



## **HERE WE ARE IN 2025. THE MARKETS OF THE YEAR THAT HAS JUST ENDED WERE EXCEPTIONAL. WILL THE TREND CONTINUE?**

January always starts a little quietly on Wall Street, waiting for all the market players to be back from holidays and for volumes to return to their usual size.

In 2024, the stock markets recorded incredible results, particularly due to certain companies that continue to drag the indices.

The S&P 500 ended 2024 with an annual gain of about 23% after rising by 24% in 2023, marking the first time since 1997 and 1998 that the index has closed with back-to-back gains of above 20% (*FactSet* data). U.S. stocks are those which have recorded the best performance, thanks to the optimism arising from strong economic growth, cooling inflation, a series of Federal Reserve rate cuts and from enthusiasm induced by Donald Trump's election victory.

As we reported in our newsletters and reviews over the past year, tech and AI stocks were the stars of 2024 (and they are largely expected to lead growth again in 2025).

From a more general perspective, analysts are rather in agreement that the global economy should keep growing in the coming quarters, with the United States in the lead.

Furthermore, inflation should fall close to target across many economies, allowing new cuts to interest rates.

It is also true that there is no shortage of questions, especially concerning the tariff plans that the new American president intends to adopt.

According to the Swiss banking group Lombard Odier: *"For 2025, the world will be shaken up again, amid more adversarial US trade policies. The scale of new tariffs remains unknown, but we expect some compromises on campaign rhetoric.*

*With US ambitions overseas scaled back and less commitment to international institutions, the shift towards a multipolar and fracturing world will accelerate. Global trade will continue to be redrawn among friends, and alliances into rival US- and China-led blocs."*

The Eurozone (already limping and slow) will be the most stagnant, maintaining itself in a growth perspective, but significantly reduced by the weakness in Germany.

## **What to expect from the financial markets? How to invest in January?**

Forecasts from major banks, including UBS, Goldman Sachs and Bank of America for the S&P 500 in 2025 range from growth of around 10% to 14%.

These estimates are related to the business-friendly approach of the new Trump administration (lower taxes, deregulation and higher profits for American companies).

The sector that will continue to dominate and drag the indices will still be the technology (the artificial intelligence in particular).

Overall, a very positive year is expected for equities, but also for corporate bonds, for the US dollar and for gold, despite the volatility on the markets that the arrival of Donald Trump will inevitably cause.



For what remains of the month of January and potential investments, we refer to the tech world, choosing stocks that have now become classics, such as Nvidia, Microsoft, Tesla, but also Palantir - PLTR - (*Palantir Technologies Inc. is an American publicly traded company that specializes in software platforms for big data analytics. The company has four main projects: Palantir Gotham, Palantir Foundry, Palantir Apollo, and Palantir AIP. Palantir Gotham is an intelligence and defense tool used by militaries and counter-terrorism analysts*).

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