

## Central banks: desynchronization confirmed.

*The Fed and the ECB held their first meeting of the year and as expected, their monetary policies diverged. On the one hand, the Fed left its key interest rate unchanged at 4.5% given the resilience of activity and uncertainties about the path of inflation. The ECB continued its rate cut cycle in the face of less dynamic growth. This desynchronization is expected to continue in the coming meetings.*

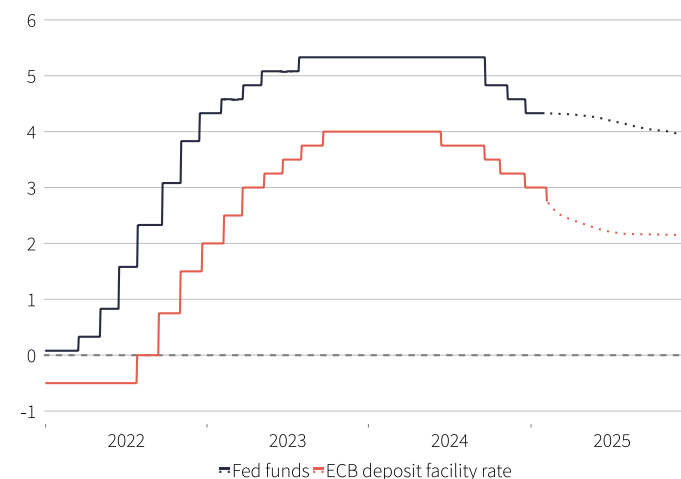
**Federal Reserve: a pause between resilient activity and high uncertainty.** After cutting rates by 100bps at the end of 2024, the Fed started 2025 by maintaining its key rate range at 4.25%-4.50%. This decision was widely anticipated by the markets due to the resilience of economic activity and the slowdown in disinflation in recent months. Indeed, growth remains robust, at 2.3% in Q4 24 (Q/Q annualised), i.e. growth of 2.5% for the whole of 2024, with household consumption still very dynamic. At the same time, inflation continues to slow but at a slower pace, core inflation stood at 2.5% in Q4 24, with services inflation still rigid. While these elements justified the maintenance of a "slightly restrictive" policy, Jerome Powell also mentioned during his press conference the strong uncertainties introduced by the trade, migration and fiscal policies of the new US administration on the outlook for growth and inflation. The central bank remains hence cautious about future interest rate cuts. We believe that these uncertainties would prompt the Fed to keep its key rates unchanged again at the next meeting in March, but that the further easing of inflation would allow for a gradual easing of 50bps in 2025.

*Past performance is not a guarantee of future performance. All data is from Bloomberg, Macrobond as of 1/31/2025, completion date of this publication. In accordance with the regulations in force, we inform the reader that this document is qualified as a promotional document*

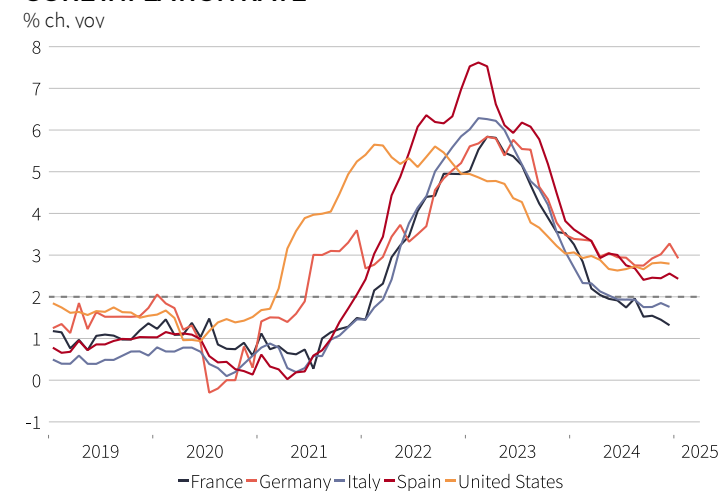
There is always the risk that the full implementation of Trump's program would increase inflationary pressures and could lead the Fed to maintain a more restrictive.

**European Central Bank: a continuation of the rate cut between sluggish activity and disinflation.** Unlike its US counterpart, the ECB decided to continue its monetary easing cycle, cutting its deposit facility interest rate by 25bp to 2.75%. This decline comes in a context of sluggish growth and more pronounced disinflation. Indeed, Q4-24 growth figures showed almost stagnant activity in the currency area, with Germany still flirting with recession, and weak momentum in France and Italy. Spain is the only major economy in the region that is doing well, with growth of 3.2% in 2024, supported by higher public spending and growth in the labour force. Inflation, on the other hand, continues to slow, with core inflation in January still below the ECB's 2% target for France and Italy and Spanish inflation continuing to converge towards the target. Only German inflation shows a more gradual easing, with core inflation at 2.9% in January, explained by inflation in the services sector still high. The ECB continued the cycle of interest rate cuts, with Christine Lagarde noting that the disinflation process is "on track", that growth "faces various headwinds" and that the rate path remained on a downward path. We continue to expect the ECB to continue to gradually ease rates to 2%, thus accentuating the desynchronization with the Fed.

## CENTRAL BANK MAIN INTEREST RATE AND MARKET EXPECTATIONS



## CORE INFLATION RATE



# OUR MACRO COMMENTS

## Events of the week

### Deepseek stirs up the AI race

The Chinese company Deepseek has shaken up the AI sector with its new generative Large Language Model (LLM) R1. Its performance is like that of Open AI's ChatGPT LLM model (particularly when it comes to solving complex problems), and it is based on a free open-source system (making it easy to access). Deepseek is thus challenging the idea of the need for very significant investment and introducing a competitor into a world hitherto dominated by American companies. At the same time, Mr Trump has just announced the \$500 billion Stargate project to develop AI. Against this backdrop, companies involved in this industry are stalling, with NVIDIA's share price down 13% over the week.

