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# USA OUTLOOK

WEEKLY NEWSLETTER  
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Photo: Reuters

## Strong US job growth raises doubts about further Fed rate cuts

U.S. markets closed lower as strong economic data raised concerns about inflation and its impact on Federal Reserve policy. The Dow fell 0.42%, the S&P 500 dropped 1.11%, and the Nasdaq declined 1.89%, with rising Treasury yields hitting multi-month highs. A Labor Department report revealed higher-than-expected job openings and accelerated services activity, pushing traders to delay expectations for rate cuts to mid-2025. Technology stocks led declines, while healthcare and energy posted gains.

The labor market added 256,000 jobs in December, far exceeding forecasts, with the unemployment rate falling to 4.1%. Rising consumer price expectations complicated the Fed's plans for rate cuts, as officials debated the implications of a strong labor market. Upcoming inflation data and the Fed's January meeting are expected to guide future policy decisions.

### Source:

<https://www.theguardian.com/us-news/> <https://www.reuters.com/markets/us/fed-seen-cutting-policy-rate-just-once-2025-job-growth-surges-2025-01-10/>

## U.S. posts record \$711 bln deficit for first three months of fiscal 2025

The U.S. government reported an \$87 billion budget deficit in December, partly reduced by a shift of benefit payments into November. This brought the total deficit for the first three months of fiscal year 2025 to a record \$711 billion, a 39% increase compared to the \$510 billion deficit during the same period last year, according to the Treasury Department.

The sharp rise was driven by higher government spending and slightly lower revenues. For December alone, receipts increased by 6% to \$454 billion, while outlays fell by 3% to \$541 billion, aided by the calendar shift. This marks the final budget report before President-elect Donald Trump's inauguration next week.



Photo: Andrew Kelly

### Source:

<https://www.reuters.com/world/us/us-posts-record-711->



Photo: Reuters

## BlackRock assets hit record \$11.6 trillion in fourth quarter

BlackRock, the world's largest money manager, reported a 21% rise in fourth-quarter profit, with assets under management hitting a record \$11.6 trillion. This growth was fueled by buoyant equity markets, driven by optimism over U.S. corporate tax cuts and deregulation after Donald Trump's election. Net income rose to \$1.67 billion (\$10.63 per share) from \$1.38 billion (\$9.15 per share) a year earlier.

The firm saw \$281.4 billion in total net inflows during the quarter, led by ETFs (\$142.6 billion) and fixed-income products (\$23.8 billion). BlackRock's investments in private markets, including deals with Global Infrastructure Partners and HPS Investment Partners, bolstered its growth. CEO Larry Fink highlighted the firm's success in maintaining client engagement through its mergers and acquisitions strategy.

BlackRock's \$3.2 billion acquisition of UK data provider Preqin is expected to close in early 2025. Meanwhile, senior executive Mark Wiedman announced his departure as leadership transitions continue. Shares of BlackRock rose nearly 4%, reflecting investor confidence in the firm's long-term strategy.

Source:

<https://www.reuters.com/business/finance/blackrock-assets-hit-record-116-trillion-fourth-quarter-2024-2025-01-15/>

## Dollar rules as investors eye Trump's economic policies

The U.S. dollar has climbed nearly 10% since September, reaching multi-year highs as investors prepare for President-elect Donald Trump's pro-growth and inflationary policies. The dollar index (.DXY) has surged to its strongest level in over two years.

Trump's trade and tariff plans are expected to boost the dollar in the near term, while higher U.S. interest rates continue to attract investors. Futures markets reflect bullish sentiment, with net bets on the dollar hitting a six-year high.

Despite concerns over overvaluation, analysts see limited triggers for a reversal ahead of Trump's inauguration. Strong U.S. job growth and reduced expectations for Federal Reserve rate cuts further support the dollar.

Strategists predict additional gains this year, as the U.S. economy continues to outperform global peers. With uncertainty around tariffs and fiscal policy lingering, the dollar remains well-positioned for continued strength.



Source:

<https://www.reuters.com/markets/currencies/dollar->



Photo: Reuters

## US stock performance on dates of presidential inaugurations

Gold prices s Stock market reactions to U.S. presidential inaugurations have shown mixed results historically, with the S&P 500 often seeing declines. However, the last three inaugurations (Trump's first in 2017, Biden's in 2021, and Obama's second in 2013) saw gains.

Trump's first inauguration in 2017 resulted in a 0.34% gain for the S&P 500, while Biden's 2021 inauguration led to a 1.39% increase. Over a longer period, the S&P 500 has posted an average decline of 0.27% on inauguration day. The Dow Jones and Nasdaq also show similar trends, with average declines of 0.24% and 0.35%, respectively.

Despite these trends, recent inaugurations have generally defied the historical pattern, signaling optimism in the markets.

Source:

<https://www.reuters.com/markets/us/us-stock-performance-dates-presidential->