



Weekly Report



Global Equities

S&P 500 Eyes 7,000 Milestone Amid Tech Rally



Review: Tech gains pushed the S&P 500 to a record high of 6,929.94, up 1.4% weekly. Markets analyzed Fed minutes for 2026 rate-cut signals amidst a positive holiday-driven sentiment.

Outlook: Low-volume consolidation is expected for year-end. Focus shifts to 2026 tariff policies and inflation outlook; a clear Fed easing path may propel the index past the 7,000 psychological barrier.

Cooling Inflation Boosts 2026 Easing Hopes



Review: Declining CPI strengthened bets on aggressive ECB rate cuts in 2026. While holiday trading remained light, widening policy spreads pressured the Euro, providing a supportive valuation floor for major equities.

Outlook: Markets monitor for an economic trough in Q1. With shrinking wage-inflation gaps, consumption may recover. Focus remains on January's ECB meeting for critical guidance on neutral interest rate levels.

Tech Stimulus Ignites AI and Green Energy Sectors



Review: NDRC support for "AI Plus" initiatives and moves to curb industry overcompetition revived interest in hard-tech. Domestic capital returned to AI and EV supply chains despite fluctuating external demand.

Outlook: Investors are tracking the implementation of Central Economic Work Conference goals. With L3 autonomous driving milestones reached, funds are expected to favor digital economy assets to hedge against trade risks.

Stablecoin Framework and Tech IPOs Boost Sentiment



Review: Clearer crypto regulations and high-profile AI IPOs boosted HK's status as a tech financing hub. Southbound inflows remained robust, focusing on blue-chip leaders as market liquidity showed signs of improvement.

Outlook: Enhanced financing activity is expected to support HSI valuations. The index will test key resistance levels in early 2026, with market eyes on US-China trade developments and the performance of new listings.



Global Bonds

Cooling Inflation Ignites Global Sovereign Bond Rally



Review: Declining inflation across major economies bolstered 2026 easing bets, driving yields lower. The WGBI rose 0.55% as holiday safe-haven demand remained steady.

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Risk Appetite Supports Credit Market Resilience



Review: Record-high equities boosted risk sentiment, lifting high-yield bonds by 0.26%. EM debt stabilized amid a steady USD, with credit spreads near lows on soft-landing hopes.

Outlook: Anticipated rate cuts should ease corporate refinancing pressures. However, trade policy shifts may impact EM currencies; flows will depend on the balance of growth and yields.



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Commodities

WTI Crude Oil



Review: WTI prices hovered around \$56 per barrel, edging up 0.14% weekly. While geopolitical risks and output cuts provided underlying support, thin holiday trading and cautious outlooks for 2026 global demand capped overall gains.

Outlook: Focus shifts to OPEC+ production compliance entering 2026. The balance of supply and demand during the winter heating season remains critical, while fluctuations in the US Dollar index will continue to influence crude's international pricing.

Gold



Review: Spot gold surged 4.48% this week, breaching the \$4,500 mark. The rally was driven by intensifying expectations for 2026 rate cuts and sustained safe-haven inflows amid global uncertainty, marking a significant weekly performance.

Outlook: Gold's trajectory depends on early 2026 inflation prints and Fed policy signals. While a loose monetary environment supports bullion, any delay in rate cuts due to resilient economic data may trigger profit-taking and technical corrections.

Bloomberg commodity Spot index



Review: Driven by soaring gold prices and a rebound in select metals, the Bloomberg Commodity Spot Index rose 3.37% weekly. Expectations of easing cycles attracted capital into the sector, overshadowing the relatively flat performance of energy.

Outlook: Market participants are monitoring China's recovery for signs of increased demand for base metals. As 2026 global trade policies evolve, commodity volatility is expected to rise, with investors balancing industrial demand against defensive positioning.



