



Monthly Perspective

“Approach the New Year with resolve to find the opportunities hidden in each new day – Michael Josephson”

US Markets:

US stocks ended lower on the last trading day of 2024, but the overall performance for the S&P 500 and Nasdaq was outstanding. The S&P 500 recorded 57 record highs and gained 23.31% for the year, while the Nasdaq posted a 28.64% gain. Notably, data from the S&P 500 Equal-Weighted Index shows a more modest gain of just 10.9%. Looking at the Magnificent 7 index, which saw a 42.69% gain for the year, it's clear that these few stocks were responsible for more than half of the S&P 500's gains for the second consecutive year. I believe two factors have been driving this rally: First, these companies possess global monopolistic advantages, and second, the lowering of Wall Street earnings estimates has fueled these massive rallies.

Looking ahead to 2025, Wall Street forecasts a continued bull run with expected gains of 14.8%. However, I believe the lofty valuations are becoming too glaring, and with the Fed signaling a slowdown in rate cuts, there is a significant chance of a sudden pullback, which could provide a better entry point for investors.

Commodities:

Gold had another strong year with a 27.22% gain, while silver rose by 21.46%. Wall Street banks forecast gold reaching the \$3,000 mark in 2025, largely driven by increased central bank demand, and geopolitical reasons. While I respect the Wall Street forecast, I remain cautious. I believe that if Trump takes action to stop wars, this could trigger a sudden dip in gold prices—an outcome that cannot be ruled out.

Asia Pacific Markets:

Equity performance in the Asia Pacific region has been more uneven, influenced by US investment policy changes, political factors, and central bank policies. Taiwan emerged as the top performer, surpassing Japan, due to its leadership in providing the supply chain to US Mega

cap Tech stocks. Singapore stocks (excluding real estate REITs) ranked second in performance for 2024 with 29.6% gains. Most Asian REITs have been negatively affected by the Fed's slowdown in interest rate cuts, something that require close monitoring in 2025.

Japan posted 17.69% gains, despite losing early big gains as the Bank of Japan (BOJ) intensified its intention to hike rates. I believe Japan will proceed with rate hikes in 2025, which should provide

good opportunities to buy quality Japanese stocks on dips. Meanwhile, Korean stocks were the worst performer of 2024, suffering from a combination of Trump's tariff threats and South Korea's political instability, including the President's impeachment.

I believe Artificial Intelligence (AI) will continue to be the major theme driving the market in 2025, and we should see a recovery in Asian tech stocks as factors like BOJ rate hikes, the easing of tariff threats from Trump, and South Korea's political transition unfold. Lastly, I expect China to introduce more stimulus measures in 2025 to support its own markets.