### Euro area : a timid recovery in bank lending

Bank balance sheet data for December show a slight recovery in lending. Outstanding loans to households rose by 0.5% year-on-year, with a slight increase in mortgage lending. Outstanding business loans were slightly more buoyant, rising by 1.1% year-on-year, mainly due to a continued positive contribution from long-dated loans. Against a backdrop of further interest rate cuts by the ECB and a good level of bank capitalisation, we expect lending to continue its recovery.

### THE WEEK IN DATA

Country	Data	Actual	Last	Forecast
United States	GDP Growth Q4	2,30%	3,10%	2,60%
	Fed monetary policy decision	4,50%	4,50%	4,50%
Allemagne	Inflation Rate January	2,80%	2,80%	2,80%
	Gdp Growth Q4 QoQ	-0,20%	0,10%	-0,10%
France	Inflation Rate January	1,80%	1,80%	1,90%
	Gdp Growth Q4 QoQ	-0,10%	0,40%	0%
Zone euro	ECB monetary policy decision	2,75%	3%	2,75%

Source: Macrobond, January 31, 2025. The colors in the 'Actual' column correspond to the difference from the forecast

### KEY EVENTS NEXT WEEK



#### Monday

**United States** ISM Manufacturing January  
**Euro area** Inflation rate January

#### Tuesday

**United States** JOLTs Job Openings January

#### Wednesday

**United States** ISM Services January

#### Thursday

**United Kingdom** BoE monetary policy decision

#### Friday

**United States** Non farm payrolls January

# MARKET PERFORMANCES

## Interbank rates

%	29/01/2025	31/12/2024	31/10/2024	01/01/2024	31/01/2024
US SOFR	4,329	4,53	4,85	5,34	5,33
Euro area €ster	2,923	2,91	3,16	3,88	3,89
UK SONIA	4,701	4,70	4,95	5,19	5,19
Switzerland SARON	0,453	0,45	0,95	1,70	1,70
Japan TONAR	0,477	0,23	0,23	-0,04	-0,01

## 10Y Government rates

%	30/01/2025	31/12/2024	31/10/2024	01/01/2024	31/01/2024
US Treasuries	4,52	4,58	4,28	3,88	3,99
France OAT	3,26	3,18	3,12	2,55	2,65
Germany Bund	2,48	2,36	2,38	2,02	2,15
Italy BTP	3,60	3,52	3,65	3,70	3,72
Spain Bonos	3,11	3,06	3,09	2,98	3,14
Switzerland	0,42	0,32	0,45	0,66	0,83
UK Gilts	4,53	4,55	4,44	3,60	3,87
Japan JGB	1,19	1,12	0,95	0,62	0,70

## Credit

%	30/01/2025	31/12/2024	31/10/2024	01/01/2024	31/01/2024
United States IG	5,28	5,33	5,16	5,06	5,11
United States HY	7,19	7,49	7,33	7,59	7,80
Europe IG	3,47	3,44	3,59	3,72	3,77
Europe HY	5,66	5,70	6,01	6,80	6,60
Emerging FX	6,27	6,40	6,28	6,77	6,86

## Equity indices

30/01/2025 vs	-1w	-1m	-3m	01/01/2024	-1y
World	0,10	3,544	5,956	23,98	21,35
United States	-0,39	3,637	7,140	28,32	24,66
Euro area	1,27	6,994	8,506	17,19	15,21
France	0,30	7,407	7,971	8,56	6,92
Germany	1,72	8,726	12,337	26,06	25,36
United Kingdom	1,74	5,311	6,471	14,92	16,55
Japan	1,03	-0,115	3,289	20,21	12,62
Emerging	0,55	0,973	-0,405	14,52	16,52
China USD	1,33	0,990	-0,649	20,18	29,47
India USD	-0,67	-6,278	-9,044	7,35	4,82
Latin America USD	2,84	10,491	-2,016	-18,70	-14,64

## Foreign exchange rates

	30/01/2025	31/12/2024	31/10/2024	01/01/2024	31/01/2024
EUR/USD	1,04	1,04	1,09	1,11	1,09
GBP/USD	1,25	1,25	1,29	1,27	1,27
EUR/CHF	0,95	0,94	0,94	0,93	0,93
USD/JPY	154,15	157,00	152,26	141,03	146,28
USD/CNY	7,17	7,30	7,12	7,08	7,09

## Commodity prices

	30/01/2025	31/12/2024	31/10/2024	01/01/2024	31/01/2024
Brent, USD/BL	76	75	74	77	81
Copper, USD/Metric ton	8 975	8 706	9 427	8 476	8 513
Gold, USD/Troy oz	2 794	2 606	2 744	2 063	2 039
Silver, USD/Troy oz	31	29	34	24	23
Palladium, USD/Troy oz	985	909	1 125	1 136	972
Platinum, USD/Troy oz	965	913	995	1 000	924

Source : Bloomberg on 31 January 2025, 1W = 1 week change, 3M = 3 month change, 12M = 12 month change, YTD = year to date change, Equities; total return in local currency. Government bonds = 10 year returns. Figures are rounded..



**SOCIÉTÉ GÉNÉRALE**  
Private Banking

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