
Bloomberg

Evening Briefing

Americas Edition

Wall Street is taking its cues from the US Federal Reserve, forecasting short-term US Treasury yields to fall in 2025 despite the looming threat of Donald Trump's trade and tax policies on the bond market. Strategists are mostly aligned in their predictions and see a drop in the two-year Treasury note's yield, which is more sensitive to the Fed's interest-rate policy. They see a decline of at least half a percentage point from the current level 12 months from now. "While investors are likely to be myopically focused on the pace and magnitude of rate cuts next year," JPMorgan Asset Management said, "investors should take a step back and recognize that the Fed is still in cutting mode in 2025." —*David E. Rovella*

What You Need to Know Today

A rally in some of the world's largest technology companies spurred a rebound in stocks on Monday despite disquieting consumer confidence data. In a thin trading session at the start of a holiday-shortened week, the S&P 500 finished near session highs. Nvidia and Meta helped drive a gauge of the "Magnificent Seven" megacaps up almost 1.5%. The S&P 500 is on its way to record a stellar annual return and back-to-back years of more than 20% gains. The index has risen about 25% since the end of 2023, with the top seven biggest technology stocks accounting for more than half of the advance. "Last week's action should mark the end of the recent pullback and allow a 'Santa Claus Rally'," said Jonathan Krinsky at BTIG. "We do think a deeper correction early in '25 is likely—albeit from a new all-time high." Here's your markets wrap.

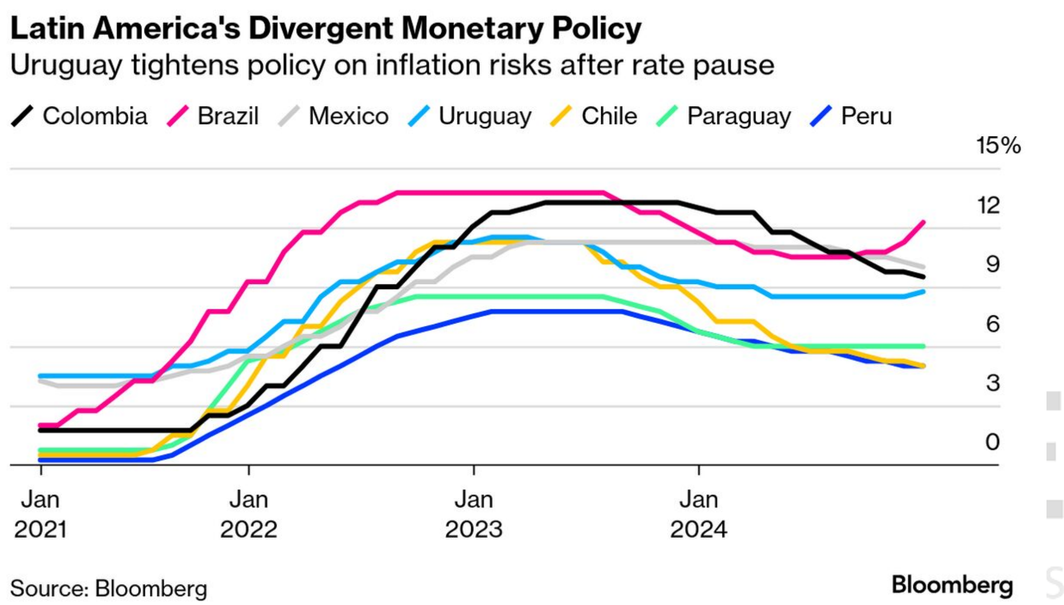
Being a venture capital partner is supposed to be a job for life. But in 2024, dozens of investors at some of the most storied firms have quit or been pushed out, the effect of a protracted startup downturn and a broader shift in the role of VC firms. In the last month alone, Matt Miller said he was leaving Sequoia Capital after more than a decade; Lux Capital general partner Bilal Zuberi started work on a new fund; and general partner Sriram Krishnan left Andreessen Horowitz to work for Trump. While job switching is common among junior dealmakers in venture, senior investors tend to hold onto their coveted positions for decades, enjoying the generous pay and potential for mammoth returns on investments. So what's going on?

