

December 15, 2024

## Guidance

*“There are many who give advice, but few who offer guidance.” - Anonymous*  
*“Never give advice unless asked. The wise won’t need it, the fool won’t heed it.” – German Proverb*

- **Key week for fixed income globally as 15 central banks decides on rates** – US FOMC expected to cut 25bps, UK BOE expected on hold, Mexico Banxico could surprise with 50bps cut.
- **Economic data will remain important to all markets** – with focus on Global flash December PMI, US PCE prices, US consumer confidence, German Ifo and ZEW, and China November industrial production, retail sales and unemployment.
- **FX markets will pivot on how USD hedging into year-end and FOMC forecasts for 2025** vs. other central banks for 2025 play out this week. The USD rose 0.8% again last week – 9<sup>th</sup> weekly gain.

### Summary:

The central question for the week ahead is what guidance central bankers will offer up for investors for the year ahead. The follow-up will be if any investors are listening. How we end the week ahead matters for how positions are set up into 2025. This is the last full week for trading across markets and liquidity concerns about depth of markets mean any crowded position could be vulnerable to an early month-end and year-end adjustment. The volatility generated by central bankers should not be underestimated as many will be balancing financial stability concerns against inflation and growth into the year ahead. The role of USD exceptionalism in limiting how emerging market nations deal with rates and trade is on the front lines this week. How the economic data squished into this week will also matter as core PCE in the US, flash PMI and the last look at GDP 3Q all could change views on a FOMC nearing a pause. Globally, markets have had a great year for risk, and many expect some rotational plays back to bonds, into less loved equity sectors and into some emerging markets.

### Themes:

- **Cost of Waiting.** The ECB vs. BOC last week was seen as a key divergence between two central bank decisions facing trade tariff uncertainty, ongoing weak growth and pressure to ease. The cost of waiting for more clarity and some further evidence that inflation will drop in line with slowing growth isn’t comforting markets in Europe. The ECB and the EUR reflect more doubts about growth than inflation. The BOC decision

to cut 50bps as expected but not the shift to a near “neutral” stance for policy into 2025. The goal of a jumbo cut from the BOC was to get to neutral faster and that contrasted with the ECB. The problem for both nations is the uncertainty of politics, policy and how their economies will handle this in the months to come. EUR/CAD fell from 1.4960 to 1.4820 on back of the difference between hawkish jumbo cuts and persistent cautious easing.

- **Month-end/Year-end liquidity will be a key focus** – as this is the last week of full trading ahead of the holidays next week and the new year. Fear of illiquidity inspired gaps in pricing in US fixed income and in FX markets notable. What hasn't been seen is the usual pullback in equities for tax and portfolio adjustments. Volatility that comes from such risks is different than more sustained risks and that difference may lead to some further focus on curves and future expectations about 2025 and policy shifts.
- **Risk of rotation trades.** The NASDAQ vs. Russell 2000 trade caught the attention of markets into June half-year end and could return at year-end. The difference between how US small and medium sized public companies trade in equity markets vs. other nations like Germany or UK is also in play. The expectations for a Trump policy shift to promote more friendly environments for startup business and what that means for private credit and equity will follow as well.

## What does iFlow show?

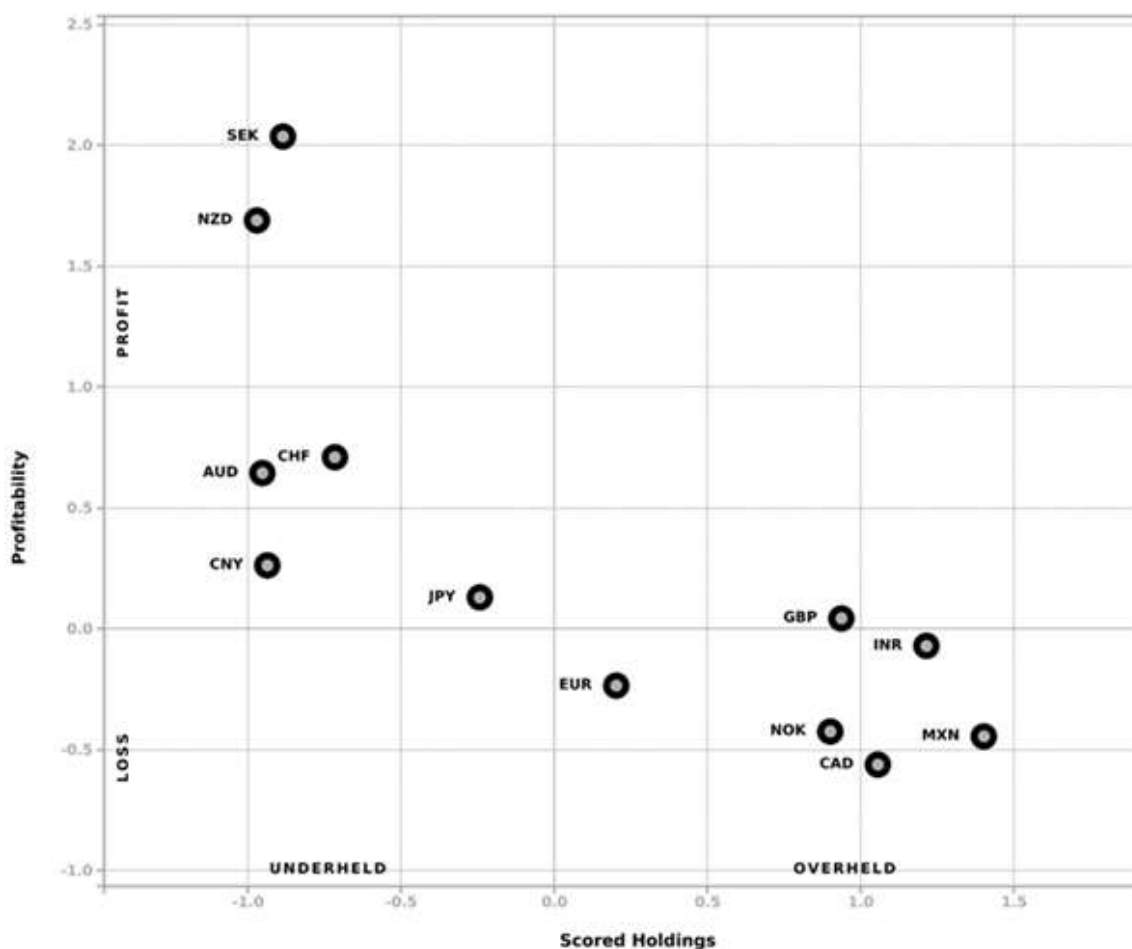
- **Equities:** The last week brought further equity selling with outflows led by Europe and the US. The biggest inflows were in emerging markets and New Zealand, with Turkey, Peru, South Africa and Philippines seeing gains from 0.5 to 0.85 on our scored weekly flow. The iFlow Mood indicator which picks up on global investor sentiment showed some sign of bottoming out after being 22 days in extremely negative – last Thursday data had the index up 0.2 to -0.39 – still near historic pandemic lows – and still down significantly on the month and quarter. What is interesting is that short interest across equities has flattened with investors clearly cutting out of shorts since the US November election. The performance divergence in the US between the DJIA and NASDAQ continues to surprise with the NASDAQ up 0.34% on the week and the DJIA off 1.82% - the third worst index of the week, with Spain's IBEX -2.65% and the Swedish OMX off 2.22%. Focus on global equity sectors continues to be mixed but 4 of 11 were up last week with notable rises in consumer shares, both discretionary and staples along with health care, communication services. Also worth noting that energy, materials and industrials saw their selling slow according to our iFlow. By region EM EMEA led with 8 sectors higher, while EM for LatAm and APAC lagged with just 2 each. The US saw energy, consumer staples and discretionary, and communications all gain.
- **Fixed Income:** The global markets were focused on the BOC, ECB and RBA decisions last week – and FOMC, BOE and BOJ this week ahead. The jump up in rates was notable even as rate cuts for the Fed were fully priced. 10Y US rates rose nearly 20bps to 4.40% this week. While rates in Australia rose just 9bps with a RBA leaving February easing hopes open, the BOC hawkish jumbo cut left 10Y up 14.5bps to 3.3175% and the UK saw its 10Y Gilt yields rise 14bps to 4.41%. In Europe after just 25bps easing from the ECB, 10Y Bunds rose 13.5bps to 2.255% while Italian BTPs were tied with the US up 19.5bps to 3.39%. This is all at odds with the iFlow data which had US bond inflations near the top again, along with Peru, India and Indonesia. The largest outflow was in Mexico, New Zealand, Japan and Canada. By duration, the US iFlow showed big buying in 0-1Y bills along with 2Y and 5Y while 7Y was left out and 10Y plus continued to show the largest

