



LONDON
STOCK
EXCHANGE

MACROECONOMIC AND EQUITY CAPITAL MARKETS UPDATE

December 2024



Executive Summary

2024 was an extraordinary year, perhaps even the start of a new status quo in markets. Despite ongoing conflicts and with 2024 being a record year for elections, major indices reached record highs and markets experienced fewer shocks than for example were seen in the wake of the collapse of Silicon Valley Bank and Credit Suisse in 2023. Despite some spikes following market chaos in August and unexpected events during the US election, the VIX generally spent 2024 at lower levels compared to heights seen since the onset of the Covid-19 pandemic.

In these monthly reports we aim to bring you the major macroeconomic events affecting markets, as well as a look at how markets themselves have performed. This year we have covered impacts from both the UK and US elections, the response of central banks to falling inflation, and the continuing impacts of capital market regulatory reform.

In this end of year update, we recap the key moments from 2024 affecting markets globally and look ahead to what markets can likely expect in 2025. Analysts currently expect that 2025 will see a rebound in IPO markets, and for central banks to continue to cut interest rates but with global uncertainty over geopolitical tensions it is possible that 2025 may be another year of surprises in markets.



LONDON
STOCK
EXCHANGE

2024: The Year in Review



January

The US labour market defied expectations, pushing employment to a 53-year low of 3.4%.

February

Nvidia added \$277bn to its stock market value, making it the biggest one-day gain in US stock.

March

The UK Economy entered a technical recession following data for the first quarter of 2024.

May

Exchange Traded Notes for Bitcoin and Ethereum, are made available for trading on the London Stock Exchange.

May

NVIDIA became the world's most valuable company for 3 days due to its dominance in AI chips and a market capitalisation of almost \$3 trillion.

June

The results of India's elections were announced, with the National Democratic alliance, winning the third consecutive term

December

The VIX surged 78%, its second-largest percentage spike in history after the Federal Reserve signaled it would scale back its rate-cutting campaign.

December

Syrian president Bashar Al-Assad resigned. This marked the end of his 24-year presidency.

October

UK Chancellor, Rachel Reeves, delivered the first budget under the new Labour Government focussed on stability and investment.

September

Brent Crude oil falls below \$70 for the first time in nearly 3 years.

August

US markets plunged into chaos with a sell off fuelled by poor economic data, high-interest rate fears and political uncertainty.

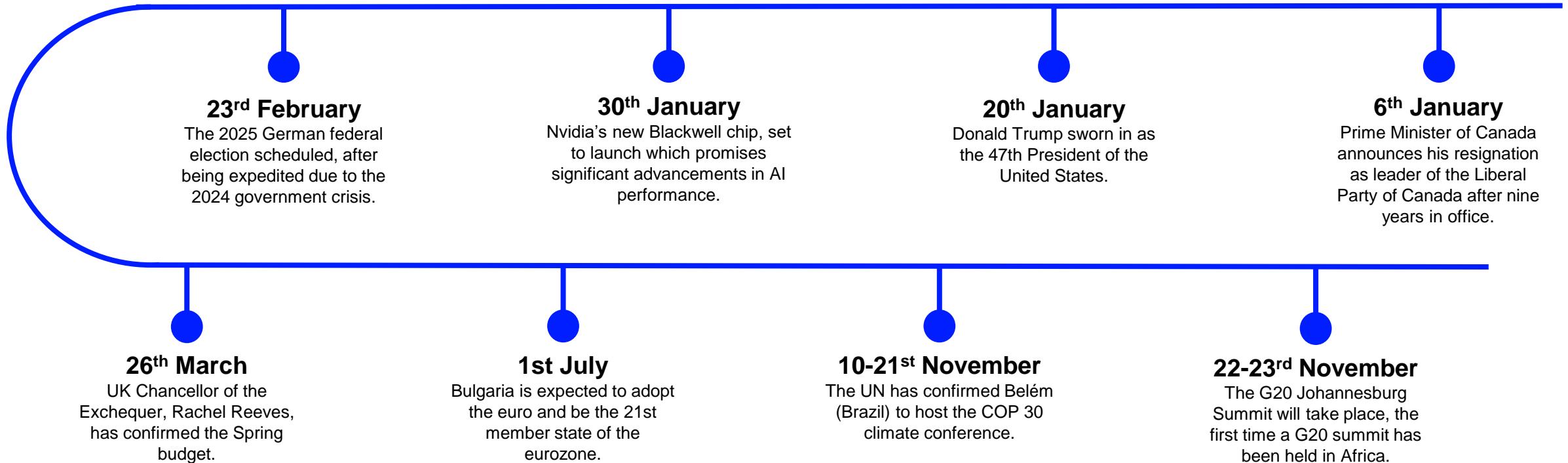
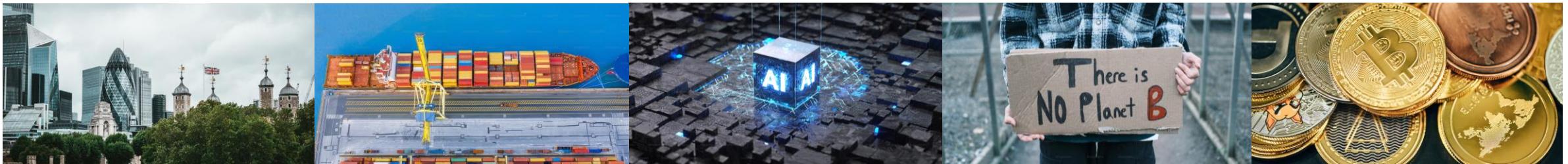
July

Paris hosted the Olympic games. The games featured 329 across 32 sports, including the debut of breakdancing.



**LONDON
STOCK
EXCHANGE**

What to Expect in 2025



**LONDON
STOCK
EXCHANGE**

Ins and Outs: Macro Trends in 2025

+ The “Musk Effect”

While Musk-associated assets saw volatile performances in 2024, the announcement of Musk's new role in the Department of Government Efficiency saw both Tesla and Dogecoin rise, partially driven by their association with Elon Musk.

+ Trade Tensions

Trade tensions are expected to resurface under President Trump, with proposed tariffs of 25% on Mexican and Canadian goods, 60% on Chinese imports, and even the possibility of 100% tariffs on BRIC nations. However, there remains significant uncertainty about the timing and scale of these measures.

+ Extreme Volatility Swings

While analysts are forecasting volatility levels to sit only moderately higher than the 2024 average, they are warning of the potential for extreme movements due to rising uncertainty around US tariff policies, geopolitical tensions, and a weakening job market.

High Index Concentrations

While the past few years have seen a continuing trend of only a few stocks comprising increasing percentages of index value, analysts expect this to change in 2025. The reduction in concentration is thought to be driven by this concentration driving volatility, and slower earnings growth of the big companies causing valuations to align.

High Oil Prices

2024 saw oil prices volatile but declining in the later part of the year, while global oil production is expected to re-enter a surplus in 2025. The US Energy Information Administration has forecasted that the average price of Brent Crude oil in 2025 will be \$74 a barrel.

