

The Bottom Line



The Bottom Line is our weekly publication. It wraps up the week, highlighting key events and data releases for the upcoming one.

The Greenland question

9 January 2025

Next week, attention will focus on the US-Denmark meeting about Greenland. On the data front, the US inflation report is due for release, although the figures are likely to be skewed by the impact of the government shutdown.

TOP STORIES OF THE UPCOMING WEEK

1

US and Denmark officials to meet to discuss Greenland

US Secretary of State Marco Rubio said a meeting about Greenland would happen next week with Danish officials, but did not provide any further details. US President Donald Trump has made no secret of his desire to make Greenland, an autonomous territory of Denmark, part of the US. The White House has said that while diplomacy is the first option, all options, including military force, are on the table. On several occasions, including at a recent press conference following the US abduction of Venezuelan president Nicolás Maduro, Trump has said that the US "needs" Greenland for national security reasons. Greenland also has appeal because of its substantial mineral resources. Denmark's prime minister, Mette Frederiksen, has called the suggestion that the US could buy Greenland "absurd". It puts European leaders in a very difficult position. If the US, the leader of NATO, were to forcibly take Greenland from Denmark, a NATO member, it would clearly be the end of the military alliance.

2

US CPI data in focus

The US Bureau of Labor Statistics will publish the CPI report for December on Tuesday, 13 January. It comes after a significant easing in year-on-year headline and core inflation in November. However, it seems likely that this fall was heavily distorted due to data-collection issues caused by the government shutdown. We expect the December data to show inflationary pressure has not eased. Next month, the January report will garner even greater attention as the prices of many goods are typically reset at the beginning of the year. We still expect core inflation to rise over the coming months.

3

German economy finally grew slightly in 2025 after two years of contraction

On 15 January, the German Federal Statistical Office will publish the country's 2025 GDP figure, plus a first estimate for 4Q25. We expect a rise of 0.2% yoy in 2025 on a non-working-day adjusted basis (working-day-adjusted: +0.3%), which would mark a moderate expansion after a 0.5% decline in 2024 and a 0.9% contraction in 2023. The key growth drivers were probably private and public consumption, while capex spending, construction investment and net exports likely remained a drag. For 4Q25, we expect a minor 0.1% qoq rise in GDP. Looking ahead, we continue to forecast growth of 1.2% in 2026 in light of stronger public spending from the fiscal bazooka and a real-estate recovery.

4

Hungary: inflation may temporarily dip amid broad-based price controls

We expect CPI to slow to 3.1% yoy in December, broadly in line with the NBH's latest forecast, as price developments were distorted by new food-price controls. The NBH has recently turned more dovish, lowering its inflation projections amid easing external price pressure. Nonetheless, both the central bank's forecast and current FRA market rate expectations seem to be downplaying delayed inflation drivers, such as service-price adjustments and the potential withdrawal of retail-margin caps. Therefore, our revised interest-rate projection remains cautious compared to FRAs. We expect two 25bp rate cuts this year and two more in 2027, as the NBH must balance policy easing with curbing excessive HUF volatility.



QUOTE OF THE WEEK¹

“We need Greenland.”

Donald Trump, 47th President of the United States

WHAT WE ARE READING

[Financing the AI boom: from cash flows to debt >](#)

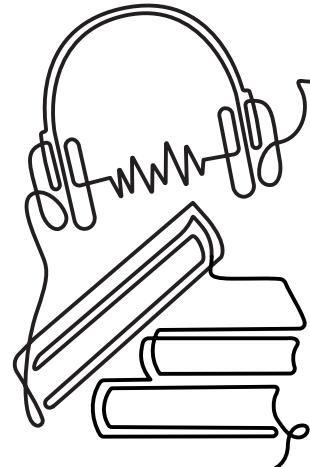
In this *BIS Bulletin*, the authors argue that, while AI-related investment is rapidly increasing and driving economic growth, firms will need to shift from financing these investments with internal cash flows towards taking on more external debt, especially private credit, which creates tensions between lofty earnings expectations and financial stability.

[Does Venezuela Herald a No-Rules International Order? >](#)

Carla Norrlöf notes that the US intervention in Venezuela raises many questions, not least about the international order that the US has long anchored, which will now be costlier and more difficult to sustain.

[The Shock Waves of Venezuela >](#)

Will Freeman discusses how Venezuelan president Nicolás Maduro's capture could transform Latin America.



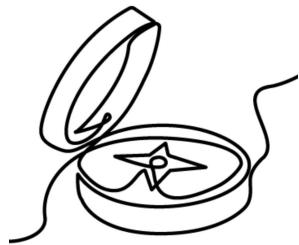
¹ Not an endorsement.

DATA AND EVENTS CALENDAR

Date	Country	Data	Period	UniCredit	Consensus	Previous
-	US	US/Denmark meeting on Greenland	-	-	-	-
13 Jan	US	Core CPI (% mom)	Dec	0.5	-	0.2
13 Jan	US	Consumer price index, CPI (% mom)	Dec	0.4	-	0.3
13 Jan	US	Core CPI (% yoy)	Dec	2.9	-	2.6
13 Jan	US	Consumer price index, CPI (% yoy)	Dec	2.8	-	2.7
13 Jan	HU	Consumer price index, CPI (% yoy)	Dec	3.1	-	3.8
15 Jan	GE	Real GDP (% yoy)	2025	0.2	-	-0.5

Source: Bloomberg, The Investment Institute by UniCredit

Note: A detailed calendar is available here: [Calendar](#)



FORECAST TABLES

- [Economics](#)
- [FI](#)
- [FX](#)
- [Risky Assets](#)

IN CASE YOU MISSED IT THIS WEEK

Date	Title	Authors
9 Jan	Primary Market Focus ➤ Italy issues new BTP Mar29 following blockbuster deal	Francesco Maria di Bella
9 Jan	Coffee Break ➤ What if the US Supreme Court strikes down Trump tariffs?	Roberto Mialich, Daniel Vernazza
8 Jan	Short View ➤ Risky assets start the year on a strong footing, despite geopolitical tensions	Luca Cazzulani
8 Jan	Coffee Break ➤ Germany Fund: bridging private capital and corporate capex	Andreas Rees
7 Jan	Coffee Break ➤ Trump's gunboat diplomacy	Edoardo Campanella
5 Jan	Long View ➤ Italy's 2026 funding: stable supply, shift to the 7Y area	Luca Cazzulani, Francesco Maria di Bella
5 Jan	Primary Market Focus ➤ Weekly Supply Preview – So it begins	Francesco Maria di Bella

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