inflows. Our directional maturity index continues to rise to new yearly highs. The most notable issue for bonds shows up in **correlation of our flows with equities to bonds not 0.91% correlated near historic highs** and clearly making risk reversals across markets higher into data and policy decisions.

- **Foreign Exchange:** The USD continued to rally last week, up 0.8% on its index. The iFlow data also had the USD seeing inflows up 0.33 – not in the top five but seventh and behind JPY, GBP and SEK. While the FX markets had COP (+1.25%), MXN (up 0.6%) and BRL (0.45%) all gaining – iFlow had TRY, PLN, and COP. The biggest losers last week were CLP (-1.75%), NZD (-1.7%) and JPY (-1.6%). In contrast iFlow saw SGD, EUR, THB and CNY lead the losers. The carry trade in FX is neutral but positive in iFlow at 0.15% in the 75% percentile while Trend is neutral at -0.05 at the 43% percentile up on the week but down still on the month. The USD correlation to our equity and bond flows is negative – both are -0.83% and that adds to hopes that a Fed rate cut, and some USD weakness leads to a global relief rally in bonds and stocks. Finally, its notable that long positions against the USD are not making money in EUR, INR, MXN, CAD or NOK – something that makes the rate decisions for Mexico and Norway even more important.

**Exhibit #1: Only GBP longs made money vs. USD last week**

**FX Scored Holdings & Profitability**



Source: iFlow, BNY

**What mattered this weekend?**

- **South Korea impeaches President Koon**, new acting President Han calls US and allies, MOF and BOK vow to stabilize markets – last week Kospi recovered 2.73% while our iflow showed -0.33 outflow. KRW fell 0.85% to 1435.35 while iFlow had a small 0.07 inflow. And Korea 10Y bond yields rose 4bps to 2.671% while iFlow also -0.24 outflow.

- **Moody's cuts French credit rating from Aa3 to Aa2 citing deteriorating finances.** This puts Moody's in line with S&P and Fitch. "Looking ahead, there is now very low probability that the next government will sustainably reduce the size of fiscal deficits beyond next year," Moody's said in a statement. "As a result, we forecast that France's public finances will be materially weaker over the next three years compared to our October 2024 baseline scenario," it added.
- **China economy expected to grow about 5% this year** according to Han Wenxiu, the China deputy director of the financial and economic affairs commission. The world's second-largest economy is expected to contribute close to 30% of global growth, Han Wenxiu told an economic conference.

## What happened last week?

### Weekly lookback: 9 – 13 December 2024

- **US:** NY 1yr inflation expectation 2.97% (2.87%), Q3 Unit Labor Cost 0.8% (1.9%), Nov CPI 2.7% (2.6%), core CPI 3.3% (3.3%), Nov avg weekly earnings 1.0% y/y (1.1%), Nov PPI 3.0% y/y (2.6%), Claims 242k (225k). Nov Import Price Index 1.3% y/y (0.6%)
- **Eurozone:** ECB 3.0% (-25bp), Dec Sentix -17.5 (-12.8), Oct Industrial Production -1.2% (-2.2%)
- **China:** Nov CPI 0.2% y/y (0.3%), PPI -2.5% y/y (-2.9%), Exports 6.7% y/y (12.7%), Imports -3.9% (-2.3%), M2 7.1% (7.5%), TSF 7.8% y/y (7.8%), New Yuan Loan 7.7% (7.98%). Medium to long term household CNY 300bn (108bn)
- **Japan:** Q3 final GDP 1.2% y/y (0.9%), Q3 BSI Large All Industry 5.7% q/q (5.1%), Nov PPI 3.7% (3.6%), Q4 Tankan Large Manufacturing Index 14 (13), non-manufacturing 33 (34), Oct IP 1.4% (1.6%)

