SEASPRAY PRIVATE
Creating Investment Solutions

Monday
13.11.2023

Weekly Market Review

Financial Headlines

United States

In the US last week, the city of Houston, Texas was ranked the best city for international business by the Financial Times and Nikkei. The ranking system, compiled by both the FT and Nikkei measures cities in the US based on 48 different metrics and criteria such as workforce talent, openness, and the business environment, as well as the quality of life. The area around Houston is now home to 26 Fortune 500 companies, most of which are in the energy and hydrocarbon industries. Overall, there were five cities from Texas within the top 20 ranked cities, highlighting the growth of the Lone Star State in recent years. If Texas was a country, it would have the eighth largest economy in the world with a GDP of $2.36 trillion. This would put it above countries like Italy and Canada.

Europe & UK

The UK government intends to bring forward legislation in the new year which will regulate agencies that evaluate the environmental, social and governance (ESG) performances of companies, according to sources from Whitehall. The move comes as governments around the world try to regulate a sector that has little oversight and maintains significant influence over ESG investments. The Treasury department is currently deliberating on whether the regulation of these ESG agencies will require new legislation or whether it can be implemented under existing laws. The UK is following the European Union in this endeavour, as the Bloc will discuss a proposed law later this year that would see ESG ratings agencies disclose more details about their methodologies, as well as formally register with the relevant authorities.

Ireland

In positive news for renewables, wind energy accounted for over 30 per cent of Ireland's electricity production in October. The figure means that for 2023 so far, wind energy has contributed 33 per cent of Ireland's total power supply. On the costs front, there is a substantial difference between the wholesale megawatt hour (MWh) price of electricity produced on the windiest days compared to days in which fossil fuels are almost entirely relied upon, with wind energy costing €101.66 MWh and fossil fuels costing €170.79 MWh. Finally, October 2023 also saw the lowest level of carbon intensity on record for Ireland.

Asia-Pacific

Pork prices in China have fallen considerably in the past few weeks, causing the Chinese economy to fall back into deflation territory. Wholesale prices are down 40 per cent when compared to the same period last year, which weigh heavily on Chinese CPIs, as pork is one of the most popular meats in China. The fall in prices can be attributed to the cyclical nature of the Chinese pork industry. In times of high demand farmers will pile into the market, lowering the price, and when demand falls many of these same farmers exit the market, which in turn leads to further spikes in demand. Shares in Muyuan Foodstuff, the world's largest pig farmer, are down 20 per cent this year as a result.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	4,415.24	+1.31%	+15.00%
NASDAQ	13,798.11	+2.37%	+31.83%
EuroStoxx 50	4,196.45	+0.52%	+10.62%
FTSE 100	7,360.55	-0.77%	-1.22%
ISEQ	8,025.27	-2.97%	+12.89%

Interest Rate	Current Rate	Direction	Rate Change
FED	5.50%	—	0
ECB	4.50%	—	0
BOE	5.25%	—	0

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	4.646	+1.52%	+19.79%
US 2YR	5.069	+4.63%	+14.48%
German 10YR	2.7125	+2.82%	+5.77%
UK 10YR	4.3725	+0.74%	+19.17%
Irish 10YR	3.126	+1.23%	-0.64%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0684	-0.40%	-0.15%
EUR/GBP	0.8736	+0.83%	-1.19%
GBP/USD	1.2222	-1.21%	+1.07%

