

# MASHREQ GLOBAL DIGEST

## Year in Review

December 22 – December 28



This edition of Market Digest highlights the political, economic, and technological milestones of 2024, providing an in-depth review of the pivotal events that have defined the year and their global implications.

### World Affairs: Politics & Wars

#### Trump Is Back

Donald Trump achieved a historic political comeback by winning the 2024 U.S. presidential election, defeating Democratic nominee Kamala Harris. He secured victories in all seven key swing states, including Arizona, and won the popular vote, becoming the first Republican president in two decades to do so. His campaign was marked by significant events, including two failed assassination attempts and facing four indictments, and a criminal conviction. He will return to the White House on January 20, 2025, with key team members, including billionaire Elon Musk, who helped fund his campaign.



Reference: [ABS CBN](#)



#### Fall of the Assad Regime

In November 2024, President Bashar al-Assad fled Syria to Moscow after an 11-day offensive by the Islamist rebel group Hayat Tahrir al-Sham (HTS). The new Islamist-led government has reassured minorities and foreign governments of its protection. Assad's regime, in power since 2000, had been under immense pressure during the Syrian civil war. The fall of Damascus led to the collapse of Assad's government and the rise of a new government, signaling a significant shift in power from the previous regime.

Reference: [CNBC](#)

#### Middle East Conflict Escalates

The Middle East conflict intensified following the October 7 attack, with Israel extending its military campaign into Lebanon. In September, Israel launched a significant airstrike in Lebanon. The conflict resulted in the deaths of Hamas leader Ismail Haniyeh and Hezbollah leader Hassan Nasrallah. After two months of intense fighting, a fragile truce between Lebanon and Israel was brokered on November 27. However, the war has already claimed over 4,000 lives in Lebanon, while more than 45,000 have died in Gaza. The humanitarian crisis in Gaza has reached critical levels.



Reference: [CNBC](#)



#### A Year of Political Shifts and Contested Leadership

In 2024, Europe experienced a notable shift toward right-wing politics, with far-right parties gaining ground in countries like France, Germany, Belgium, Austria, Italy, and the Netherlands. In France, the far-right National Rally secured the most votes in the European elections, though a republican bloc prevented them from taking power. In Venezuela, President Nicolás Maduro won a contested third term in July, leading to protests and international criticism over the election's legitimacy. In Russia, President Vladimir Putin secured a fifth term in March, despite international skepticism and internal challenges, including the death of opposition leader Alexei Navalny and increased military engagements.

Reference: [Reuters](#), [Euronews](#), [ABS CBN](#)

### Financial Shifts and Major Global Events

#### Monetary Shifts: Fed Cuts, BOJ Hikes

The US Fed made a 50 bps rate cut in September, responding to a weakening job market, while continuing to push down on inflation. This marked the first such cut in over four years. In December, it reduced rates by another 25 basis points, signaling a slower pace of future easing. The Fed now projects just two 25 basis-point cuts by the end of 2025, reflecting reduced expectations for policy easing. Meanwhile, the Bank of Japan (BOJ) made its first rate hike in 17 years on March 19, ending its negative interest rate era amid rising inflation. In July, the BOJ increased rates again to 0.25% and signaled plans to reduce government bond purchases. However, in December, the BOJ decided to keep rates steady due to uncertainties around economic policies.



Reference: [Business Times](#)

#### France Hosts the 2024 Olympics

France hosted the 2024 Summer Olympics for the sixth time, from July 26 to August 11. The event saw 10,500 Olympians and 4,000 Paralympians competing across 32 sports. The Games also featured participation from 206 territories, with nearly 49% female athletes, and included one new sport - breaking (breakdancing). The total cost of the Games was approximately \$8.7 billion, contributing to a 0.4% growth in France's GDP during the July-September quarter.

Reference: [Economics Observatory](#), [France 24](#)

#### COP 29 Sets New Climate Finance Goal

In 2024, extreme weather underscored the urgency for climate action. COP 29 in Baku focused on climate finance, setting a target of \$300 billion per year by 2035 to support vulnerable countries, three times the previous goal but still short of the \$1 trillion needed. While progress was made, concerns about accountability persist. Major economies, including Mexico and the UK, pledged net-zero emissions, and an agreement on carbon market rules under the Paris Agreement was finalized.

Reference: [UN Foundation](#)

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### Tech Highlights

#### Social Media Giants Face Growing Scrutiny in 2024

In 2024, regulatory pressures on social media platforms intensified globally. Telegram CEO Pavel Durov was arrested in France on charges related to the distribution of illegal content, while Elon Musk's X platform was banned in Brazil. These incidents reflect growing scrutiny of tech giants, particularly in Europe, where stricter laws like the Digital Services Act (DSA) are being enforced to address concerns about illegal content and platform accountability. Meanwhile, TikTok faces a potential ban in the U.S. after a panel of federal judges upheld a law requiring its Chinese owner, ByteDance, to sell the app by January 19, 2025, due to national security concerns. TikTok plans to appeal, but the ban could impact millions of American users.