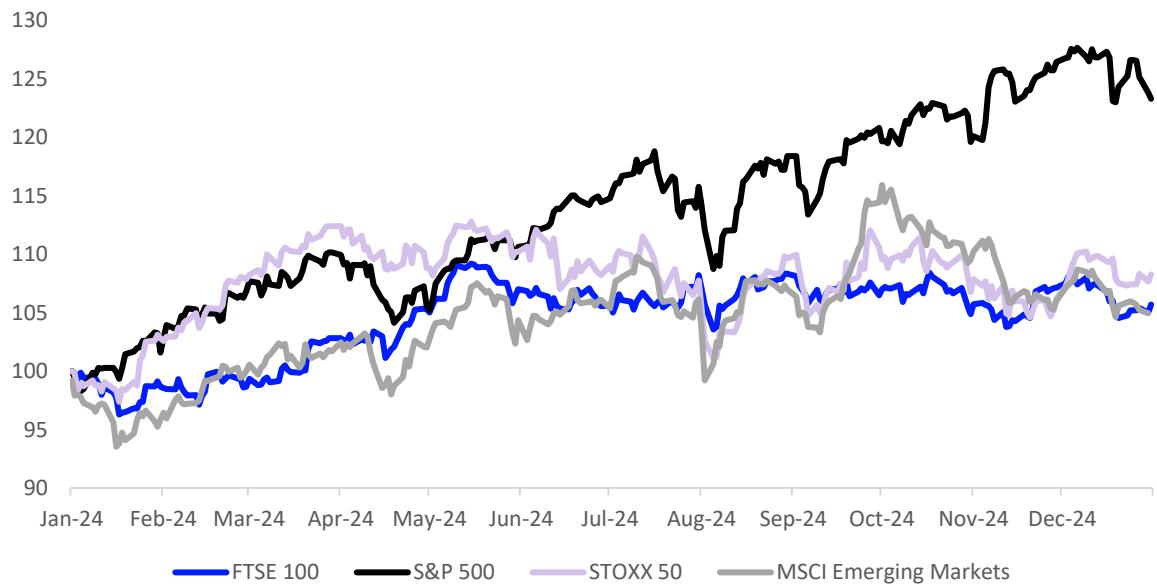
High Growth

The International Monetary Fund (IMF) predicted that growth in 2025 would be “stable yet underwhelming”. It notes in particular that five-year growth forecasts are below that seen pre-pandemic despite global disinflation continuing.

Mixed Performance in Global Equities in December

6

Index Returns*



	Index Returns (%)				Index Characteristics		
	Level	Q4 24	FY24	5 year	P/E	P/B	Div Yld.
FTSE 100	8173.0	-0.3	5.7	9.4	15.8	1.7	3.7
STOXX 50	4896.0	0.7	8.3	33.1	16.1	2.0	3.2
S&P 500	5881.6	4.7	23.3	85.0	28.2	5.0	1.5
MSCI EM	1075.5	-8.0	5.0	-3.2	-	-	-

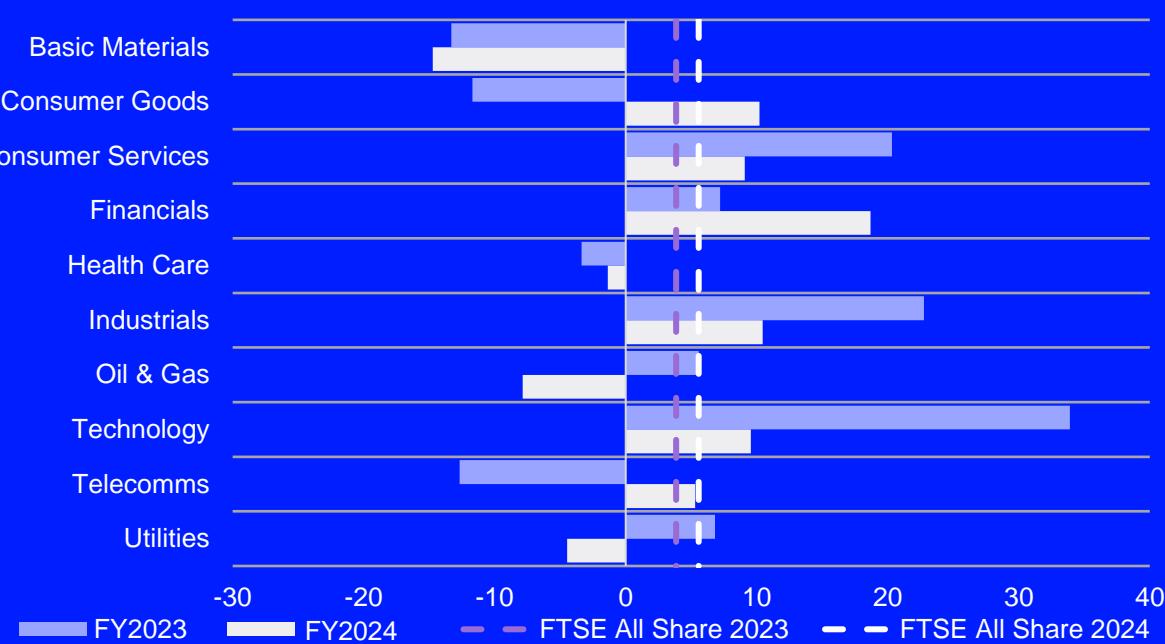


LONDON
STOCK
EXCHANGE

Source: LSEG Workspace, Morningstar, 31st December 2024. *Prices rebased to 100 on 01/01/24

- On the final trading day of 2024, the FTSE 100 surged by 0.6%, marking its best performance in over a month. This move solidified gains for the fourth consecutive year, with the index achieving its strongest finish since 2021.
- Despite a 2.5% decline in December, the S&P 500 closed out 2024 with a 23.3% annual gain, following a 24% return in 2023—its best two-year performance since 1998.
- The MSCI Emerging Markets Index rose by 5.0% in 2024, though it dipped 0.3% in December. The performance of emerging markets indexes in 2024 were meaningfully impacted by policy shifts in China and Latin America.
- The top performing sectors in the FTSE All-Share in 2024 were Financials, Industrials, and Consumer Goods, with respective returns of 19%, 10%, and 10%.