### Monetary policies:

- **Hike:** Ukraine +50bp (ytd -150bp), Brazil 12.25% (+100bp, ytd +50bp)
- **Unchanged:** Australia 4.35% (ytd 0bp), Serbia 5.75% (ytd -75bp), Peru 5.0% (ytd -175bp)
- **Cut:** Canada 3.25% (-50bp, ytd -175bp), Switzerland 0.5% (-50bp, ytd -125bp), ECB 3% (-25bp, ytd -100bp)

## News Agenda and Weekly Themes – Central Bank decisions, US retail sales, PCE and core prices, China data, global PMI flash

Next week, the **Fed's interest rate decision will take center stage**. Other key highlights in the US include retail sales, PCE prices, personal income and spending, the final estimate of GDP growth, industrial production, manufacturing and services PMIs, building permits, housing starts, and existing home sales. Globally, China will release industrial production, retail sales, jobless rate, housing prices, and loan prime rates. In the UK, the BoE's policy decision, inflation figures, retail sales, and jobs report will draw attention. Japan will feature the BoJ's interest rate decision, inflation and foreign trade data. Meanwhile, interest rate decisions are also expected in Mexico, Chile, Colombia, the Philippines, Sweden, Norway, Indonesia, Hungary, Czech, Taiwan and Thailand. Canada will release inflation data, Germany will publish the Ifo business climate index, and ZEW economic sentiment; and the Euro Area will report trade and PMI figures

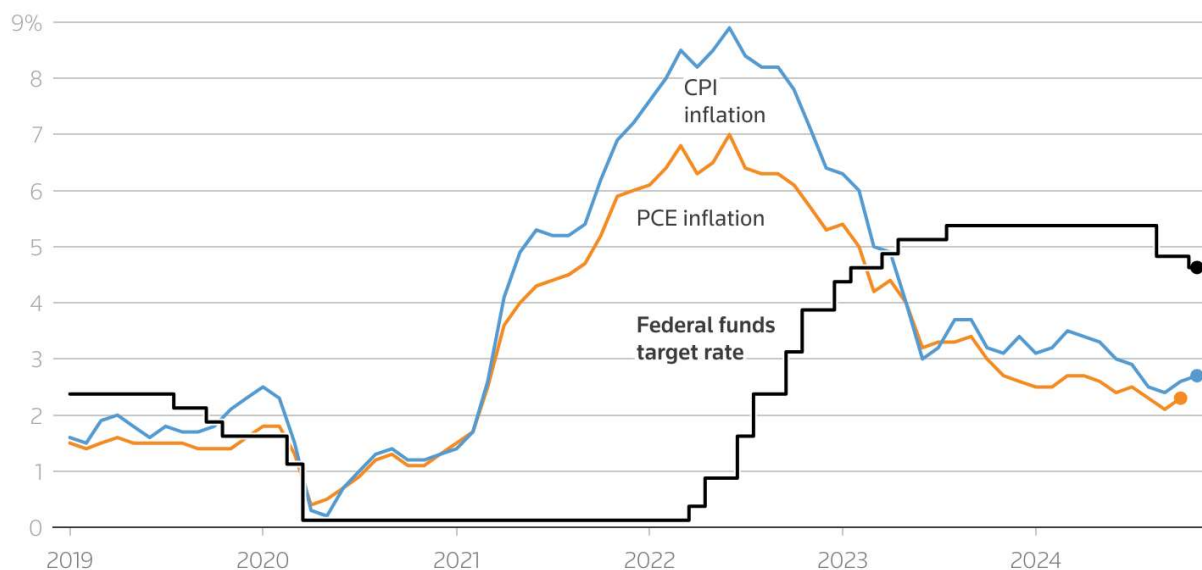
**1. FOMC and a hawkish 25bps cut?** The FOMC 2-day meeting ends Wednesday at 2pm with a 96% chance of a 25bps rate cut priced. What isn't clear is 2025 and the analyst

community is divided over 0 or 100bps – bimodal distributions highlight the risks for volatility in the year ahead. The key focus is likely on the “dot-plot” as the summary of economic projections is widely expected to shift higher the terminal rate for 2025 from 3.4% in September. Also, key will be the FOMC outlook for jobs, inflation and growth – with the 4.4% unemployment call for 2024 delayed, adding to pressures for a pause given sticky service inflation. But what is most clearly in play is how the FOMC statement and FOMC Chair Powell describe the risks from Trump policy shifts on immigration and trade tariffs – both are seen as hitting growth and lifting inflation risks. As a consequence, many see the FOMC language not matching their action next week.

### Exhibit #2: FOMC dot plot key for 2025 risks?

#### All eyes on the Fed's last policy meeting of the year

The U.S. Federal Reserve started a rate cut cycle in September and has lowered rates by a total of 50 basis points.



Note: The plotted federal funds target rate is the midpoint of the official range.