Catastrophe-bond issuance rose to a record this year, increasing the overall market to almost $50 billion as insurers transferred more risk from costly climate disasters to private investors. Sales of bonds earmarked for supplemental coverage of large windstorms, earthquakes and other events totaled $17.7 billion, up 7% from the previous record set a year ago. The figures include cyber-risk and private transactions. "The cat-bond market had another year of strong growth," said Tanja Wrosch, head of cat-bond portfolio management at Zurich-based Twelve Capital. "Larger, more diverse and deeper markets are key to the success and sustainability of cat-bond solutions and investment strategies."

Waters surge across a street in Sarasota, Florida, after Hurricane Milton came ashore on Oct. 9. *Photographer: Joe Raedle/Getty Images*

The Nordstrom family is joining forces with a Mexican retailer to take its namesake department store private in an [all-cash transaction] valued at about $6.25 billion, including debt. The founding family is betting that the century-old retail chain will be more successful without the scrutiny and demands of the public market after shares in Nordstrom Inc. plunged 40% in the last five years. As part of the transaction, which is expected to close in the first half of 2025, the family and Mexican department-store chain El Puerto de Liverpool SAB will acquire all of the outstanding common shares of Nordstrom. Department-store chains in the US [have also struggled] as shoppers pivot to online competitors. It's a smart time to make this take-private offer, said Morningstar analyst David Swartz: "The Nordstrom family and El Puerto de Liverpool are getting a good deal here and buying Nordstrom when its results are depressed."

Uruguay's central bank surprised markets with a quarter-point interest rate hike Monday, citing an uptick in underlying inflation and long-term inflation expectations. Uruguay's first interest rate increase in two years lifted the benchmark rate to 8.75%, surprising all five analysts surveyed by Bloomberg. Uruguay joins neighboring Brazil in adopting a tighter monetary policy stance though the former's 100 basis-point hike earlier this month was aimed at stopping a run on the Brazilian real. Colombia and Mexico are still lowering borrowing costs, while Chile has signaled it might pause further rate cuts due to above target inflation. Paraguay has held its key rate steady at 6% since April thanks to tame consumer prices.



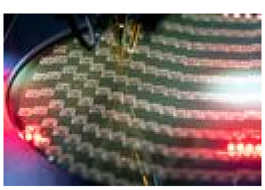
South Korea's consumer confidence dropped this month by the most since the start of the pandemic, battered by the political turmoil triggered by President Yoon Suk Yeol's declaration of martial law and his subsequent impeachment. Greater political uncertainty and financial volatility are the main factors that dented confidence among South Koreans in December, the Bank of Korea said in the survey. Speculation is increasing among economists that the BOK may consider a rate cut in January to respond to headwinds facing the economy.

Trump's inauguration arrives in just a few weeks, and with it his promise of the mass deportation of millions of undocumented immigrants. If successful, Donald

Kerwin writes in *Bloomberg Opinion*, this plan would in fact undermine the incoming administration's economic, budget-cutting and bureaucracy-reduction goals—all while devastating untold numbers of families. The Republican president-elect has repeatedly described the undocumented as polluters of the nation's blood, as criminals, animals, invaders and [worse](), Kerwin writes, yet undocumented immigrants are [linchpins to essential occupations]() and industries all across America.

