

■ First to Market

January 3, 2025

All That Glitters...

A daily market update from FS Insight – what you need to know ahead of opening bell.

*“No one can stop you from shining if you are standing in your own light.” —
Matshona Dhliwayo*

Over the weekend

The American Worker Is Becoming More Productive [WSJ](#)

China’s central bank plans policy overhaul as pressure mounts on economy [FT](#)

Surgeon General Calls for Cancer Warnings on Alcohol [NYT](#)

Blast of frigid US weather revives volatility in heating fuel markets [FT](#)

Tesla’s Global Vehicle Deliveries Fell in 2024 for the First Time in Years [WSJ](#)

Biden blocks sale of US Steel to Japan’s Nippon [SEM](#)

Ken Griffin’s flagship hedge fund at Citadel climbs 15.1% in 2024 [CNBC](#)

BlackRock’s Bitcoin ETF Posts Record Outflow After Banner Year [BBG](#)

Warren Buffett’s Berkshire Hathaway beats S&P 500 in 2024, posts 9th straight up year [CNBC](#)

Hindenburg Research shorts Carvana, calling company’s turnaround a ‘mirage’ [CNBC](#)



South Korea's Impeached President Fends Off Arrest Attempt Over Martial-Law Decree [WSJ](#)

It's Christmas for the elephants as unsold trees are fed to the animals at Berlin Zoo [AP](#)

Bereaved whale spotted pushing another dead calf [BBC](#)

Chart of the Day

P/E: Expanding by 2.0X P/E Year +1... not demanding

'25 and '26 PE Ratio and FCF Yield by Sector
Sorted from Highest to Lowest, '26 EPS

Sector	PE Ratio ('25 EPS)	FCF Yield ('25)	PE Ratio ('26 EPS)	FCF Yield ('26)
1 FANG+	32x	2.7%	27x	3.3%
2 Tech ex-FANG+	24x	3.8%	21x	4.6%
3 Consumer Staples	22x	3.8%	21x	4.3%
4 Industrials	23x	3.9%	20x	4.7%
5 Discretionary ex-FANG+	20x	4.9%	18x	5.1%
6 Real Estate	19x	4.2%	18x	4.7%
7 Materials	20x	4.1%	17x	4.9%
8 Utilities	18x	-1.3%	17x	-0.2%
9 Healthcare	18x	5.5%	16x	6.1%
10 Financials	17x	4.2%	15x	3.6%
11 Energy	14x	7.4%	12x	8.5%
12 Comm. Services ex-FANG+	11x	10.4%	11x	11.0%
S&P 500	22x	3.8%	20x	4.4%
S&P 500 ex-FANG+	19x	4.4%	17x	5.0%

Year+1 P/E expands from 20X to 22X

Current P/E Year +1

Source: Fundstrat, Bloomberg, Factset

Overnight



S&P Futures +16 ▲ point(s) (+0.3% ▲)
Overnight range: -5 ▼ to +25 ▲ point(s)

APAC

Nikkei flat
Topix flat
China SHCOMP -1.57% ▼
Hang Seng +0.7% ▲
Korea +1.79% ▲
Singapore +0.03% ▲
Australia +0.6% ▲
India -0.76% ▼
Taiwan +0.33% ▲

Europe

Stoxx 50 -0.56% ▼
Stoxx 600 -0.3% ▼
FTSE 100 -0.11% ▼
DAX -0.45% ▼
CAC 40 -0.84% ▼
Italy -0.47% ▼
IBEX +0.02% ▲

FX

Dollar Index (DXY) -0.28% ▼ to 109.09
EUR/USD +0.18% ▲ to 1.0283
GBP/USD +0.12% ▲ to 1.2395
USD/JPY -0.1% ▼ to 157.35
USD/CNY +0.26% ▲ to 7.3187
USD/CNH +0.2% ▲ to 7.3551



USD/CHF **-0.3%** ▼ to 0.9096
USD/CAD **-0.01%** ▼ to 1.4401
AUD/USD **+0.19%** ▲ to 0.6215

Crypto

BTC **-0.69%** ▼ to 96457.36
ETH **-0.14%** ▼ to 3446.32
XRP **+1.09%** ▲ to 2.4113
Cardano **+10.21%** ▲ to 1.064
Solana **+2.4%** ▲ to 211.31
Avalanche **+4.51%** ▲ to 41.0
Dogecoin **+0.89%** ▲ to 0.3403
Chainlink **+1.31%** ▲ to 22.3

Commodities and Others

VIX **-0.73%** ▼ to 17.8
WTI Crude **-0.33%** ▼ to 72.89
Brent Crude **-0.32%** ▼ to 75.69
Nat Gas **-3.33%** ▼ to 3.54
RBOB Gas **-0.17%** ▼ to 2.048
Heating Oil **-0.54%** ▼ to 2.341
Gold **-0.09%** ▼ to 2655.61
Silver **+0.47%** ▲ to 29.71
Copper **-0.04%** ▼ to 4.024

US Treasuries

1M **-3.9bps** ▼ to 4.2524%
3M **-1.4bps** ▼ to 4.2917%
6M **-1.2bps** ▼ to 4.2614%
12M **-1.7bps** ▼ to 4.1335%



2Y -0.4bps ▼ to 4.2351%
5Y -0.9bps ▼ to 4.3607%
7Y -1.1bps ▼ to 4.4578%
10Y -1.0bps ▼ to 4.5491%
20Y -1.1bps ▼ to 4.8329%
30Y -1.4bps ▼ to 4.7629%

