

Weekly Market Review

Financial Headlines

United States

The White House last week cancelled oil leases in a wildlife reserve within the Alaskan Arctic region, paring back contracts that were awarded by the Trump administration. The leases were scrapped due to legal deficiencies, and come as part of wider restrictions on fossil fuel projects in the Alaskan National Petroleum Reserve (NPR). The cancellations come as the Biden administration aims to promote more green initiatives and highlight its environmental record in the wake of support for multiple fossil fuel projects. In March of this year, an \$8bn oil project was approved by the White House in the same region, which will produce 180,000 barrels a day, and account for 1.5 per cent of the United States total oil production. The NPR is estimated to contain 8bn barrels of recoverable oil.

Europe & UK

In Europe last week, a Danish pharmaceutical company became the most valuable company on the continent, surpassing luxury goods giant LVMH. Novo Nordisk, the creator of the weight loss drug Wegovy reached a market capitalisation of \$428bn as it recently introduced Wegovy to the UK. This is after launching the drug in the US in 2021 as well as in Germany, Norway, and Denmark. Novo Nordisk is the largest producer by sales in the diabetes and weight loss drug market, with expected sales in this industry forecasted to grow to between \$130bn and \$140bn. Wegovy has also been noted for its impact on cardiovascular issues, with an internal report from Novo Nordisk stating that patients who took the drug had a 20 per cent lower chance of suffering a heart attack or a stroke.

Ireland

Wind energy generation hit a record high in August and was over 70 per cent higher when compared to the same period last year. The report from Wind Energy Ireland also stated that over the past eight months, wind energy has provided for 32 per cent of all electricity used on the island. There is also a financial benefit to this, with average wholesale electricity prices down 72 per cent in August, coming in at €106.46 per megawatt hours. The news came in the same week that Electric Ireland announced they would be cutting electricity prices by 10 per cent and gas prices by 12 per cent from November the 1st of this year.

Asia-Pacific

In positive news for the Chinese property market, Country Garden made payment last week on some of its bond debts, after a tense few weeks in which the property developer missed an initial repayment at the beginning of August. According to local media in China, the company made coupon payments totalling \$22.5mn on two \$500mn international bonds. Whilst the news helped calm investor nerves for the moment, fears persist on the overall health of the Chinese property market. Country Garden alone has liabilities totalling Rmb1.36tn, equivalent to €173bn due at the end of June. Despite a recent rally, Country Garden shares are down more than 60 per cent year to date.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	4,457.49	-1.29%	16.10%
NASDAQ	13,761.53	-1.93%	31.48%
EuroStoxx	4,237.19	-1.06%	11.72%
FTSE	7,478.19	0.18%	0.35%
ISEQ	8,627.08	-3.22%	21.36%

Interest Rate	Current Rate	Direction	Rate Change
FED	5.50%	↑	+0.25
ECB	4.25%	↑	+0.25
BOE	5.25%	↑	+0.25

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	4.260	1.89%	9.83%
US 2YR	4.989	2.31%	12.67%
German 10YR	2.6085	2.54%	1.72%
UK 10YR	4.4660	0.47%	21.72%
Irish 10YR	3.003	2.32%	-4.55%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0700	-0.68%	-0.02%
EUR/GBP	0.8583	0.33%	-2.95%
GBP/USD	1.2465	-0.98%	3.04%

Equities

US equity markets were shut on Monday on account of Labour Day. Tuesday proved to be a poor day in the US, with the S&P and NASDAQ both closing lower after the holiday, down 0.4 per cent and 0.1 per cent, respectively. This trend would continue on Wednesday, as equities dropped even further. This was due to Treasury yields rising once again, along with positive US economic data. The ISM Services PMI figure in the US rose unexpectedly in August, rising to 54.5, well ahead of the forecasted figure of 52.5. This rise has stoked fears once again that the Federal Reserve could raise rates in the interim on account of a strong US economy. As a result, the S&P closed 0.7 per cent lower and the NASDAQ was over 1 per cent lower on the day. As last week ended, US indices continued their poor run as renewed rate hike fears and global economic sentiment drove indices down, with Apple shares down just under 3% after China, the 3rd biggest contributor to Apple's revenue, reportedly barred Government officials from using iPhones. The S&P was down for the week over 1.2 per cent, with the NASDAQ down just under 2 per cent. In Europe, stocks began last week with a positive Monday session, spurred on by the positive action taken by the Chinese government in relation to its country's property market. However, this positive run was short lived, as Tuesday proved to be a bruising day in Europe. This retreat was caused by growing fears about the health of the global economy, as well as PMI data released in China and Europe. In China, services PMI's for August fell slightly to 51.8, down from the previous months 51.9. In Europe, service PMI's for Spain and Italy both fell in August, while private sector activity in Germany and France declined more than expected. Wednesday was another bruising day for EU indices, as German industrial orders had their steepest fall since the Covid-19 outbreak back in April 2020. A positive Thursday session Europe was wiped away by a poor Friday in most of Europe, as fears of slowing economic growth in China could weigh on global demand. The EuroStoxx 50 closed 1.06 per cent lower for the week, and in the UK, the FTSE 100 gained ground back on Friday and finished just under 0.2 per cent higher.

Bonds

Bond yields increased last week, as positive economic data from the United States reaffirmed beliefs that interest rates will stay higher for longer in order to combat higher inflation figures. The US 10-year yield, seen as the benchmark for government bonds, ticked up last week to almost 4.3 per cent, before a slight drop to 4.2 per cent on Friday. The UK's 10-year Gilt also increased last week, reaching over 4.5 per cent last Wednesday, its highest level since August 22nd, before retreating back to 4.4 per cent on Friday. German and Irish yields also recorded positive weeks, hitting levels of 2.6 and 3 per cent, respectively.

Commodities

In Commodities, it was a bumper week for Oil, as Brent Crude surpassed the \$90 mark for the first time in ten months, due to extended supply cuts from Saudi Arabia and Russia. Saudi Arabia will cut one million barrels a day for the next three months, while Russia will cut 300,000 barrels per day until the end of the year. Brent Crude closed last week at a price of \$90.28, up 2.13 per cent for the week, while WTI closed at \$87.29, up 1.96 per cent for the week. In metals, Gold had a poor week last week, falling from \$1,940 on Tuesday to \$1,920 on Friday. This fall was precipitated by strong US economic data which could mean higher rates for longer. Gold closed on Friday at a price of \$1,918 per ounce, down 1.18 per cent for the week.

Key Events

- 13/09/2023 - US Inflation Rate (YoY)
- 14/09/2023 - ECB Rate Decision



Our investment philosophy at Seaspray Private is the desire to create positive, long term sustainable and responsible investment solutions and portfolios for our clients. Last Monday Climate Change Bond 3 which was available exclusively to clients of Seaspray Private delivered a gross return of 19.02% over 12 months. For further information click on the following link:

<https://seasprayprivate.ie/sips/climate-change-bond-3/>



Climate Change
Bond 3