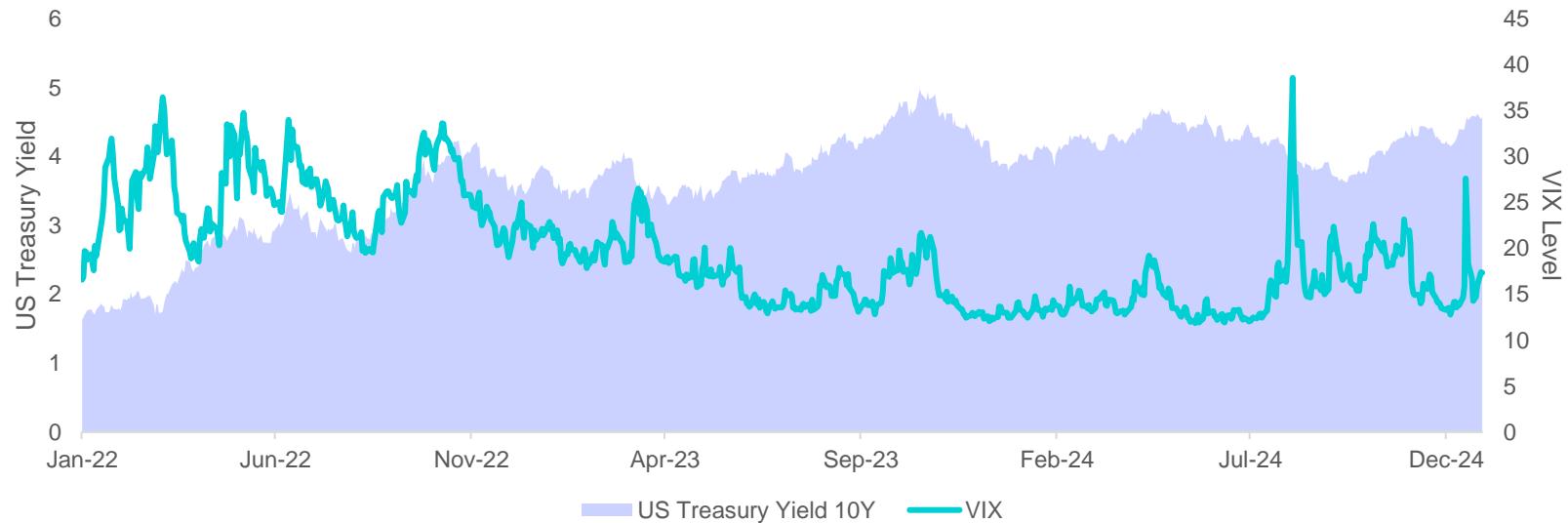
FTSE All-Share Sector Returns



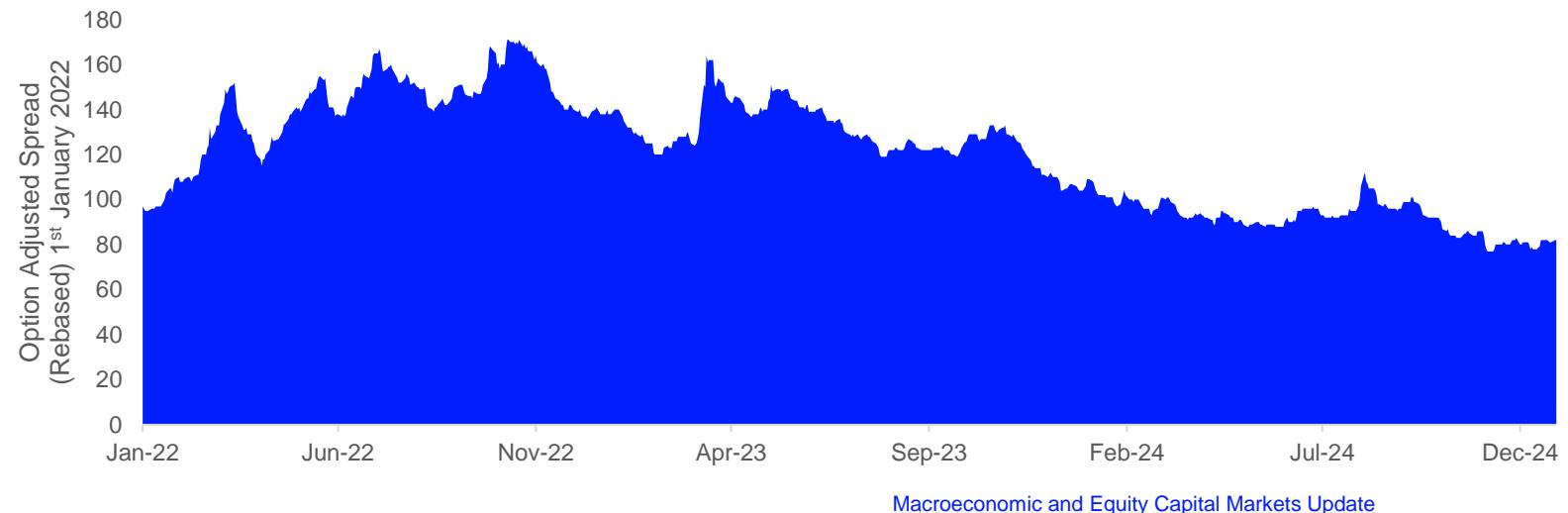
Global Fixed Income Dynamics

- In December, the VIX experienced its second-largest intra-day percentage spike in history after the Federal Reserve signaled it would scale back its rate-cutting campaign. The volatility index surged by 74%, closing at 27.62, a sharp rise from around 15 earlier in the day.
- The yield on 10-year US Treasuries edged higher in December following the Fed's announcement on its rate plans.
- Credit spreads in December remained steady at 80–81 basis points, mirroring November levels. Despite this consistency, spreads remain historically tight, with levels throughout 2024 marking their lowest in approximately two decades.

Volatility vs US 10Y Treasury Bond Yield¹



10Y US Corporate Bond Spreads²



London Stock Exchange 2024 Transactions

17

Number of IPOs on LSE in 2024

360

Number of FOs on LSE in 2024

£25.3bn

Total capital raised on LSE in 2024

Canal+ Introduction

Company	Canal + S.A
Listing Date	16 th December 2024
LSE Market	Main Market
Market Cap on admission	£2.9bn
Welcome Story Link	Canal + Welcome Story

Company Story

Canal+ , a former subsidiary of the French media conglomerate Vivendi, is a media and entertainment company that started as a French subscription TV channel 40 years ago, and now operates in 52 countries across Europe, Africa, Asia, United States. It provides subscription TV, handles distribution for other channels, and invests in film production through its subsidiary, StudioCanal and reported £5.4bn/€6.2bn revenues in 2023.