UST Term Structure

2Y-3 ▼M Spread narrowed 1.3bps to -9.0 ▼ bps
10Y-2 ▼Y Spread narrowed 0.8bps to 31.0 bps
30Y-10 ▼Y Spread narrowed 0.4bps to 21.2 bps

Yesterday's Recap

SPX -0.22% ▼
SPX Eq Wt -0.29% ▼
NASDAQ 100 -0.17% ▼
NASDAQ Comp -0.16% ▼
Russell Midcap -0.08% ▼
R2k +0.07% ▲
R1k Value -0.16% ▼
R1k Growth -0.16% ▼
R2k Value -0.22% ▼
R2k Growth +0.34% ▲
FANG+ +0.3% ▲
Semis +1.08% ▲
Software -0.21% ▼
Biotech +1.63% ▲
Regional Banks -1.11% ▼ SPX GICS1 Sorted: Energy +1.04% ▲
Utes +0.73% ▲
Comm Srvcs +0.64% ▲
Healthcare +0.01% ▲



- Tech -0.21% ▼
- Fin -0.21% ▼
- SPX -0.22% ▼
- Indu -0.37% ▼
- Cons Staples -0.43% ▼
- REITs -1.0% ▼
- Materials -1.14% ▼
- Cons Disc -1.27% ▼

USD HY OaS

- All Sectors -4.7bp ▼ to 324bp
- All Sectors ex-Energy -4.1bp ▼ to 302bp
- Cons Disc -3.1bp ▼ to 282bp
- Indu -4.1bp ▼ to 243bp
- Tech -4.9bp ▼ to 312bp
- Comm Svcs -4.3bp ▼ to 510bp
- Materials -4.7bp ▼ to 298bp
- Energy -8.3bp ▼ to 306bp
- Fin Snr -5.0bp ▼ to 283bp
- Fin Sub -1.0bp ▼ to 196bp
- Cons Staples -3.2bp ▼ to 281bp
- Healthcare -6.7bp ▼ to 380bp
- Utes -3.7bp ▼ to 232bp *

DATE	TIME	DESCRIPTION	ESTIMATE	LAST
1/3	10AM	Dec ISM Manu PMI	48.2	48.4
1/6	9:45AM	Dec F S&P Svcs PMI	58.5	58.5
1/6	10AM	Nov F Durable Gds Orders	-0.3	-1.1
1/7	8:30AM	Nov Trade Balance	-78.2	-73.836
1/7	10AM	Dec ISM Svcs PMI	53.0	52.1
1/7	10AM	Nov JOLTS	7700.0	7744.0



DATE	TIME	DESCRIPTION	ESTIMATE	LAST
1/8	2PM	Dec 18 FOMC Minutes	n/a	0.0

MORNING INSIGHT

Good morning!

Interest rates are up, but they are hardly pushing levels that should undermine markets. And keep in mind, the Fed doesn't want financial conditions to tighten. This would offset any actions of Fed easing. This is the Fed put.

Click [HERE](#) for more.

TECHNICAL

Fundstrat Head of Technical Strategy Mark Newton is on vacation this week. He is scheduled to resume publishing Monday, Jan. 6, 2025.

CRYPTO

We analyze the disconnect between equities and crypto, exploring whether bitcoin's recent performance is signaling a broader market bottom or merely lagging equities. We also highlight the relative outperformance of the AI and memecoin sectors and what this could mean for the market's next moves.

Click [HERE](#) for more.

First News

Stocks had a historically great 2024. But goldbugs had it even better.

The most-actively traded gold futures contract rose 27% last year, outperforming the S&P 500's 23% advance. The last time the yellow metal gained more than the broad-based index while both assets were in the green for the year was in 2020, when worries about the Covid-19 pandemic sent investors rushing to the safety of gold.

The rally looks so good that even big Wall Street investors are salivating over it. (Typically, on Wall Street, buying gold carries a bit of a stigma because it doesn't earn as much as other assets. And if investors are paying a premium for the services of a money manager, they want to get the most bang for their buck.)

Billionaire investor [Ray Dalio, founder of Bridgewater Associates](#), said he wants to steer away from debt assets and invest in "hard money" like gold and bitcoin. [Matthew McLennan, portfolio manager of First Eagle Investments](#)' global value strategy with \$57 billion in assets, has an 11.4% positioning in gold due to its potential to hedge against losses. McLennan also owns Oracle and Meta.

Everyday investors are also enthusiastic about gold. Almost 40% of investors with at least \$250,000 in investible assets said they had gold in their portfolios, up from 20% in 2023, [a State Street survey published in November](#) said.

Behind gold's spectacular rally this year are bets that inflation will remain sticky, propelling the Federal Reserve to keep interest rates near multidecade highs to try to bring higher prices down.

Investors typically like to own gold during inflationary periods because it is supposed to keep its value even as other assets fall.

There are also other reasons that could be benefiting gold. Geopolitical tensions have escalated, foreign central banks have stepped up their gold purchases, and global debt keeps growing. Meanwhile, the stock market looks increasingly expensive, and concerns about an artificial intelligence bubble have ramped up.



The gold rally looks even more impressive when considering that the 10-year Treasury bond yield remained above 4% for most of 2024 (except August to October) and even ran above 4.5% to end the year. Since gold doesn't actually earn any income, it competes for investors' attention with yields, which do pay regular income.

Next up for gold: [Wall Street banks expect that gold prices](#) could climb as high as \$3,000 a troy ounce, which would represent a gain of nearly 14% from its 2024 closing price.

Worth remembering, however, that while investing in gold seems to be paying off for now, over the long term, only stocks have the power to outperform every other asset.

It's prudent to diversify.

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