

Market Pulse 10 Brief

Author: Aditya Dhanraj

Full Report: <https://financialmarketmonitor.github.io/market-pulses/mp10/market-pulse-10.html>

Date: February 3, 2025

Over the past two weeks, US markets navigated a volatile environment shaped by new tariffs and energy policies under the Trump Administration, the tech-sector disruption from DeepSeek AI, and resilient domestic economic conditions, with the S&P 500 up 0.89%, Nasdaq 2.21%, Dow 1.07%, and Russell 2000 slightly down 0.12%, while month-to-date gains were modest across indices. Domestically, economic data showed mixed signals, with January business activity growth slowing but manufacturing returning to expansion, existing home sales rising 2.2% in December, and consumer sentiment declining amid inflation and unemployment concerns. The Fed held rates steady at 4.25–4.50%, citing solid labor markets and somewhat elevated inflation, supported by December PCE at 2.6% YoY and core PCE at 2.8%, while Q4 GDP grew 2.3% YoY. Abroad, Europe posted marginal growth with Eurozone composite PMI at 50.2, Germany and France contracting slightly, and the ECB continuing rate cuts, while the UK saw wage growth accelerate to 6% despite a rise in unemployment. In APAC, Japan implemented its third rate hike to 0.5% amid rising CPI and wage growth, while China showed persistent deflationary pressures despite easing measures. Earnings season continued strongly, led by Apple, Microsoft, and Meta beating expectations, Tesla missing, and broader corporate earnings pointing to Q4 growth of 13.2% YoY. In M&A, Diversified Energy Company's \$1.275B acquisition of Maverick Natural Resources expands production, revenue, and free cash flow, while tariffs, energy policy, and AI-driven tech developments remain key watch points for markets and consumer prices.