Asset Class Review

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Equities

US equity markets began last week by continuing the positive gains seen the previous week. The S&P 500 gained 0.18 per cent on Monday, while the NASDAQ gained 0.3 per cent. These gains were attributed to lower bond yields, continued belief that the Federal Reserve has reached the end of its rate cycle and solid corporate earnings. Tuesday saw the S&P 500 and NASDAQ post their eighth straight day of positive returns, and the longest rally since 2021. Indices were helped by gains in Mega Cap tech stocks such as Tesla, Apple, and Microsoft. The rally in markets would continue Wednesday, however the gains would be relatively muted. Once again technology stocks helped markets stay positive, as energy stocks performed poorly. Thursday would see the weekly gains wiped out, with the S&P and NASDAQ both tumbling, with all 11 S&P sectors finishing lower for the day. After Friday's session, the S&P 500 posted gains for the week of 1.31 per cent, while the NASDAQ also posted a gain of 2.37 per cent for the week. In Europe, equity markets commenced last week with a muted tone. The FTSE 100 started the week flat, while the Eurostoxx 50 started the week 0.38 per cent lower. The FTSE was aided by companies in the commodity sector, which saw prices increase at the beginning of last week. Markets would continue this muted tone into Tuesday, as energy stocks reversed gains made on Monday. Oil and mining stocks in London and Europe led to the FTSE 100 and Eurostoxx 50 finishing Tuesday slightly lower. Wednesday would again see little movement in markets. In the UK, investors continued to assess the Bank of England's outlook on interest rates, while in Europe banking stocks helped move markets slightly higher. On the data front, retail sales for the Eurozone fell for the third consecutive month, highlighting the impact that higher interest rates and elevated inflation are having on the Euro Area. Thursday would see gains across the board, as the FTSE 100 reached its highest level in three months, while the Eurostoxx 50 reached its highest level in two months. For the week, the FTSE closed 0.77 per cent lower, while the Eurostoxx 50 finished 0.52 per cent higher.

Bonds

Bond yields remained elevated last week but have pulled back from their recent decade highs. The US 10-year yield sat around 4.5 per cent for most of the week, falling to as low as 4.3 per cent before rallying on Thursday to hit the 4.6 per cent mark. Comments from Fed Chair Jerome Powell helped move yields higher, as he stated the Fed is "not confident" monetary settings are sufficiently restrictive to achieve the 2% inflation target. Meanwhile, the UK 10 Year Gilt fell to its lowest level since the end of September, hovering around 4.3 per cent.

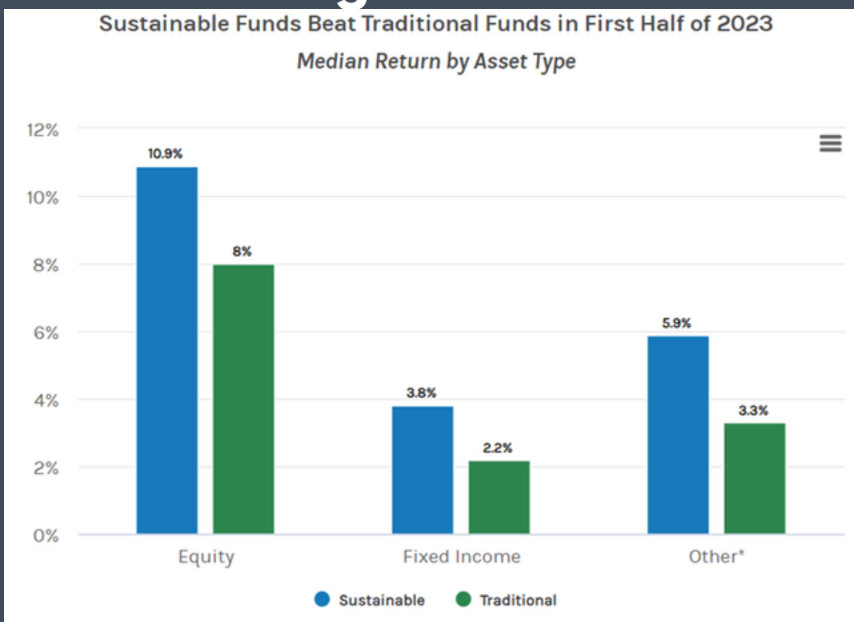
Commodities

In Commodities, crude oil markets fell considerably last week, with oil prices falling to a three-month low last Wednesday. The fall in prices was due to a combination of poor export data from China, a predicated fall in demand for oil in the US and increased US crude oil inventories of nearly 12 million barrels. Brent Crude closed at a price of $81.70, while WTI closed at $77.35. In Gold markets, the metal retreated from its highs of $2,000 last week, mainly due to hawkish comments from Federal Reserve Chief Jerome Powell. Gold finished the week at a price of $1,942.70.

Key Events

- 14/11/2023 - US Inflation Data
- 15/11/2023 - UK Inflation Data

Data Insight of the Week



Source - Morgan Stanley

This week's data insight highlights how sustainable investment products in the equity, fixed income and alternatives sectors have outperformed their traditional counterparts since the start of 2023. What this shows is that there are still potential returns for investors who wish to invest in more sustainable solutions.

https://seasprayprivate.ie/sustainable-funds-beat-traditional-funds-in-first-half-of-2023/