,072	US
COST	Costco Wholesale Corporation	Thu, Dec 12	\$3.79	AMC	\$376,529	US

Source: FMP



Crypto

Altcoin Market Weekly Review: Resilience Amid Mixed Performance

This week, altcoins showed mixed performance, with **Uniswap** leading gains at **39.43%** and **Ripple (XRP)** up **33.45%**, driven by DeFi adoption and regulatory optimism. **Monero** rose **26.77%**, while **Litecoin** and **Chainlink** faced slight declines of **1.86%** and **4.29%**, respectively.

Main Crypto Movers WoW

Crypto	Price	Day	%	Weekly	Monthly	YTD
Uniswap	17.87	▲ 0.18	1.02%	39.43%	102.37%	147.48%
Ripple	2.59453	▲ 0.17239	7.12%	33.45%	368.25%	318.95%
Litecoin	134.070	▼ 2.539	-1.86%	30.35%	84.20%	82.08%
Chainlink	24.7940	▼ 1.1113	-4.29%	29.61%	80.88%	65.84%
Monero	202.318	▲ 7.063	3.62%	26.77%	25.73%	21.53%
Cardano	1.21706	▼ 0.01836	-1.49%	12.50%	173.65%	105.51%
Ether	4001.44	▼ 17.47	-0.43%	7.73%	35.26%	75.39%
Bitcoin	100189	▲ 177	0.18%	3.82%	31.00%	135.71%
Solana	240.9801	▲ 4.0156	1.69%	1.08%	20.74%	138.08%
Tether	1.00	▼ 0.00	-0.07%	0.04%	0.03%	0.11%
USD Coin	1.00	▲ 0.00	0.02%	0.00%	0.03%	0.00%
Dai	0.99998	▲ 0.00010	0.01%	-0.01%	0.02%	-0.01%
Stellar	0.49449	▼ 0.00094	-0.19%	-6.82%	388.83%	283.27%



Source: Trading Economics

Bitcoin's surge past \$100,000 and subsequent correction reduced its dominance to **54.3%**, hinting at a potential "altcoin season." Institutional interest remains strong, with Ethereum benefiting from \$51.5 billion in Layer-2 TVL, and **Avalanche** gaining traction after upgrades cut costs by **99.9%**. Despite volatility, altcoins show promising growth opportunities as market dynamics shift.[link](#)

Trump Picks Paul Atkins for SEC, Gail Slater for Antitrust

Donald Trump has nominated **Paul Atkins**, a pro-crypto advocate, as the new Chair of the **US Securities and Exchange Commission (SEC)**. Atkins, who previously served as an SEC commissioner (2002–2008), is expected to adopt a more favorable stance toward digital assets compared to outgoing Chair **Gary Gensler**, who pursued strict enforcement and called the crypto industry a "wild west." The nomination has been widely welcomed by the finance and crypto industries, as **Atkins has emphasized the need for innovation-friendly regulations and reducing the cost of compliance for market participants**. This marks a potential shift in the SEC's approach to fostering market growth while balancing oversight.

In addition, Trump has named **Gail Slater**, an Oxford-educated lawyer, to head the Department of Justice's antitrust division. Slater's appointment aligns with the emerging Republican populist agenda to **tackle monopolistic practices, particularly in Big Tech**, and address concerns



over alleged censorship of conservative voices. Together, these nominations signal **Trump's** dual focus on promoting innovation in financial markets and maintaining a tough stance on corporate power in the tech sector, **potentially reshaping key regulatory frameworks under his administration.** [link](#)

[Bitcoin Weekly Review: Breaking \\$100K and Beyond](#)

Bitcoin (BTC) made history this week by **surpassing the \$100,000 mark**, climbing to an all-time high of \$103,679. However, the euphoria was short-lived as a sharp correction sent the **price briefly below \$90,000** in what has been dubbed a "**flash crash**". BTC has since **recovered to trade above \$98,000**, reflecting the heightened volatility in the market. **Futures markets** also experienced **significant liquidations**, with \$199 million wiped out in the last 24 hours, impacting both long and short positions.[link](#)