Source: LSEG Datastream | REUTERS, Dec. 11, 2024

Source: Reuters, BNY

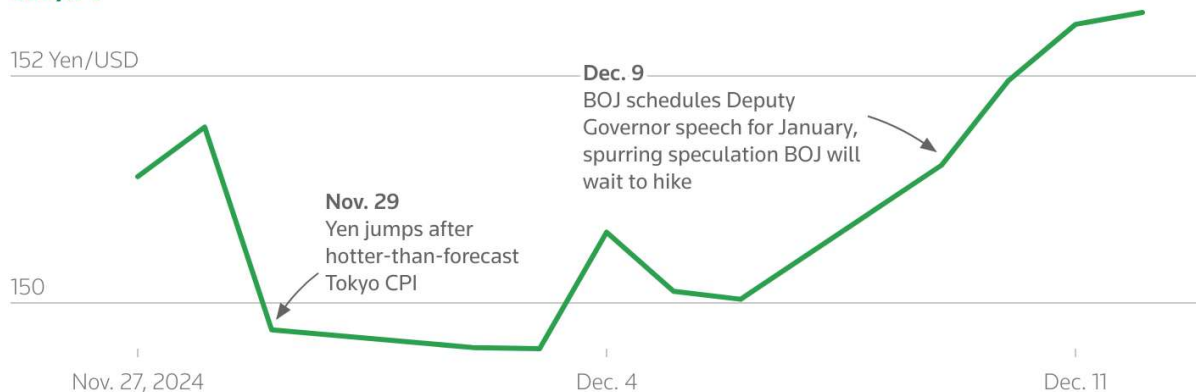
**2. BOJ and the cost of holding.** The press leaks to Reuters last week that the BOJ was likely on hold, coupled with Bloomberg suggesting officials saw “little cost” to waiting shifted the odds of a hike from near 90% to less than 30%. The role of USD/JPY in the equation for rate decisions in Japan is now key. Should the FOMC sound more hawkish and drive USD/JPY back over 155, the chances for a BOJ hike rise. The other factor is credibility as the BOJ Governor Ueda made clear that every meeting is “live” for risk to policy tightening. Beyond the JPY is the rate of inflation which continues to hold well over 2% and remains a political risk given voters discontent with cost-of-living pressures. Real wage growth helps but doesn’t solve the problem for both the government and the BOJ as their cost of inaction is longer term credibility, reflected in bond yields and the JPY. Last week the 10Y JGB yields fell 3bps to 1.0260. How the market handles another delay with likely test the 1.06-1.08% resistance.

### Exhibit #3: Does a BOJ hold mean trouble for JPY and bonds?

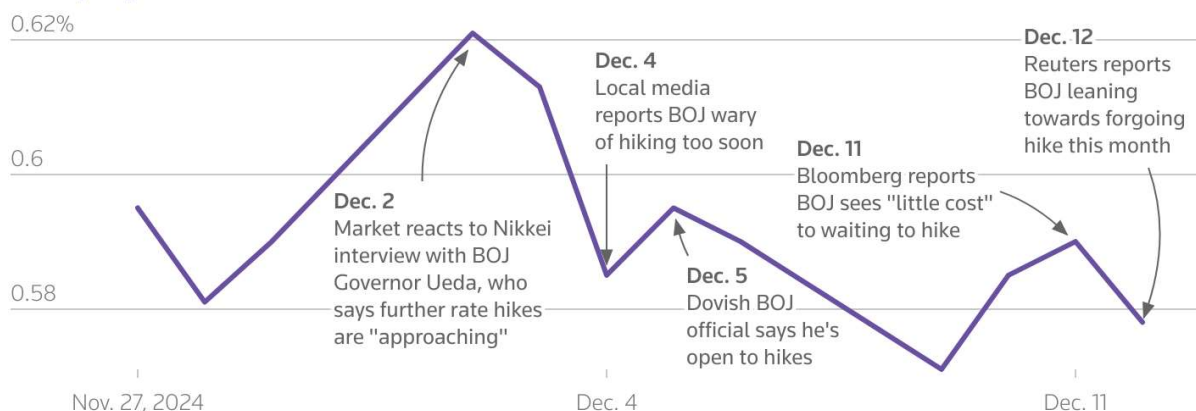
## BOJ to forego hike?

The BOJ is leaning towards keeping rates steady on Dec. 19, but the meeting is considered live.

### USD/JPY



### JGB 2-year yield



Note: Data as of Dec. 12, 2024 09:55 a.m. GMT

Source: LSEG Workspace | Reuters, Dec. 12, 2024 | By Pasit Kongkunakornkul

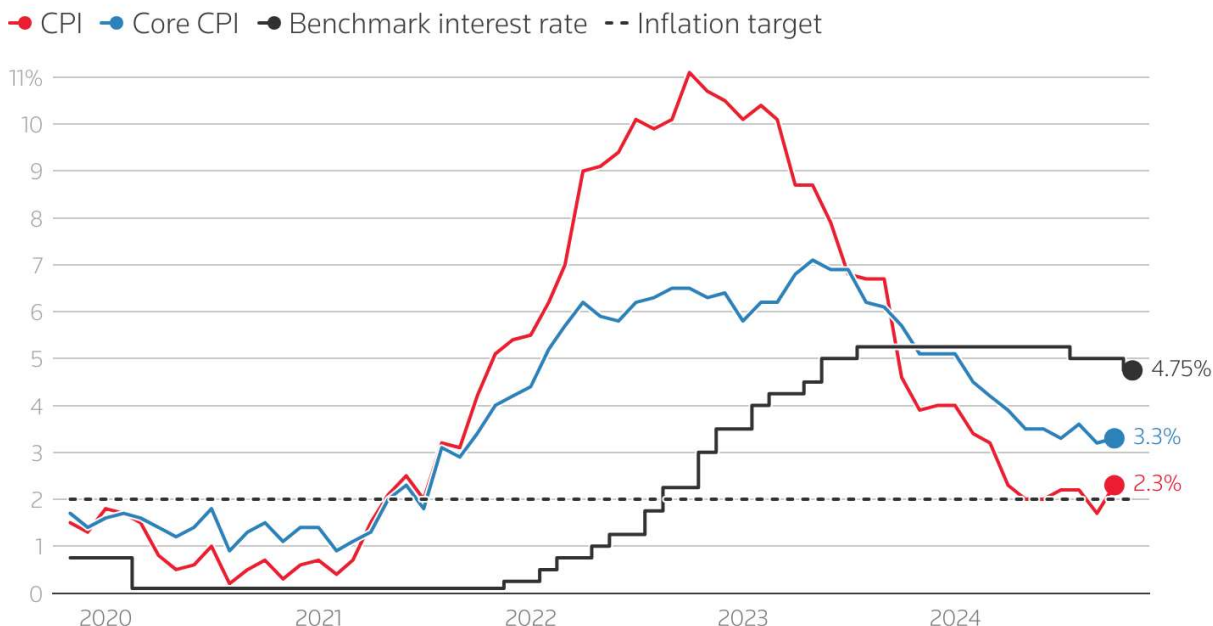
Source: Reuters, BNY

**3. Bank of England and the cost of waiting.** Markets price in a BOE to holding for rates at 4.75% on Thursday, just 50 bps below a previous 16-year peak, and further to resist a third 25bps cut until February. The key focus for many analysts is on the effects of the Labour October budget and what it brings for inflation and growth. The GBP has outperformed the EUR in part because of expectations that the BOE will hold and remain tentative on further cuts until inflation concerns ease. The data from last week on October monthly GDP and the previous jobs report makes clear that growth is slowing and that tax rises deter hiring plans driving down consumer spending and overall confidence. How the BOE presents its view of 2025 and how they see the risks to trade and growth matter just as much as if they act or not. The cost of saying they plan to ease more in 2025 could be more dramatic than if they do next week.