Top 10 Offerings on the London Stock Exchange 2024

Issuer Name	Offer Type	Issue Date	Capital Raised (£m)	Market Cap (£m) at Deal
National Grid plc	Follow-On	13-Jun-24	7,187	48,960
Haleon plc	Follow-On	19-Mar-24	2,435	28,767
Haleon plc	Follow-On	01-Oct-24	2,432	35,809
London Stock Exchange Group plc	Follow-On	15-May-24	1,583	48,070
London Stock Exchange Group plc	Follow-On	06-Mar-24	1,428	47,071
Haleon plc	Follow-On	17-May-24	1,248	30,356
Haleon plc	Follow-On	17-Jan-24	978	30,806
SEGRO plc	Follow-On	28-Feb-24	900	11,357
Unite Students	Follow-On	24-Jul-24	447	4,554
Great Portland Estates plc	Follow-On	13-Jun-24	361	1,423

Global DCM Volumes Higher than 2021 Peak

\$979.3bn

Raised on the London Stock Exchange in 2024

14,062

Bond transactions on the London Stock Exchange in 2024

61%

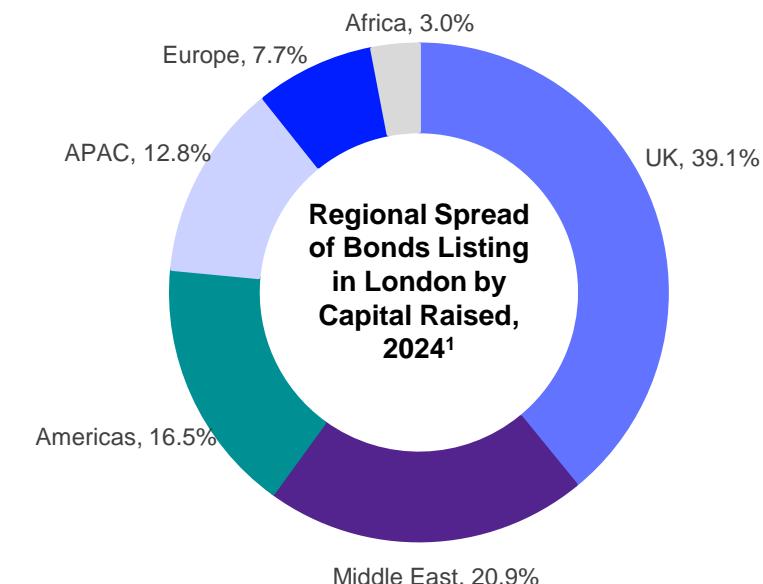
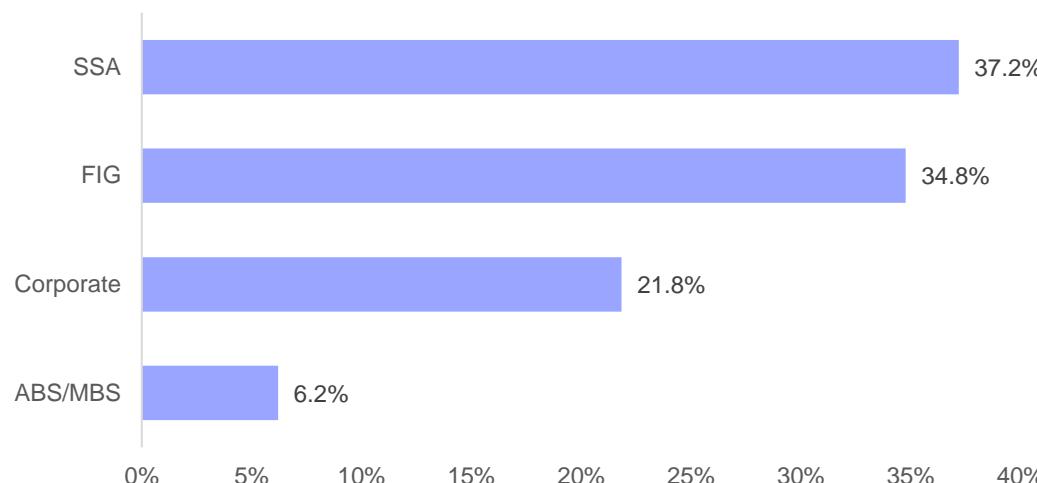
61% of capital raised by bonds on the London Stock Exchange was for international issuances.



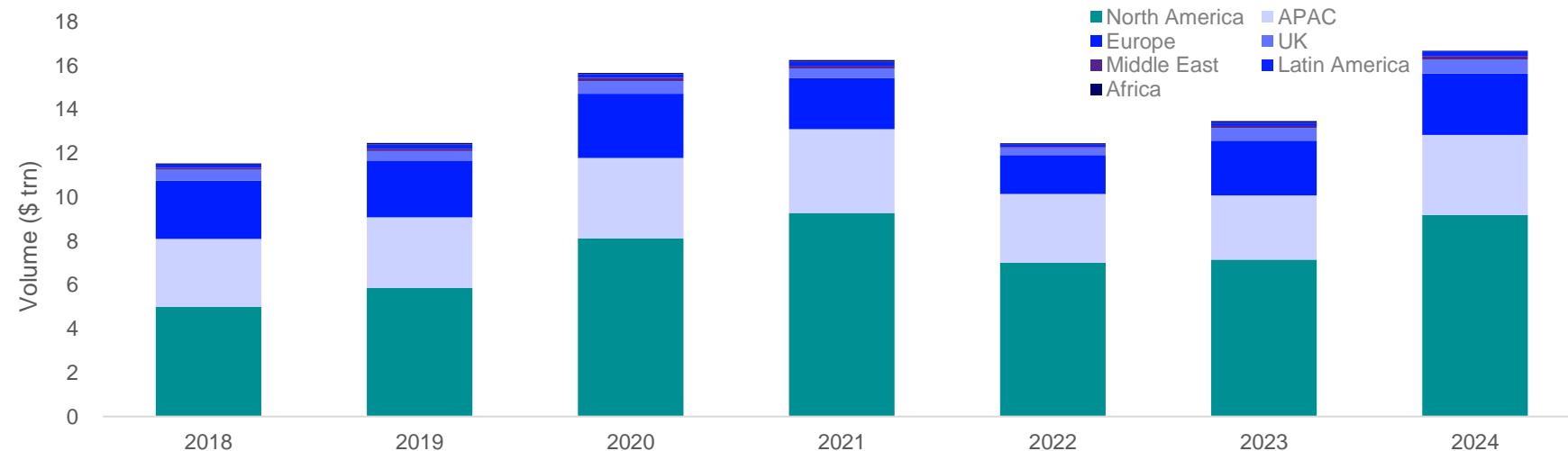
Source: London Stock Exchange, Dealogic, January 2025. All charts include active and matured bonds. Does not exclude 144A/Reg S lines. SSA refers to Supranational, Sovereigns and Agencies. FIG refers to Financial institution groups. ABS/MBS refers to asset-backed and mortgage-backed Securities. Regional spread of London listed bonds is based on total capital raised by bonds from each region. [1] Excludes United Kingdom bond issuances.