Farm workers weeding a bell pepper field in Camarillo, California, in July. *Photographer: Etienne Laurent/AFP*

What You'll Need to Know Tomorrow



Trade War

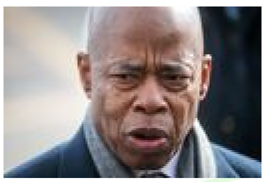
Biden Team to Probe Chinese Chips, Setting Up Trump for Tariffs

Tech Stocks

Tesla, Meta and Broadcom Weights Shrink in Nasdaq 100 Rebalance

Climate Change

The 30-Year Mortgage Wasn’t Designed for Climate Chaos

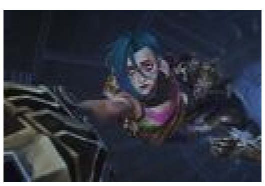


Crime

Guilty Plea May Be Bad News for Scandal-Plagued New York Mayor

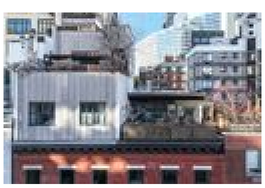
Education

Trump Deputies Want to Make an Example Out of Harvard



Bloomberg Screentime

Riot’s $250 Million ‘Arcane’ TV Series Was a Netflix Hit and a Financial Miss

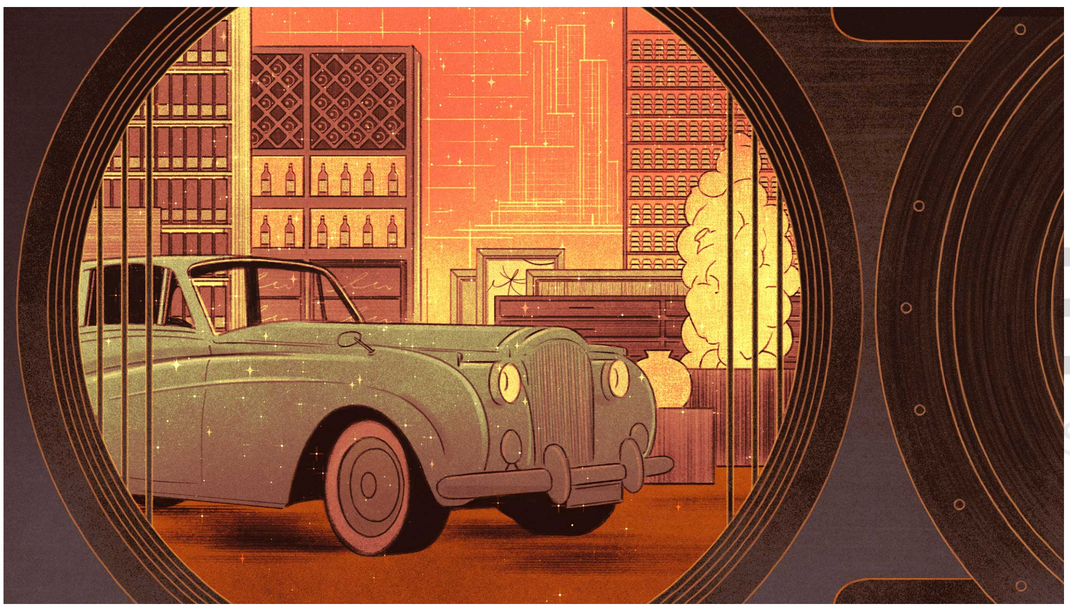


Only in New York

StreetEasy’s Ex-CEO Built a Tribeca Penthouse. McDonald’s Wants It Demolished

For Your Commute

The outgoing Biden administration is leaving Trump a historically strong US economy, and the Republican's incoming administration is all about gutting regulations (and regulators), so it's fair to assume 2025 could be as great a year for markets as 2024, right? Perhaps, but there are concerns about valuations in the tech stocks fueling the rise in leading indexes. Some skeptics also argue that the vaunted US growth engine could sputter and investors may want to venture into international assets. Others advise you look beyond the usual suspects to spotlight promising, if less flashy, niches. Ideas ranged from nuclear companies to insurance brokers and auto electronics suppliers to European industrials. Here's where they say you should invest $1 million right now.



Where to invest $1 million right now *Illustration: Isabel Seliger*

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