## Exhibit #4: Is CPI stuck in UK regardless of growth?

## Britain's inflation and interest rates

Benchmark interest rate and year-on-year change in CPI inflation



Published December 12, 2024 at 10:02 AM GMT

By Reuters • Sources: Office for National Statistics, LSEG

Source: Reuters, BNY

**4. Will the December flash PMI reports matter to US exceptionalism?** The November Eurozone composite PMI fell to 48.3 from 50.0 in October. How the December flash prints matters – particularly given the ECB action on just 25bps last week. German elections February 23, French politics with yet another new PM and ongoing debates over budgets dominate the worry list. PMI may be an imperfect tool to capture the actual growth and inflation risks into 2025 but it’s the best the market has to consider and its likely to drive further divergence between policy in the US, UK, EU and APAC. Only place that had clear growth beyond India in the flash reports last month was the US.

### Exhibit #5: Is the USD led by growth or rates or both?

#### Only US shows expansion in business activity in November

Composite Flash Purchasing Managers' Index (PMI) across major economies **Expansion** > 50 > **Contraction**

Last 12 months	Dec. 2023	Jan. 2024	Feb.	Mar.	Apr.	May	June	July	Aug	Sep.	Oct.	Nov.
Australia	47.4	48.1	51.8	52.4	53.6	52.6	50.6	50.2	51.4	49.8	49.8	49.4
Euro zone	47.0	47.9	48.9	49.9	51.4	52.3	50.8	50.1	51.2	48.9	49.7	48.1
France	43.7	44.2	47.7	47.7	49.9	49.1	48.2	49.5	52.7	47.4	47.3	44.8
Germany	46.7	47.1	46.1	47.4	50.5	52.2	50.6	48.7	48.5	47.2	48.4	47.3
UK	51.7	52.5	53.3	52.9	54.0	52.8	51.7	52.7	53.4	52.9	51.7	49.9
U.S.	51.0	52.3	51.4	52.2	50.9	54.4	54.6	55.0	54.1	54.4	54.3	55.3
Japan	50.4	51.1	50.3	52.3	52.6	52.4	50.0	52.6	53.0	52.5	49.4	49.8

Source: LSEG Datastream | Reuters, Dec 12, 2024 | By Vineet Sachdev  
Source: Reuters, BNY

## Calendar for Economic Releases December 16-20

### Central Bank Decisions

- **Hungary MNB (Tuesday, December 17) – On Hold expected.** The MNB is expected to maintain its on-hold stance to manage inflation expectations as demand remains robust across the region. Hungarian inflation looks set to trend higher based on the most recent sequential prints at well above 3.0%/y, which requires a significant real rate buffer as an offset. However, given the risks from the Eurozone, the market is

generally expecting such circumstances in CEE to remain temporary and renewed easing is likely at some point in H1. Any downside in the ECB's own path could also open up additional policy space given the lack of direct exposure to the US. However, the need for further fiscal adjustment is also material in the region to manage price risks.

- **Chile BCC (Tuesday, December 17) – Cut partially priced.** In light of the jumbo 100bp hike in Brazil last week, pressure will be on much of LatAm to limit their rate declines regardless of circumstances. Current inflation in Chile is running at just above 0.2%*m/m* and the annualised figure should fall below 4%, but with US rates likely to remain robust and Chile unlikely to see any material terms of trade improvement, room for additional easing appears limited for now. Household and industrial activity are both running at very healthy rates of expansion and the risks to external demand are somewhat skewed to the upside.
- **Thailand BoT (Tuesday, December 17) – On hold expected.** The recent rally in the THB might halt tilt the balance for Bank of Thailand to deliver back-to-back rate cut. Note that the October meeting was not unanimous with two members voting for unchanged. We will be looking out for material adjustments in the latest macroeconomic projection. As of October, BoT saw headline and core CPI at 1.2% and 0.9% respectively for 2025 and GDP to improve from 2.7% in 2024 to 2.9% in 2025.
- **Indonesia BI (Wednesday, December 18) – Cut partially priced.** It is a tough call for Bank Indonesia as high real interest rates in Indonesia (CPI 1.55% vs base rate of 6%), low inflation and potential Fed cut in December favour further normalisation of rates, but concerns over FX stability might see BI err on the side of caution. On balance, with USDIDR higher than Nov meeting, we see BI to keep rate unchanged at 6.00% but open to ease in 2025.
- **US FOMC (Wednesday, December 18) – 25bps cut expected.** The Fed will deliver a 25bp cut at its last meeting of the year. The outlook for 2025 is murky, however, as we wait for details – or at least concrete hints – of policy changes by the incoming administration. Disinflation has slowed, which by itself would likely make the FOMC more cautious in 2025. The Summary of Economic Projections will likely show a much less dovish path for rates next year than we saw in September, which projected 100bp of cuts for the year. US monetary policy is fraught with questions and wildcards as we head into 2025.
- **Taiwan CBC (Thursday, December 19) – On hold expected.** CBC had been the most hawkish central banks in APAC, having unexpectedly raised rates by 12.5bp in March 2024 and hiking the Reserve Requirement Ratio in June and September meetings to try to curb lending growth to slow the red-hot domestic housing market. The macroprudential measures enacted to curb house prices has started to work, as monthly house prices in New Taipei City dropped for two straight months and October house price growth at 2.2%*y/y*, the slowed since September 2023 (1.5%*y/y*), and from the 8.2% *y/y* peak in August 2024. With signs of cooling housing demand peaking growth momentum, we see CBC to maintain the RRR status quo as well as keeping benchmark rates unchanged at 2%. We see the CBC's tone to be less hawkish compared with September meeting.
- **Japan BoJ (Thursday, December 19) – On hold expected, small chance for 15bps hike.** Recent commentary from the BoJ suggests there is room to move on rates again but the market is not looking for an adjustment this week, even though CPI is expected to push higher towards 3%*y/y*. For now, the BoJ may wish to wait for clarity on US



economic policy as the new administration beds in, as any movement on tariffs could elicit a very different response, especially if central banks in APAC respond in kind. Furthermore, given the current risks to US rates, there is very limited scope for the USDJPY to weaken further barring exogenous shocks and material positioning adjustments.