9

SSA's account for the majority of capital raised in London in 2024¹



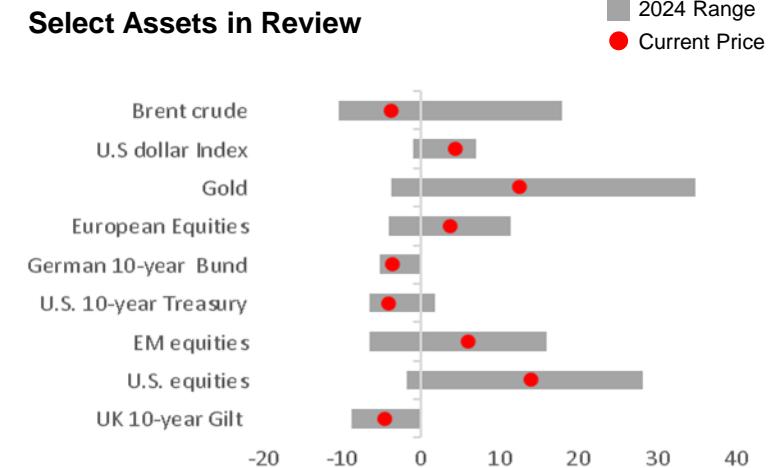
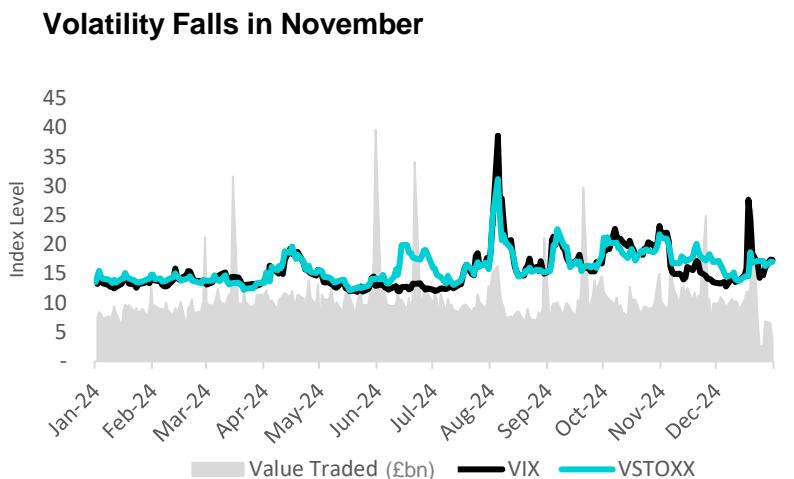
Global DCM Volumes by Issuer Region



Macroeconomic and Equity Capital Markets Update

9

Impacts Seen Across Volatility and Asset Class Performance Following Fed Rate Cuts



Inflation Moderating with Positive Growth Outlook

	Real GDP (%)			CPI Inflation (%)			Policy Rates		
	23	24	25E	23	24	25E	23	24	25E
UK	0.4	0.9	1.4	7.4	2.5	2.5	5.25	4.75	3.7
Eurozone	0.4	0.8	1.0	5.5	2.4	2.0	4.5	3.15	2.15
US	2.9	2.7	2.1	4.1	2.9	2.5	5.5	4.5	3.75
China	5.2	4.8	4.5	0.2	0.2	0.9	3.45	3.1	-
Japan	1.5	-0.2	1.2	3.3	2.6	2.1	-0.1	0.25	0.8

- The Federal Reserve (Fed) cut interest rates by 0.25 in December contributing to heightened volatility, reflected in the VIX. This was further compounded by declines in major stock indices the S&P 500 and NASDAQ, signalling cautious investor sentiment and adding to market turbulence.
- Gold had its best year since 2010 mainly driven by central bank purchases and interest rate cuts. When it came to U.S. equities, companies investing in AI-related technologies continued to push the S&P 500 to multiple record highs.
- Inflation remained largely stable, with inflation starting to moderate across key regions, particularly in the Eurozone and the US

Five of the Major Central Banks Expected to Cut Before End of Year

11

Interest Rate Decision Predictions

Central Bank	Next Meeting Date	Current Rate	Predicted Action ¹	Change By ¹
Federal Reserve	29 January 2025	4.375	NO CHANGE	-
European Central Bank	30 January 2025	3.00	CUT	-0.25
Bank of England	6 February 2025	4.75	CUT	-0.25
Bank of Japan	24 January 2025	0.25	NO CHANGE	-
Swiss National Bank	20 March 2025	0.50	CUT	-0.25
Bank of Canada	29 January 2025	3.25	CUT	-0.25
Reserve Bank of Australia	18 February 2025	4.35	CUT	-0.25

Recent Economic Events

	Event
02 Dec	Monetary Base
02 Dec	Job Data
09 Dec	Consumer Price Index
12 Dec	ECB Rates
13 Dec	Imports
17 Dec	Imports
20 Dec	Retail Sales
23 Dec	GDP

Interest Rates in 2024

What was expected?

One year ago, it was highlighted that a central theme for 2024 would likely be the role of Central Banks as we began to see interest rate cuts take place.

At the beginning of the year market consensus suggested the Federal Reserve (Fed) would begin to cut rates in H1, with markets pricing in five to six quarter point rate cuts.

The European Central Bank (ECB) was expected to follow, with the Bank of England (BOE) expected to move last of the three major central banks in the second half of the year.

All three major central banks had cautioned against cutting rates too quickly amid uncertain macroeconomic conditions.

What actually happened?

06th June 2024

The ECB is the first of the three major central banks to cut interest rates by 25 basis points.

31st July 2024

Bank of England cut rates for the first time in 2024, voting 5-4 to cut rates by 25 basis points.

12th September 2024

The ECB cut rates for the second time by 25 basis points.

18th September 2024

The Fed cut rates by 50 basis points, making it the third of the three major banks to move.

17th October 2024

The ECB cut rates for a third time by 25 basis points.

06th November 2024

BOE cut rates by 25 basis points for the second time.

07th November 2024

The Fed cut rates by a further 25 basis points.

12th December 2024

The ECB cuts rates for the fourth and final time in 2024 by 25 basis points.

18th December 2024

The Fed cuts rates by 25 basis points, the final rate cut of 2024.

	Start of Year Rates	End of Year Rates	Number of Rate Cuts
Fed	5.375%	4.375%	3
ECB	4.00%	3.00%	4
BOE	5.25%	4.75%	2

Despite expectations, the Fed was the final of the three major central banks to cut rates in 2024, but it made the largest single cut, a half percentage point cut, compared to the quarter percent cuts by the ECB and BOE.

The ECB and Fed both cut rates by 1% overall in 2024, whereas the BOE cut rates by 0.5%.