Currencies

US Dollar Index



Review: Lower-than-expected inflation data fueled aggressive 2026 Fed cut bets, driving the DXY 0.59% lower this week. Thin holiday trading amplified the decline as investors liquidated long positions, causing the index to slip below the 100 psychological threshold.

Outlook: The Greenback's 2026 opening will hinge on labor market resilience and fiscal policy clarity. While weak employment data could extend the downward trend, any persistent inflation stickiness may encourage bottom-fishing and stabilize the index at current levels.

CNY/USD



Review: Bolstered by a retreating US Dollar and stabilizing domestic policy signals, the CNY gained 0.50% to close at 7.0045. Year-end corporate FX settlement demand, coupled with strategic support for the tech sector, provided a solid foundation for the currency's recovery.

Outlook: RMB performance remains tied to US-China interest rate differentials and seasonal capital flows. Heading into the 2026 Lunar New Year settlement peak, the currency shows short-term resilience, though market sentiment stays sensitive to potential shifts in global trade policies.



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Major market indexes

Index Name	Price	Return (Weekly)	Return (Monthly)	Return (Annual)	Return (YTD)	Return (3Y)	Return (5Y)	Return (10Y)
Hang Seng Composite	25,818.93	0.50	-0.42	28.46	28.71	31.78	-2.15	17.36
Hang Seng China Enterprise	8,915.12	0.16	-2.70	22.06	22.29	34.21	-14.53	-8.93
Shanghai Composite	3,963.68	1.88	2.57	16.64	18.26	28.04	16.70	11.22
Shenzen Composite	2,541.94	3.13	4.47	26.40	29.86	27.52	11.78	9.08
Dow Jones Industrial	48,710.97	1.20	2.71	12.43	14.49	46.54	61.30	174.88
S&P 500	6,929.94	1.40	1.72	14.78	17.82	80.97	87.14	233.43
NASDAQ COMPOSITE	23,593.10	1.22	1.63	17.85	22.18	127.88	84.25	361.89
FTSE 100	9,870.68	-0.27	1.85	21.31	20.77	32.08	51.81	56.32
DAX	24,340.06	0.21	2.59	22.63	22.26	73.92	79.14	124.12
NIKKEI 225	50,750.39	2.51	2.40	28.26	27.21	91.89	90.39	167.36

Source: Bloomberg2025/12/26



Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	GDP (QoQ) (Q3)	3.80%	3.30%	4.30%	Above
US	CB Consumer Confidence (Dec)	92.90	91.70	89.10	Below
US	Initial Jobless Claims	224K	224K	214K	Below



Bond/Forex

Bond Instrument	Price	Change(%)	Yield (%)
US Treasury Bond 30Y	97.01	0.27	4.81
US Treasury Note 10Y	98.96	0.24	4.13
US Treasury Note 5Y	99.68	0.21	3.70
US Treasury Note 2Y	99.80	0.04	3.48
US Treasury Bill 3M	3.55	1.64	3.63
China Govt Bond 10Y	99.53	0.17	1.83
Japan Govt Bond 10Y	97.29	-0.10	2.03
German Bond 10Y	97.82	0.33	2.86
UK Gilt 10Y	99.93	0.21	4.51

Source: Bloomberg2025/12/26

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.7713	-0.13	-0.09	0.03
HKD/CNH	0.9013	-0.29	-0.83	-4.56
USD/CNH	7.0045	-0.42	-0.91	-4.54
USD/JPY	156.5700	-0.75	0.06	-0.40
USD/CAD	1.3672	-0.94	-2.65	-4.95
GBP/USD	1.3497	0.88	1.93	7.84
AUD/USD	0.6716	1.57	3.04	8.53
EUR/USD	1.1772	0.53	1.53	13.70

Source: Bloomberg2025/12/26

ps: The US 30-year Treasury bond is typically quoted in 32nds, while the 10-year Treasury note is generally quoted in 64ths for finer precision, though both are based on the standard fractional system.

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