From the News Desk to the Investment Team

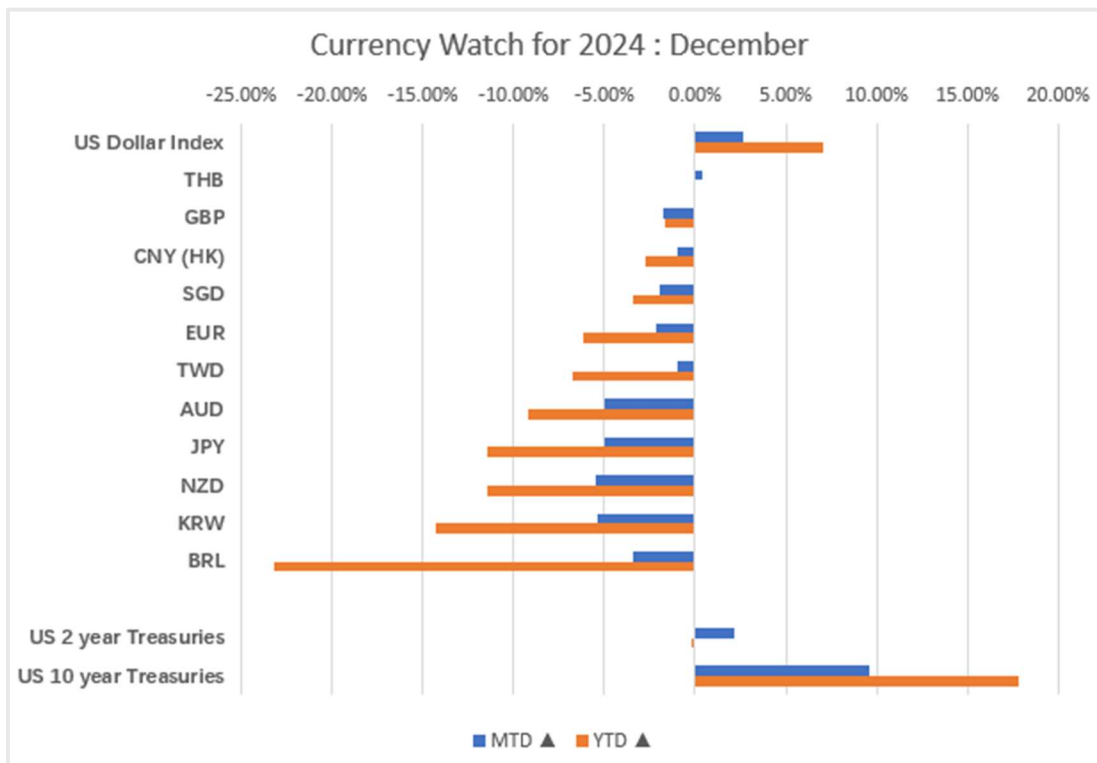
- Trump threat of 100% tariffs against BRICs nations raises trade war fears – 1st Dec
- OECD cuts 2025 forecast for German economy – 4th Dec
- BlackRock bets on AI-driven stocks rally but US debt clouds 2025 outlook – 5th Dec
- ECB cuts interest rates for fourth time this year – 12th Dec
- SNB cuts interest rate 50 basis points, biggest reduction in nearly a decade – 12th Dec
- Yellen won't rule out sanctions Chinese banks, curbs on 'dark fleet' oil tankers – 14th Dec
- German Chancellor Scholz loses no-confidence vote, paving way for election – 17th Dec
- US Congress lines up stopgap bill to avert partial government shutdown – 18th Dec
- Chinese government supports Tech startups amid venture capital contraction – 18th Dec
- Thai central bank holds key rate at 2.25%, sees uncertainty ahead – 18th Dec
- Bank of Japan keeps rate unchanged with few clues on next move – 19th Dec
- US Federal Reserve rate cut: Powell caution about 'further cuts' sent stocks diving – 19th Dec
- Private equity firms pledge to be China-free as US tightens rules – 20th Dec
- Donald Trump tells EU to buy US oil and gas or face tariffs – 20th Dec
- South Korea to allow more company borrowings overseas to boost FX liquidity – 20th Dec
- Chinese EV market share hits eight month low in Europe amid new tariffs – 23rd Dec
- Wall Street's high-octane rally keeps investors captive to the US – 23rd Dec
- Political chaos throws Korean won to lowest level in nearly 16 years – 27th Dec
- China industrial profits extend decline to a fourth straight month, dropping 7.3% in November -27th Dec



Market Overview



US Magnificent 7 stocks - top performers of 2024.



US Dollar dominates 2024.



Chart of the Month



The chart above illustrates the percentage changes in the US Consumer Price Index, which could prove to be one of the most crucial indicators in 2025. The current Federal Reserve policy is heavily reliant on this data. A shift in momentum toward increasing inflation, especially in the context of tariffs imposed by a new president, could lead to a rapid resurgence of inflation if tariff policies are not effectively managed. While inflation may subside in 2024, the risk of its return remains a significant concern, particularly in the early stages of a potential "Trump 2.0" administration.



New Dimensions Capital

Happy New Year from New Dimensions Capital!

As we welcome 2025, we are excited to continue guiding our clients toward new opportunities and growth. This year, we remain committed to navigating the evolving market landscape with strategic vision, expertise, and a focus on long-term success.

It's the perfect time to reach out to New Dimensions Capital for detailed insights into what 2025 holds and how we can help you make the most of the opportunities ahead. Here's to a prosperous year filled with fresh possibilities and strong returns!



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