Several Asset Classes Saw Inflows in 2024

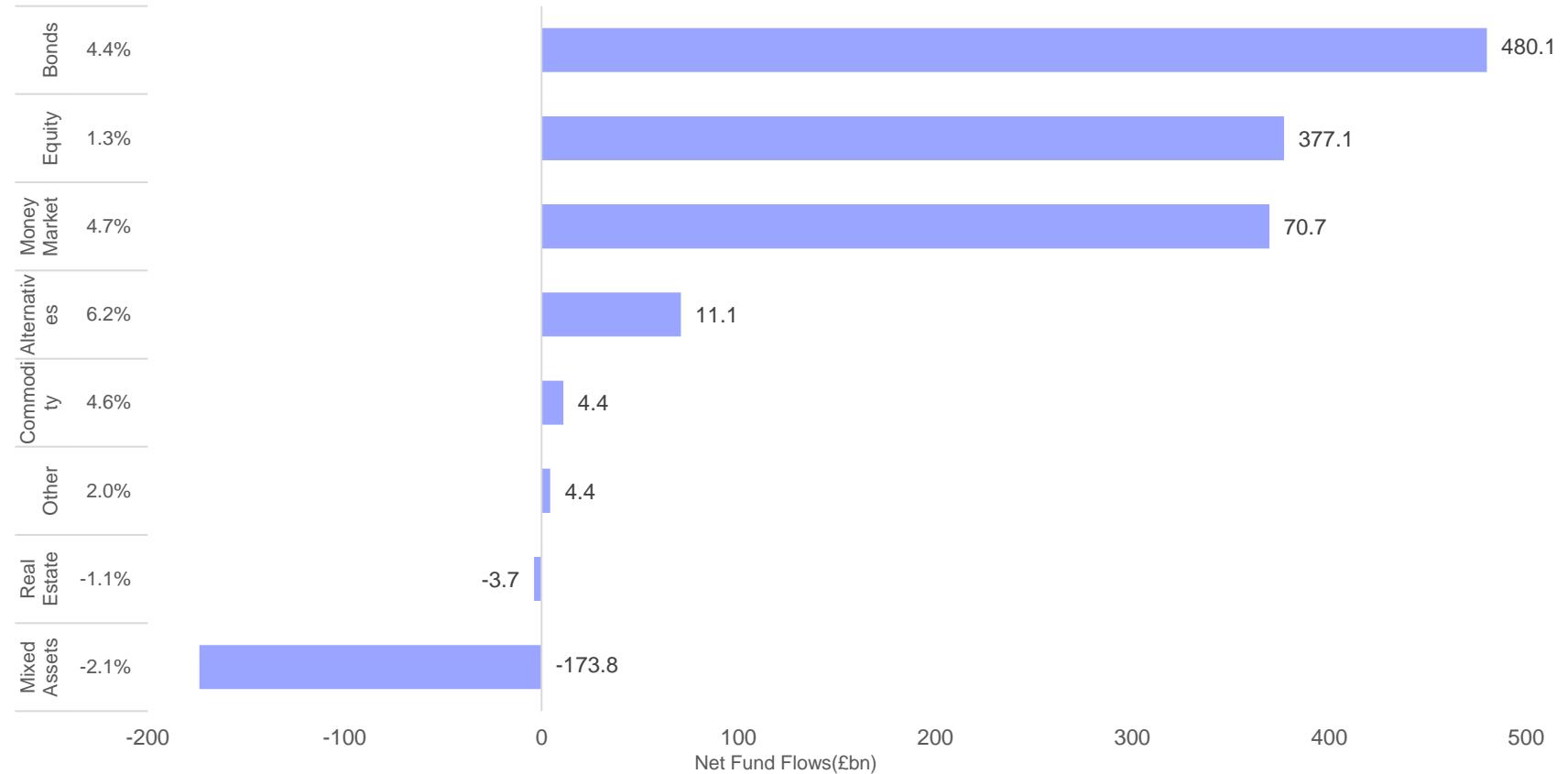
- Bonds closed 2024 with £480.1bn in inflows, making it the largest annual inflow since 2021, as investors are thought to have sought to lock in high yields ahead of anticipated rate cuts in 2025.
- Meanwhile Real Estate continued to face consecutive outflows, mainly being driven by high interest rates, valuation adjustments and economic uncertainty. This made 2024 the sixth consecutive year of outflows, shedding £173.8 bn in December. Mixed Assets also faced the sixth consecutive year of outflows in 2024.



LONDON
STOCK
EXCHANGE

13

Net Flows from Global Funds 2024*



Macroeconomic and Equity Capital Markets Update

13

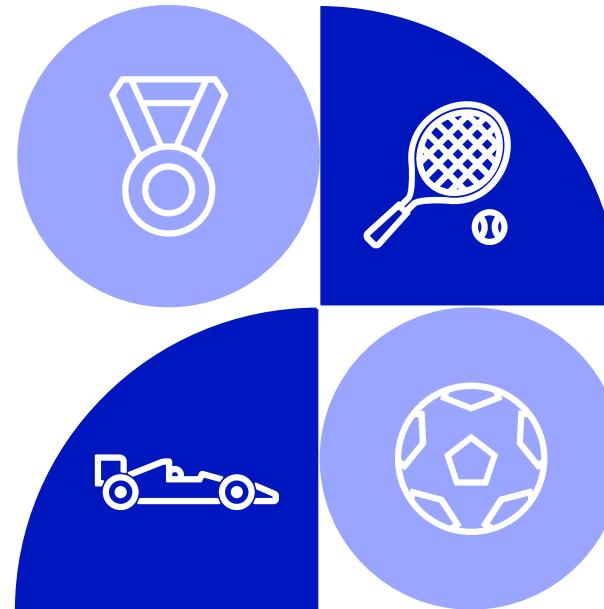
The Sporting Year: How These Events have Shaped Economies

Paris – 2024 Olympic Games

Paris 2024 is projected to have cost approximately **\$8.7bn**, with **\$1.5bn** dedicated to cleaning up the river Seine. However, the Bank of France estimates a **0.45%** GDP boost from the Games, and the economic gains for Paris and the Île-de-France region range from **€7.3bn** to **€12.1bn**, driven by tourism, construction, and events. The Games are expected to have injected **€2.6bn** into the local economy through tourist spending alone. While concerns exist, including potential crowding out of regular tourists in luxury retail, the Olympics leave a legacy of economic growth, infrastructure improvements, and global unity.

Formula One

Formula One has a massive global appeal, but hosting a Grand Prix can be a financial burden for local governments and track owners. Building an F1 track can cost over **\$270m**, with ongoing maintenance of **\$18.5m** annually. Hosts also pay substantial fees to Liberty Media and track owners rely mainly on ticket sales. While F1 events boost tourism in cities like Las Vegas and Singapore, there are concerns about “revenue leakage,” where profits don’t stay in the local economy.



Tennis – Grand Slams

Grand Slam events like the Australian Open, French Open, Wimbledon, and U.S. Open attract millions of viewers and significant tourism, benefiting sponsors like Rolex and Emirates. In 2024, the Australian Open contributed **\$533m** to the state economy, with record-breaking crowds and international visitors, particularly from the U.S. Similarly, the Roland-Garros tournament benefited Paris, generating over **€270m**. The impact of these tournaments extends beyond sponsorships, contributing significantly to host nations' economies.

Germany – UEFA EURO 2024

UEFA EURO 2024 generated a **€7.44bn** economic impact in Germany, with **2.7m** spectators spending on travel, accommodation, and food. The event boosted Germany's global visibility, creating **€571m** in advertising value. While the government made significant tax concessions to secure the bid, many local businesses reported losses, with **88%** of surveyed companies seeing no positive effect. Despite this, the tournament lifted national pride and highlighted the importance of infrastructure investments, offering a long-term positive social impact.

Regional Trends and Headlines

Europe



The UK economy did not grow in the 3rd quarter of 2024, down from initial estimates of 0.1% growth. This comes as the new Labour government has said its focus is on boosting the UK economy.