- **Philippines BSP (Thursday, December 19) – 25bps cut expected.** So far, BSP had brushed aside the small uplift in CPI and the weakening of PHP, while solely focusing on reviving growth momentum. We see BSP delivering another 25bp to 5.75% and maintain a dovish tone to prepare market for further rate cut in 2025. Note that Adjusted CPI projection was revised higher for 2025 and 2026 to 3.3% (vs 2.9% in Aug) and 3.7% (vs 3.3% in Aug).
- **Sweden Riksbank (Thursday, December 19) – 25bps cut expected, small chance for 50bps.** Considering inflation continues to point to mild downside surprises and is comfortably below target, there is enough scope for the Riksbank to repeat its 50bp cut from the previous decision. The BoC and SNB decision last week has already indicated that such ‘activist’ policy is certainly justified, but markets will also look for any improvement towards the end of the forecast horizon to justify such a step. Core inflation surprising to the downside at -0.2%/m/m for consecutive is clearly a concern, and the Riksbank will also be mindful of shocks arising from the external sector as well.
- **Norway Norges (Thursday, December 19) – On hold expected.** Norges Bank is looking increasingly isolated within G10 in its policy outlook, especially in the wake of the RBA’s slightly less hawkish approach. Unlike peers in the region, inflation continues to surprise to the upside, both on an annualised and sequential basis though we note that there doesn’t appear to be much scope for a major overshoot of the current target. The outlook for oil prices also means that FX transactions for Norges Bank will likely turn towards sales in the near future, though additional tightening through the exchange rates will be welcome for a swift return to target for inflation.
- **UK BoE (Thursday, December 19) – On hold expected.** The BoE is expected to keep rates on hold as the Governor has moved away from a more “activist” stance (depending on the interpretation of the word) and is looking to a quarterly 25bp in easing pace as the base case – which we believe is apt for the economy. Given the risks of greater fiscal restraint are pressing up ahead, there may be room to act later in the year but the MPC remains hobbled by the lack of viable labour market data. However, with services inflation keeping at a 5%/y/y pace, the implication is that wage inputs remain difficult to hold down.
- **Czech CNB (Thursday, December 19) – On hold expected.** Joining peers, the CNB is expected to keep rates on hold for the December meeting in its first pause of the year. A combined 275bp in easing over the past 12 months should be considered sufficient to offer sufficient stimulus but the external risks are more pressing given the outlook for European manufacturing, especially in the automotive sector. As fiscal impulse has been more subdued compared to peers, upside risk from domestic demand is softer but CNB would probably prefer to avoid further easing in financial conditions lest sequential inflation indicate an annualised print of above 3% is on the horizon.
- **Mexico Banxico (Thursday, December 19) – 25bps cut expected, small chance of 50bps.** Banxico is expected to cut by another 25bp but markets will question the wisdom of maintaining an easing stance given the inflation risks from further weakness in the currency, driven by volatility in its trade relationship with the U.S. On the other

hand, current CPI figures are certainly manageable at a 4-5%/y/y range, implying the real rate buffer is more than strong enough to limit additional outflows. There are signs of additional softness in the economy based on both manufacturing and non-manufacturing PMIs, and Banxico may have more sympathy with the view prevalent in APAC that the demand weakness from a loss of export revenue is more than sufficient to offset any positive FX pass-through.

- **Colombia BCRC (Friday, December 20) – 50bps cut expected.** The market is looking for a jumbo 50bp cut in Colombia as current sequential inflation is essentially running at flat, providing a sufficiently large real rate buffer. Domestic activity is materially weak and the current outlook for commodities is also subdued, even though there is scope for better performance in soft commodities rather than energy and mining exposures. As unemployment is picking up again and consumer confidence continues to fall, BCRC is likely of the view that pass-through risk from a weaker currency is also limited due to poor domestic demand.
-