The surge in **Bitcoin's price has been fueled by strong inflows into crypto investment products**, with Bitcoin ETFs receiving over \$2.5 billion in the past four days alone. **Market sentiment**, measured by the Crypto Fear and Greed Index, **suggests a balanced uptrend despite** increased **risk** of pullbacks. Technical analysis points to a long-term uptrend, with the 127.2% Fibonacci extension of the 2021-2022 decline acting as a key resistance level. While sentiment remains optimistic, traders are cautioned



about potential corrections as leverage continues to play a role in market dynamics.[link](#)

BTC / USD



Source: Trading Economics



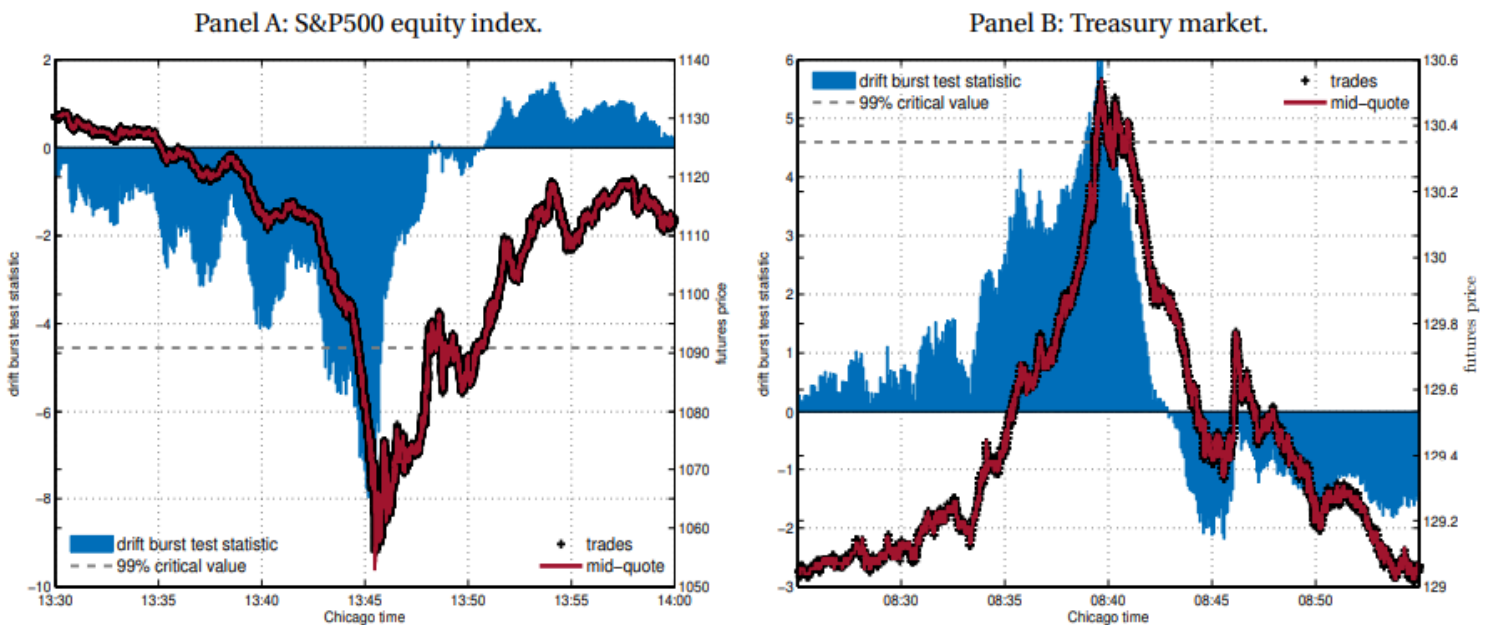
Weekly Paper Picks

The Drift Burst Hypothesis

Link: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2842535

Drift bursts are short-lived, locally explosive trends in financial asset price paths that occur regularly in markets. These events often coincide with market liquidity crises, such as flash crashes, and are typically followed by price reversals. The analysis identifies drift bursts as common across various asset classes, including equities, fixed income, currencies, and commodities, with an average occurrence of once a week.

Figure 1: The US S&P500 equity index and treasury market flash crash.