Switzerland have agreed a new deal with the EU following decades of discussions. The deal will increase Switzerland's access to the single market, but will require it take on new commitments around immigration and finances. EU Commission president referred to the deal as "historic". The deal still needs to be ratified by the Swiss parliament and a potential referendum.



Volkswagen have agreed a deal with its works council which will prevent the closure of several German factories but will see a reduction in production of 734,000 units per year. The works council control half of the seats on Volkswagen's supervisory board.

North America



Trump has stated he would demand the "return" of the Panama Canal to the US if it is not operated with changes that Trump has suggested, the incoming President has been critical of the fees charged by the canal. Three quarters of the Panama Canal's traffic is either travelling to or from the US.



The Head of the Bank of Canada has warned that Trump's tariff plans may have a "dramatic" impact on the country's weakening economy. They were referred to as a "major source of uncertainty" though it was made clear that it was not certain that the tariffs would be implemented.



Pimco, the world's biggest active bond fund manager, has said it is cutting its exposure to long dated US debt due to the prospect of rising inflation under the Trump presidency, and questions around the sustainability of rising US debt levels which are already at historical highs.

Central and South America



Argentina has emerged from its recession, with 3.9% GDP growth in Q3 2024. This is the first quarter of growth since the country entered recession in late 2023. This comes one year after Milei became President, during his time in the role he has cut spending and championed deregulation.



El Salvador is set to receive \$1.3bn in funding from the IMF; as part of the deal, El Salvador will drop a legal requirement for businesses to accept bitcoin as payment, with this instead becoming voluntary. The country became the first to adopt bitcoin as legal tender in June 2021.



Analysts have warned that the Brazilian real will continue to fall unless the central bank continues, and expands, its emergency measures, as well as the government delivering fiscal reforms. The real hit a record low against the dollar in December.



LONDON
STOCK
EXCHANGE

Regional Trends and Headlines

Middle East

 Syrian President Bashar Al-Assad has resigned and fled the country. The Assad dynasty ruled Syria for 50 years but had struggled for power following the Civil War in 2011. The Assad regime has regained control of the country in recent years, but a rebel offensive took 12 days to seize the capital city Damascus.

 Saudi Arabia has been confirmed as host of the 2034 World Cup by Fifa. Football has become a top priority for sporting investment by Saudi Arabia. The sovereign wealth fund, PIF, acquired English Premier League side Newcastle United in 2021.

 Qatar's \$500bn sovereign wealth fund is aiming to do larger scale deals and invest with more frequency moving forward as per their 2024 strategic review. The Qatar Investment Authority is expecting an inflow which may cause its size to double, largely as a result of the country's expansion of its LNG production.

Africa

 Opposition leader and former President John Mahama has won the Presidential election in Ghana. Ghana has undergone years of economic difficulties including defaulting on its debt obligations in 2022 amidst high inflation and its currency collapsing.

 The Nigerian government is facing opposition to a tax reform bill which Northern leaders say favours more productive Southern states. The reforms propose allowing states that generate more VAT to receive a large share of total revenue, while reducing the amount allocated based on population.

 Ethiopia and Somalia are set to enter negotiations aimed at resolving their dispute over the breakaway Somaliland region and Ethiopia's push for sea access. The negotiations were announced by Turkey's President Erdogan following bilateral meetings with the leaders of both countries.

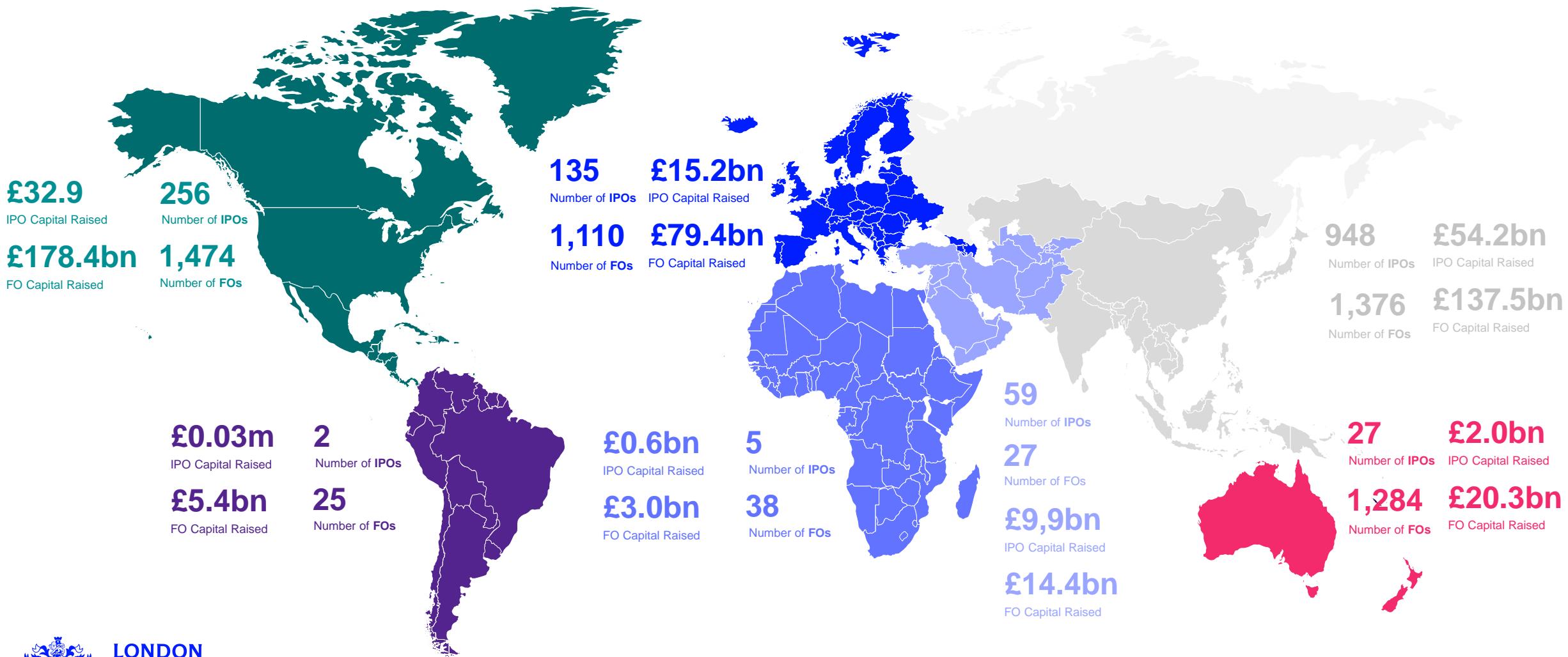
Asia-Pacific

 China's short term bond yields have fallen below 1% for the first time since 2009. Concerns have arisen around weak demand, increasing predictions that the Chinese central bank will continue to further ease monetary policy.