## Key data/releases

Date	GMT	EST	Country	Event	Period	Cons.	Prior
15/12/2024	21:45	16:45	NZ	Food Prices MoM	Nov	--	-0.90%
15/12/2024	23:50	18:50	JN	Core Machine Orders MoM	Oct	1.00%	-0.70%
16/12/2024	00:30	*19:30	JN	Jibun Bank Japan PMI Mfg	Dec P	--	49
16/12/2024	02:00	*21:00	CH	Industrial Production YoY	Nov	5.40%	5.30%
16/12/2024	02:00	*21:00	CH	Retail Sales YoY	Nov	5.00%	4.80%
16/12/2024	04:30	*23:30	JN	Tertiary Industry Index MoM	Oct	-0.10%	-0.20%
16/12/2024	08:30	03:30	GE	HCOB Germany Manufacturing PMI	Dec P	43	43
16/12/2024	09:00	04:00	EC	HCOB Eurozone Manufacturing PMI	Dec P	45.3	45.2
16/12/2024	09:30	04:30	UK	S&P Global UK Manufacturing PMI	Dec P	48.4	48
16/12/2024	14:45	09:45	US	S&P Global US Manufacturing PMI	Dec P	--	49.7
17/12/2024	07:00	02:00	UK	ILO Unemployment Rate 3Mths	Oct	4.30%	4.30%
17/12/2024	07:00	02:00	UK	Jobless Claims Change	Nov	--	26.7k
17/12/2024	09:00	04:00	GE	IFO Business Climate	Dec	85.5	85.7
17/12/2024	10:00	05:00	GE	ZEW Survey Expectations	Dec	6.6	7.4
17/12/2024	10:00	05:00	GE	ZEW Survey Current Situation	Dec	-93	-91.4
<b>17/12/2024</b>	<b>13:00</b>	<b>08:00</b>	<b>HU</b>	<b>Central Bank Rate Decision</b>	<b>Dec-17</b>	<b>6.50%</b>	<b>6.50%</b>
17/12/2024	13:30	08:30	CA	CPI NSA MoM	Nov	0.10%	0.40%
17/12/2024	13:30	08:30	US	Retail Sales Advance MoM	Nov	0.60%	0.40%
17/12/2024	13:30	08:30	CA	CPI YoY	Nov	2.00%	2.00%
17/12/2024	14:15	09:15	US	Industrial Production MoM	Nov	0.20%	-0.30%
<b>17/12/2024</b>	<b>21:00</b>	<b>16:00</b>	<b>CL</b>	<b>Overnight Rate Target</b>	<b>Dec-17</b>	<b>5.00%</b>	<b>5.25%</b>
<b>18/12/2024</b>	<b>07:00</b>	<b>02:00</b>	<b>TH</b>	<b>BoT Benchmark Interest Rate</b>	<b>Dec-18</b>	<b>2.25%</b>	<b>2.25%</b>
18/12/2024	07:00	02:00	UK	CPI MoM	Nov	0.10%	0.60%
18/12/2024	07:00	02:00	UK	CPI YoY	Nov	2.60%	2.30%
18/12/2024	07:00	02:00	UK	CPI Core YoY	Nov	3.60%	3.30%
<b>18/12/2024</b>	<b>07:20</b>	<b>02:20</b>	<b>ID</b>	<b>BI-Rate</b>	<b>Dec-18</b>	<b>5.75%</b>	<b>6.00%</b>
18/12/2024	10:00	05:00	EC	CPI YoY	Nov F	2.30%	2.30%
18/12/2024	10:00	05:00	EC	CPI MoM	Nov F	-0.30%	-0.30%
18/12/2024	12:00	07:00	US	MBA Mortgage Applications	Dec-13	--	5.40%
18/12/2024	13:30	08:30	US	Housing Starts	Nov	1345k	1311k
<b>18/12/2024</b>	<b>19:00</b>	<b>14:00</b>	<b>US</b>	<b>FOMC Rate Decision (Upper Bound)</b>	<b>Dec-18</b>	<b>4.50%</b>	<b>4.75%</b>
18/12/2024	21:45	16:45	NZ	GDP SA QoQ	3Q	-0.20%	-0.20%
<b>19/12/2024</b>			<b>TA</b>	<b>CBC Benchmark Interest Rate</b>	<b>Dec-19</b>	<b>2.00%</b>	<b>2.00%</b>
<b>19/12/2024</b>			<b>JN</b>	<b>BOJ Target Rate</b>	<b>Dec-19</b>	<b>0.25%</b>	<b>0.25%</b>
<b>19/12/2024</b>	<b>07:00</b>	<b>02:00</b>	<b>PH</b>	<b>BSP Overnight Borrowing Rate</b>	<b>Dec-19</b>	<b>5.75%</b>	<b>6.00%</b>
<b>19/12/2024</b>	<b>08:30</b>	<b>03:30</b>	<b>SW</b>	<b>Riksbank Policy Rate</b>	<b>Dec-19</b>	<b>2.50%</b>	<b>2.75%</b>
<b>19/12/2024</b>	<b>09:00</b>	<b>04:00</b>	<b>NO</b>	<b>Deposit Rates</b>	<b>Dec-19</b>	<b>4.50%</b>	<b>4.50%</b>
19/12/2024	09:00	04:00	PD	Sold Industrial Output YoY	Nov	-2.00%	4.70%
19/12/2024	09:00	04:00	PD	PPI YoY	Nov	-3.80%	-5.20%
<b>19/12/2024</b>	<b>12:00</b>	<b>07:00</b>	<b>UK</b>	<b>Bank of England Bank Rate</b>	<b>Dec-19</b>	<b>4.75%</b>	<b>4.75%</b>
19/12/2024	13:30	08:30	US	GDP Annualized QoQ	3Q T	2.80%	2.80%
<b>19/12/2024</b>	<b>13:30</b>	<b>08:30</b>	<b>CZ</b>	<b>Repurchase Rate</b>	<b>Dec-19</b>	<b>4.00%</b>	<b>4.00%</b>
19/12/2024	13:30	08:30	US	Initial Jobless Claims	Dec-14	--	242k
19/12/2024	15:00	10:00	US	Existing Home Sales	Nov	4.10m	3.96m
<b>19/12/2024</b>	<b>19:00</b>	<b>14:00</b>	<b>MX</b>	<b>Overnight Rate</b>	<b>Dec-19</b>	<b>10.00%</b>	<b>10.25%</b>
19/12/2024	21:45	16:45	NZ	Trade Balance NZD	Nov	--	-1544m
19/12/2024	23:30	18:30	JN	Natl CPI YoY	Nov	2.90%	2.30%
20/12/2024	10:30	05:30	RU	Key Rate	Dec-20	23.00%	21.00%
20/12/2024	13:30	08:30	US	Personal Income	Nov	0.40%	0.60%
20/12/2024	13:30	08:30	US	Personal Spending	Nov	0.50%	0.40%
20/12/2024	15:00	10:00	US	U. of Mich. Sentiment	Dec F	74.1	74

### Key speeches/events

Date	GMT	EST	Country	Event
12/16/24	07:00	02:00	HU	Hungary Parliament Hearing for NBH Governor Nominee Varga
12/16/24	07:15	02:15	EC	ECB's Lagarde, Simkus Speak in Vilnius
12/16/24	08:10	03:10	EC	ECB's Simkus Speaks in Vilnius
12/16/24	08:15	03:15	EC	ECB's Lagarde Speaks in Vilnius
12/16/24	08:30	03:30	EC	ECB's Lagarde Speaks in Vilnius
12/16/24	08:45	03:45	EC	ECB's Guindos Speaks in Madrid
12/16/24	12:00	07:00	EC	ECB's Wunsch Speaks in Brussels
12/16/24	12:30	07:30	SP	ECB's Escriva Speaks in Madrid
12/16/24	16:30	11:30	EC	ECB's Schnabel Speaks in Paris
12/17/24	09:00	04:00	FI	Finnish Economic Forecast by the Bank of Finland
12/17/24	09:00	04:00	EC	ECB's Kazimir Gives Press Conference in Bratislava
12/17/24	09:00	04:00	EC	ECB's Rehn Speaks at Bank of Finland Event in Helsinki
12/17/24	12:00	07:00	SP	Bank of Spain Releases Economic Forecasts
12/18/24	07:35	02:35	EC	ECB's Muller Speaks in Tallinn
12/18/24	08:00	03:00	SW	Riksbank monetary policy meeting
12/18/24	09:00	04:00	EC	ECB's Lane Speaks in MNI Webcast
12/18/24	09:30	04:30	EC	ECB's Nagel Speaks in Karlsruhe
12/18/24	11:00	06:00	EC	Bundesbank Publishes Monthly Report
12/18/24	19:30	14:30	US	<b>Fed Chair Powell News Conference</b>
12/19/24	14:45	09:45	CZ	CNB News Conference