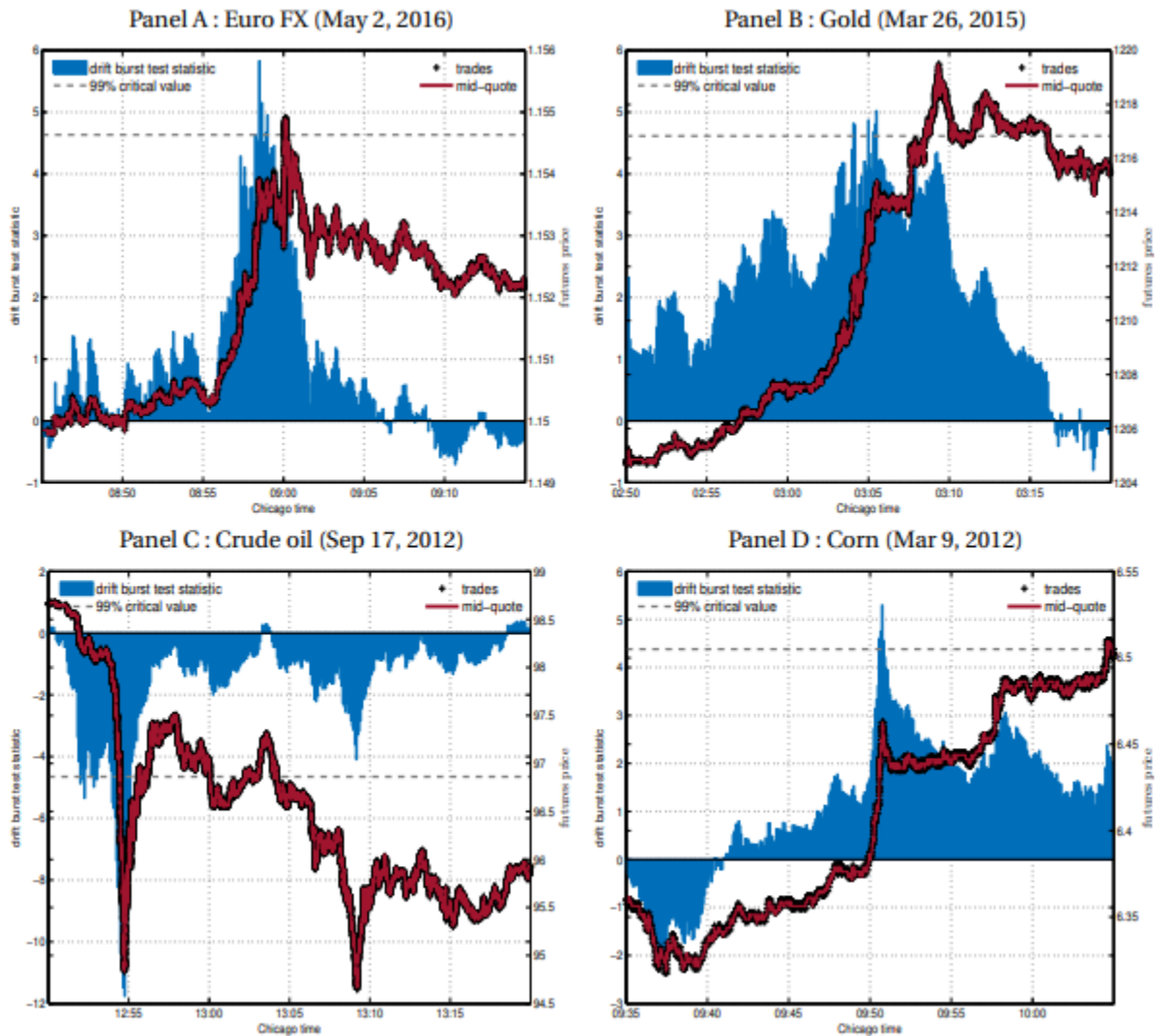
Note. This figure draws the mid-quote and traded price (right axis) of the E-mini S&P500 (in Panel A) and 10-Year Treasury Note (in Panel B) futures contracts over the flash crash episodes of May 6, 2010 and October 15, 2014. Superimposed is the nonparametric drift burst t -statistic (left axis) proposed in this paper.

Using a continuous-time model, the study demonstrates that drift bursts are a natural outcome of liquidity pressures and trading dynamics. The



developed nonparametric test identifies these patterns in high-frequency data, offering insights into their impact on market stability and price formation. This approach highlights the importance of understanding drift bursts for managing market risks and improving financial market designs.

Figure 5: Drift burst examples.



Note. This figure draws, for some identified drift bursts, the sample path of the mid-quote and traded price (right axis) together with the t -statistic (left axis) over a 30-minute window that includes the peak of the drift burst.



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