

The Boston Snow Indicator

As the Christmas season begins and thoughts turn to 2025, discussions about market performance often take an amusing turn towards the so-called Boston Snow Indicator. This quirky market theory suggests that a White Christmas in Boston means rising stock prices for the upcoming year. While the concept is often dismissed as a coincidence, it raises questions about what could drive bullish market trends. In this article, we delve deeper into more substantial catalysts that could bolster market performance in 2025. We asked the Omnis Investment Team what they think could drive positive markets next year, perhaps more reliably than the whims of winter weather.



It's beginning to look a lot like tariffs

A quick resolution to Trump's various tariff threats (in particular with Europe and China) would be welcomed by the equity market. We have already seen since the election the impact uncertainty around trade can have on asset prices. This would remove a potential obstacle to continued solid equity market progress, especially in the US, in 2025. Resolution would also propel Europe, which could be further boosted by a clear win for a pro-reform coalition in the German federal elections due in January. However, given the structural challenges faced by Europe's largest economy this is likely to be a marathon, not a sprint.

All I want for Christmas is... more stimulus?

Material stimulus injected into the Chinese economy by the People's Bank of China lifted equity markets towards the end of this year. However, solid evidence of a sustainable uplift in Chinese consumer sentiment, driven in part by the government successfully drawing a line under a now much-prolonged property bust through its stimulus measures, needs to be seen before a spur in investor confidence erupts.

Fairytale of the US Economy

Like a Christmas pudding, some regional economies (the USA...) seem to hold up no matter what's thrown at them. If that strength continues, it could provide the foundation for steady performance. Ongoing economic strength in the US coupled with its robust earnings outlook and President Trump's potential economic reforms could further boost US stocks next year.

Central banks are coming to town

On the fixed income side, continued good news about inflation could feel like unwrapping a long-awaited gift for bonds. This would underpin further the current situation in most developed markets which are offering good returns above inflation with limited risk of material capital losses. It could feel like unwrapping a long-awaited gift for markets—especially bonds.

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