Source: Bloomberg, BNY

---

## Conclusions: Rotations and Debt into 2025

**The cost of debt is still the largest worry for 2025.** According to the UN 54 nations apart from the US and EU are spending over 10% of their government revenue on interest rate payments – that is \$850bn a year for the Emerging and Developing Markets. There is \$29 trillion in Emerging Market debt (that has doubled in the decade) and competes with the US and Europe for investment. The US debt at \$36 trillion is already a concern for how much the nation requires from abroad to fund itself without higher risk premiums. How central bankers this week describe their views for rate policy into a debt roll-over will be a key focus. The 2025 debt rollover is substantial – approaching \$100bn up from \$75bn in 2024. Right now, a number of EM and developed nations pay over 9% for their coupons – and yet that might not be enough given credit spreads globally are seen as too tight by many investors.

The risk for the week ahead may also be in the credit spreads for debt as the massive US IG issuance \$1.5 trillion in 2024 has neared the 2020 Pandemic record when rates were near 0% and after the Fed intervention into “fallen angels.” What is notable in the US small and medium sized business is how private credit has replaced equities for funding. The Russell 2000 equivalent in Germany has outperformed in Europe. This is not about cycles but access to credit markets. The implications for 2025 and how US risks play into a recession could matter. While that isn’t anyone’s central scenario for global growth, it remains a 15-20% risk as usual. The equity rotation trades out of big tech and into the SME world may return in the week ahead, but they could be hampered by credit doubts globally. The role of the French debt downgrade and the ongoing geopolitical concerns hamper all EM and Frontier markets. This leaves the role of the FOMC decision and how it spells out its guidance on rates into 2025 as even more important for investors globally.

---

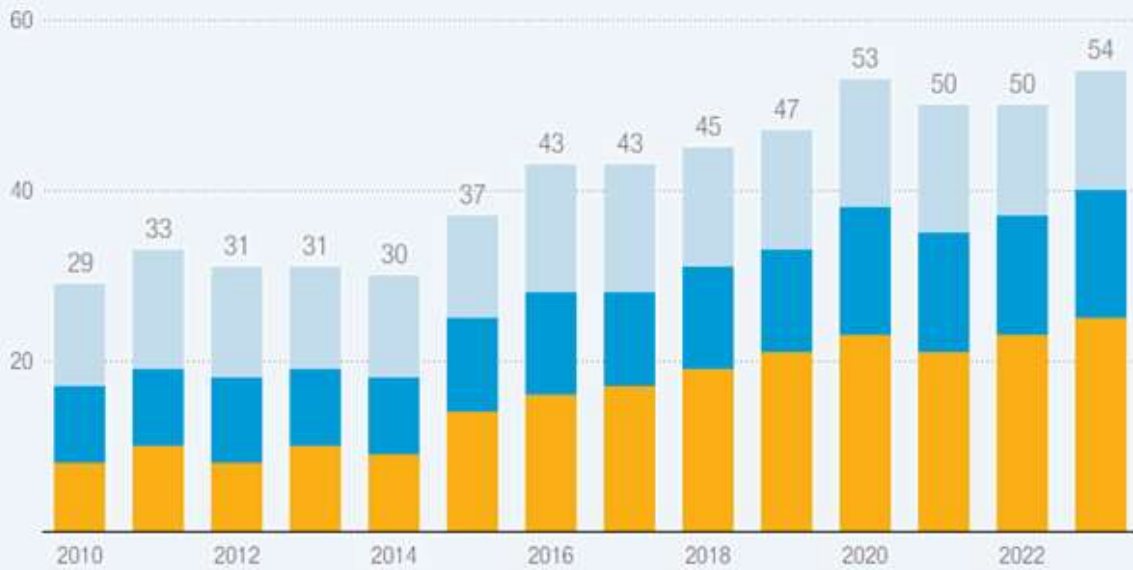
## Exhibit #6: UN concern for EM markets may be heard this week?



## 54 developing countries spend heavily on interest

Number of developing countries with net interest payments exceeding 10% of revenues, by region, 2010–2023

Africa Asia and Oceania Latina America and the Caribbean



Source: UN Global Crisis Response Group – technical team calculations based on International Monetary Fund (IMF) World Economic Outlook (April 2024).

Note: Net interest payments of the general government refer to the total amount of domestic and external interest expenses incurred from loans and other forms of borrowing, minus any interest income received.

Source: Reuters, BNY

Please direct questions or comments to: [iFlow@bny.com](mailto:iFlow@bny.com)

### Disclaimer & Disclosures



**Bob Savage**

HEAD OF MARKETS STRATEGY  
AND INSIGHTS

CONTACT BOB



Can't see the email? [View online](#)

**iFlow**  
We can gauge how the world's money moves.  
Because a fifth of it moves through us.

[Learn More](#)  
[Contact Us](#)

This email was sent to [james.cohen@bnymellon.com](mailto:james.cohen@bnymellon.com), and was sent by The Bank of New York Mellon 240 Greenwich Street, New York NY 10286.

We take our data protection and privacy responsibilities seriously and our privacy notice explains how we collect, use, and share personal information in the course of our business activities. It can be accessed [here](#).

Your privacy is important to us. You can opt out from receiving future Newsletters by unsubscribing via [this link](#) at any time. You can also select the topics that you want to receive by [managing your preferences](#).

This message was sent from an unmonitored email box. Please do not reply to this message.

[Contact Us](#) | [iFlow@bny.com](mailto:iFlow@bny.com)

© 2024 The Bank of New York Mellon Corporation. All rights reserved.

This message was sent from an unmonitored email box. Please do not reply to this message.