SEASPRAY PRIVATE
Creating Investment Solutions

Monday
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Weekly Market Review

Financial Headlines

United States

The saga of OpenAI and its charismatic leader Sam Altman was the big news in American industry last week. Just over a week ago, Altman was ousted as CEO of OpenAI by the Board of Directors after disagreements broke out over the direction and management of the company. Within 48 hours of his removal, Altman and his OpenAI co-founder Greg Brookman were tapped by Microsoft, which is a chief investor in OpenAI, to lead a new AI development team. As last week wore on, an apparent revolt began among 747 of the 770 total staff working for OpenAI, who called on the board to reinstate Altman and Brookman. On Wednesday of last week, it was then reported that Altman would return to OpenAI, under a new board with only one member of the previous board which removed him being kept on.

Europe & UK

In Europe, preliminary results of the Dutch election were announced. The far right Freedom Party (PVV) secured 37 seats in the Dutch Parliament. However, Geert Wilders, the leader of the PVV must now try and form a government which may prove difficult considering his parties policies and views.

In the UK, Chancellor Jeremy Hunt delivered his Autumn Statement. At the core of his statement was a 2% cut to national insurance, from 12% 10%. Hunt has also promised to make permanent the full expensing regime for the private sector. This means that companies can immediately deduct all spending on IT, machinery and plant from its taxable profits. The Chancellor said making this scheme permanent would increase business investment by £20bn within the next decade.

Ireland

Ireland is now the 12th most attractive country in the world for green investment. EY recently published their renewable energy country index, with Ireland jumping one place from 13th up to 12th. Ireland benefitted from positive infrastructure developments in the renewable energy sector. The list itself was topped by the United States, who retained their number one position, helped by investments in solar energy thanks to the Inflation Reduction Act. Germany took the number two spot, while China finished third overall. COP28 also begins this week, where climate change and clean energy initiatives will be top of the agenda.

Asia-Pacific

Since July, foreign investors have sold more than $25bn worth of shares in the Chinese stock market, equating to an outflow of 75% of all foreign money that has been invested in the Chinese stock market this year. Some of the reasons for this massive outflow of cash include the issues facing the Chinese economy at present, such as the property market crisis, deflation and overall poor economic growth. In marked contrast, some of the other large economies in Asia have been performing extremely well this year. In Japan, the Nikkei 225 is up 28.86% YTD, while the South Korean KOSPI is up 11.64% YTD. Overall, Chinese stock purchases from foreign investors is on track for an eight year low.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	4,559.34	+1.00%	+18.75%
NASDAQ	14,250.86	+0.89%	+36.16%
EuroStoxx 50	4,372.95	+0.74%	+15.27%
FTSE 100	7,488.20	-0.21%	+0.49%
ISEQ	8,265.84	0.52%	16.28%

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	4.472	+0.25%	+15.30%
US 2YR	4.955	+1.20%	+11.90%
German 10YR	2.6295	+1.68%	+2.53%
UK 10YR	4.3205	+4.30%	+17.76%
Irish 10YR	3.013	+1.40%	-4.23%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0939	+0.31%	+2.23%
EUR/GBP	0.8679	-0.80%	-1.85%
GBP/USD	1.2607	+1.19%	+4.23%

Asset Class Review

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Equities

US equity markets rose at the beginning of last week, as investors reacted to lower bond yields and the possibility of interest rate cuts in 2024. Monday would also see positive gains for Microsoft, who tapped former OpenAI chair Sam Altman to lead a new AI team within the company. The S&P 500 closed 0.74% higher, while the NASDAQ closed 1.13% higher. These gains would be reversed on Tuesday, as the minutes from the latest Federal Open Market Committee highlighted that monetary policy would remain restrictive. This went against the recent market sentiment that the Federal Reserve would begin to cut interest rates in the early part of 2024. Wednesday in the US would see indices gain in advance of the Thanksgiving holiday. The S&P 500 and NASDAQ both gained 0.4%. On the data front, durable goods orders for October month-over-month fell by 5.4%, in what was the second largest drop in goods orders since April 2020. The cause of this drop has been attributed to lower demand for transport equipment. Thursday was Thanksgiving, so US markets were shut. Friday would see a quiet day of trading in the US after the holiday, and overall for the week the S&P 500 and NASDAQ closed 1.00% and 0.89% higher respectively.

In Europe, equity indices across the continent were muted at the beginning of last week. The FTSE 100 began the week slightly lower, finishing Monday's session down 0.19%, while the Eurostoxx 50 finished slightly ahead, up 0.04%. On Tuesday, indices continued their muted tone. In the UK, the FTSE again finished slightly lower on the back of poor performances on the day in the financial sector. In Europe, the Eurostoxx 50 climbed slightly higher as markets continued to assess the position of Central Banks on monetary policy in 2024. Equity markets would stay flat as the week neared its end, with the FTSE 100 bucking its three-day losing streak to finish slightly ahead on Thursday, while the Eurostoxx 50 also closed ahead on Thursday. To close out the week, the FTSE 100 gained over 1% on Friday, along with the Eurostoxx 50, which rose to a three month high. For the week, the Eurostoxx 50 finished 0.74% higher while the FTSE 100 finished 0.21% lower.

Bonds

Bond yields were mostly subdued last week, as investor sentiment continues to point towards rate cuts in 2024. Data from the US also suggests the economy is continuing to cool, with lower durable goods orders, continued decline in the Producer Price Index (PPI) and overall lower inflation data. The US 10 Year yield sat around 4.4% for the majority of last week. The UK 10 Year Gilt hit its lowest point since May. Hopes of interest rate cuts in the UK in 2024 dragged yields lower. However, the Gilt rallied in the later half of the week thanks to flash UK PMI's and data on consumer confidence levels, which were higher than expected.

Commodities

In Commodities, oil markets were relatively flat for the week. US crude oil inventories were far higher than anticipated, coming in at 8.7 million barrels, which helped to push prices lower. Along with this, OPEC+ have rescheduled their policy meeting for the end of the month, as disputes broke out among members over output quotas from African members. Brent crude closed at $80.48, while WTI closed at $75.17 for the week. In Gold markets, the metal neared six month highs last week, helped by comments from the FOMC that interest rates would remain restrictive for some time. Gold closed the week at $2,003.70.

Key Events

- 30/11/2023 - EU Inflation Rate (YoY) Nov
- 30/11/2023 - COP28 Begins

Data Insight of the Week

Seaspray Private are delighted to present the first video in our new Data Insight's series. This particular insight pertains to the potential of the Circular Economy. You can watch this video and find more information on our data insights by clicking the link below, or by visiting our LinkedIn page.

https://www.youtube.com/watch?v=JNBZ8QsBAJk&t=1s