 The Yen fell following the Bank of Japan's decision to hold rates. Analysts had been expecting this amidst uncertainty around Japanese wage growth and Trump's incoming presidency. However analysts had expected a firm indication of a rate rise announcement at the next meeting, no such signal sent the Yen to its lowest level against the dollar since July.

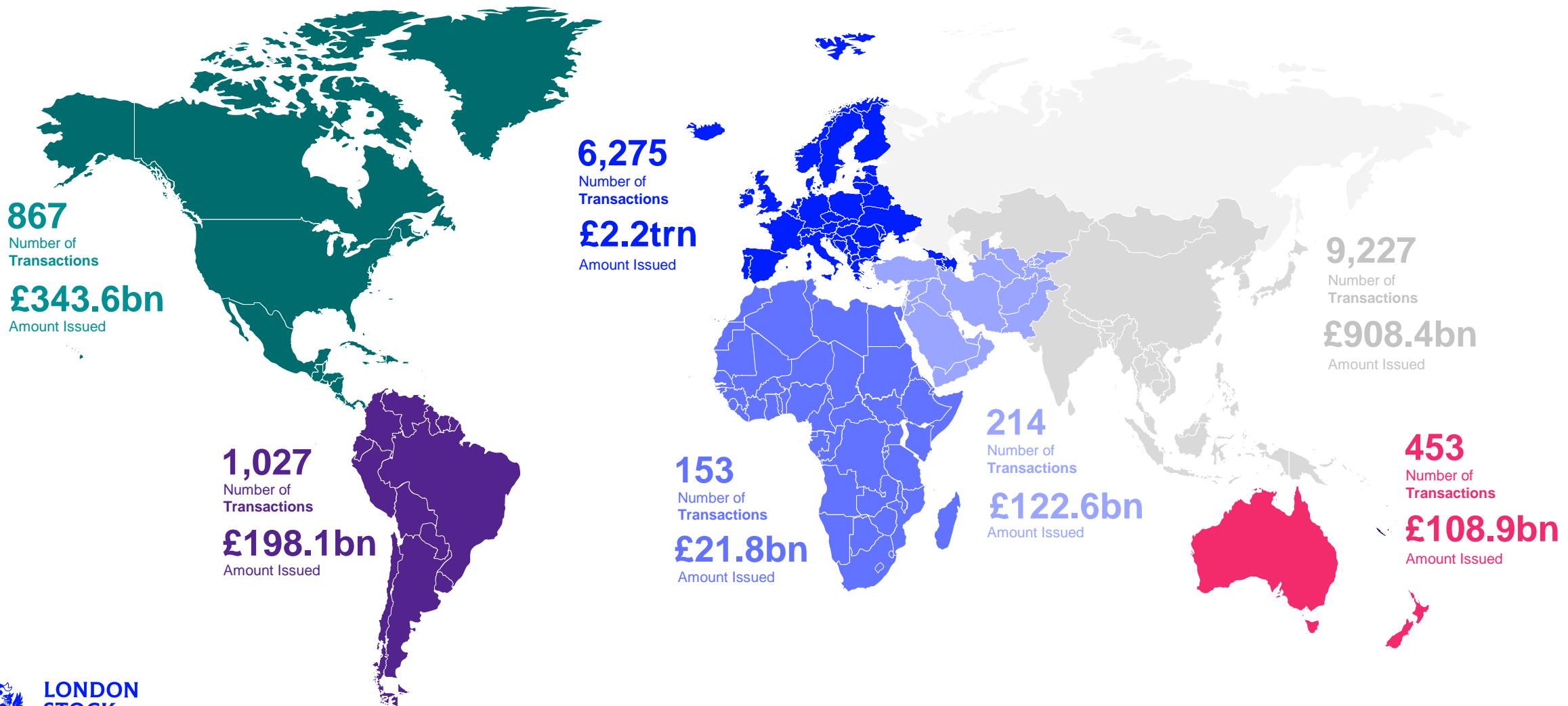
 Australia passed world-first legislation preventing anyone under the age of sixteen from registering to join social media services. The new law comes into effect from November 2025.

Global Equity Capital Markets, 2024



**LONDON
STOCK
EXCHANGE**

Global Debt Capital Markets, 2024



**LONDON
STOCK
EXCHANGE**



Charlotte Green

Senior Associate, Research & Analytics
London Stock Exchange
LSEResearch_Analytics@lseg.com



Shreya Kochhar

Associate, Research & Analytics
London Stock Exchange
LSEResearch_Analytics@lseg.com



Tommie Biyi

Graduate Associate, Research & Analytics
London Stock Exchange
LSEResearch_Analytics@lseg.com



**LONDON
STOCK
EXCHANGE**

Legal Disclaimer

This document has been compiled by the London Stock Exchange plc (the "Exchange"). The Exchange has attempted to ensure that the information in this document is accurate, however the information is provided "AS IS" and on an "AS AVAILABLE" basis and may not be accurate or up to date.

The Exchange does not guarantee the accuracy, timeliness, completeness, performance or fitness for a particular purpose of the document or any of the information in it. The Exchange is not responsible for any third party content which is set out in this document. No responsibility is accepted by or on behalf of the Exchange for any errors, omissions, or inaccurate information in the document.

No action should be taken or omitted to be taken in reliance upon information in this document. The Exchange accepts no liability for the results of any action taken on the basis of the information in this document.

All implied warranties, including but not limited to the implied warranties of satisfactory quality, fitness for a particular purpose, non-infringement, compatibility, security and accuracy are excluded by the Exchange to the extent that they may be excluded as a matter of law. Further, the Exchange does not warrant that the document is error free or that any defects will be corrected.

To the extent permitted by applicable law, the Exchange expressly disclaims all liability howsoever arising whether in contract, tort (or deceit) or otherwise (including, but not limited to, liability for any negligent act or omissions) to any person in respect of any claims or losses of any nature, arising directly or indirectly from: (i) anything done or the consequences of anything done or omitted to be done wholly or partly in reliance upon the whole or any part of the contents of this document, and (ii) the use of any data or materials in this document.

Information in this document is not offered as advice on any particular matter and must not be treated as a substitute for specific advice. In particular information in the document does not constitute professional, financial or investment advice and must not be used as a basis for making investment decisions and is in no way intended, directly or indirectly, as an attempt to market or sell any type of financial instrument. Advice from a suitably qualified professional should always be sought in relation to any particular matter or circumstances.

The contents of this document do not constitute an invitation to invest in shares of the Exchange, or constitute or form a part of any offer for the sale or subscription of, or any invitation to offer to buy or subscribe for, any securities or other financial instruments, nor should it or any part of it form the basis of, or be relied upon in any connection with any contract or commitment whatsoever.

London Stock Exchange and the London Stock Exchange coat of arms device are registered trade marks of London Stock Exchange plc. Other logos, organisations and company names referred to may be the trade marks of their respective owners.

© 2025

London Stock Exchange plc
10 Paternoster Square
London EC4M 7LS
Telephone +44 (0)20 7797 1000
www.lseg.com