Reference: [The New York Times](#), [Euronews](#)



#### A big year for Elon Musk

In 2024, Elon Musk continued to advance his tech empire. Neuralink achieved a major milestone by successfully implanting a brain-computer chip in a patient, allowing them to control a computer with their mind. SpaceX made significant strides with the Starship rocket, completing successful test flights. Tesla's stock surged, aided by advancements in electric vehicles. Musk also launched his AI startup, xAI, to rival OpenAI. Despite challenges, his influence on tech and global politics grew, solidifying his position as a powerful unelected figure.

Reference: [The Guardian](#)

#### Nvidia Makes a Strong Entrance in the AI Race

In 2024, Nvidia emerged as a leader in AI, transitioning from a gaming graphics company to a major player in the AI revolution. Its Blackwell platform, unveiled in March, solidified its grip on the \$1 trillion AI market. Nvidia's stock surged 182%, briefly reaching a \$3.3 trillion market cap, making it the world's most valuable company in June and again in September. While Apple held the top spot at \$3.9 trillion, Nvidia finished the year at \$3.4 trillion, ahead of Microsoft at \$3.2 trillion.

Reference: [Yahoo Finance](#), [Techloy](#)

### Top Market Trends to Watch for in 2025

In 2025, several factors could shape market sentiment, with analysts highlighting the following key influences:

- Sovereign Debt:** High debt levels in major economies, particularly the US, UK, and France, could threaten economic stability. Addressing these debt challenges will be crucial for maintaining growth.
- World Trade Developments:** US trade policies under President-Elect Trump, including tariffs, may impact global trade dynamics, particularly with China and the eurozone. However, analysts believe the risk of a major trade war is overstated.
- The Dollar:** A strong US dollar, potentially resulting from reduced trade deficits, could affect global liquidity and increase debt servicing costs for emerging markets.
- The Magnificent Seven:** While tech giants like Alphabet, Amazon, and Tesla have driven market gains, their dominance may fade in 2025 due to high valuations, leading to growth in small and mid-cap stocks.
- Mergers and Acquisitions:** A surge in mergers and acquisitions is expected, driven by relaxed regulations and accessible credit markets, offering opportunities for investors in consolidating sectors.

Reference: [Euronews](#)

### Markets

#### Market Dashboard

- In 2024, the S&P 500 experienced exceptional performance, increasing by approximately 28.4% and adding nearly \$10 trillion to its market capitalization. This growth was largely driven by the "Magnificent 7" tech giants, whose strong growth and massive market capitalizations played a central role in the index's success. Over the past week, the S&P 500 gained 0.7%, reflecting overall positive momentum despite a late-week sell-off.
- Bitcoin hit a milestone of \$100,000 on Dec 5, fueled by pro-crypto policies from President-elect Donald Trump and his SEC leadership pick, Paul Atkins. Despite reaching a high of \$106,533 on Dec 16, selling pressure near \$100,000 and hawkish Fed comments caused a pullback, with Bitcoin regressing for the week. Institutional adoption, ETF growth, and regulatory clarity remain key drivers of its rise.
- Gold had its best year since 1979, rising by around 30%. Central bank buying, high demand from Asia, and geopolitical tensions boosted its appeal as a safe haven, despite a stronger dollar and rising real yields. Gold slipped slightly this week as high U.S. Treasury yields and a stronger dollar weighed on its appeal.
- Oil prices have remained volatile in 2024, largely driven by fluctuating geopolitical tensions and global demand concerns. While tensions in the Middle East briefly pushed prices higher, overall, oil has faced downward pressure due to a weaker global demand outlook, affecting its price stability throughout the year. Brent crude rose this week, supported by a significant U.S. crude stock draw and optimism over China's economic recovery.
- In 2024, the euro saw fluctuations, strengthening to USD1.12 by September, driven by expectations that the Fed had more room to cut rates than the European Central Bank (ECB). However, after Donald Trump's electoral victory, the euro dropped to a one-year low of USD1.04, influenced by rising U.S. economic strength and expectations of tariffs.

Indicators	20-Dec-24	27-Dec-24	% Change
S&P 500	5,930.85	5,970.84	0.67%
Bitcoin	97,755.93	94,164.86	-3.67%
Gold	2,620.77	2,620.00	-0.03%
Crude Oil	72.94	73.81	1.19%
EUR/USD	1.0365	1.0423	0.56%

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