

# Weekly Market Review

## Financial Headlines

### United States

While lower inflation data was the main talking point in many economies last week, the US saw positive news on the growth front. The US economy grew at an annualised rate of 5.2% for the third quarter of 2023, higher than forecasts had estimated and the largest expansion in the economy since the fourth quarter of 2021. This growth in GDP was fuelled by increased consumer spending and private sector investment.

In political news, former US National Security Advisor and Secretary of State Henry Kissinger passed away at the age of 100. He was the powerhouse behind US foreign policy in the 1970s and beyond, particularly with his work on reintegrating China back into the Global sphere. This work resulted in President Richard Nixon's historic visit to China in 1972.

### Europe & UK

In Europe, inflation data was released for a number of the larger economies, with positive sentiment across the board. The Eurozone inflation rate plunged lower than expected, to a rate of 2.4% in November, compared to the market consensus of 2.7% and far lower than October's figure of 2.9%. On a country basis, Germany, the largest economy in the Bloc, saw its rate of inflation grow at its slowest pace since June 2021, coming in at 3.2%. Spain saw its rate of inflation slow to 3.2% year-on-year, down from a rate of 3.5% recorded in October. Finally, France's inflation rate slowed to 3.4% in November, down from 4% in October. These lower rates of inflation highlight the impact of higher interest rates on economies in the EU and further reinforces the ECB Monetary Policy strategy of price stability.

### Ireland

The rate of inflation in Ireland has slowed considerably in November, according to a flash estimate from the Central Statistics Office. The annual rate of inflation fell to 2.3% in November, down from a level of 3.6% in October. This is the lowest rate of inflation in the Irish economy in two and half years. The lower rate of inflation can be attributed to lower energy prices, which have fallen by 5.8% in November, and 9.9% over the 12 months leading up to November. In terms of core inflation, which strips out energy and food prices, the rate of core inflation increased by 3.9% Year over Year, down from 4.6% in October.

### Asia-Pacific

While inflation fell across major EU economies and GDP increased unexpectedly in the United States, in China manufacturing activity contracted for the second straight month. The Manufacturing Purchasing Managers Index (PMI) fell to 49.4 in November, slightly lower than the October reading of 49.5. Any reading below 50 means a contraction in manufacturing from the previous month. This is also the lowest figure since June. The figure compounds the issues facing the Chinese economy currently, with a volatile and debt laden property market, deflation due to food prices and weakening consumer demand. Goldman Sachs estimates that the Chinese economy will grow by 4.8% in 2024.

## Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	4,594.63	+0.77%	+19.67%
NASDAQ	14,305.03	+0.38%	+36.67%
EuroStoxx 50	4,417.25	+1.03%	+16.44%
FTSE 100	7,529.35	+0.55%	+1.04%
ISEQ	8,465.90	+2.42%	+19.09%

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	4.209	-5.89%	+8.52%
US 2YR	4.551	-8.15%	+2.78%
German 10YR	2.3570	-10.89%	-8.09%
UK 10YR	4.1780	-3.30%	+13.87%
Irish 10YR	2.727	-10.00%	-13.32%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0882	-0.51%	+1.69%
EUR/GBP	0.8511	-1.29%	-3.15%
GBP/USD	1.2709	+0.86%	+5.08%

## Equities

**US equity markets** began last week on a cautious note, as markets prepared for key data sets that were set to be released, including US PCE prices, which is the Federal Reserve's preferred method of measuring inflation. The S&P 500 and NASDAQ fell 0.19% and 0.07% respectively. US indices would rebound slightly on Tuesday, as comments from Federal Reserve officials indicated that the current monetary setting was restrictive enough and that positive progress had been made on inflation. On Wednesday, US GDP data was released for the third quarter, posting an annualised pace of 5.2%, which was increased from an initial estimate of 4.9%. Markets were muted in their response to this data, with the S&P 500 and NASDAQ both closing 0.1% lower for the day. Thursday in the US would see PCE Inflation data released, with all PCE data sets posting lower rates of inflation. For the week overall, the S&P 500 finished 0.77% higher, while the NASDAQ finished 0.38% higher.

**In Europe**, major equity markets were subdued to begin with last week. In the UK, the FTSE 100 shed 0.3% as London waited for the release of both US and Chinese economic data, with particular attention on the Chinese manufacturing PMI's as this would have an impact on the natural resources companies listed on the FTSE. In Europe, the Eurostoxx 50 followed suit with the FTSE, closing 0.1% lower to start the week, again awaiting data sets from the US, China and more importantly German and European inflation data. On Tuesday, market sentiment remained cautious, with the FTSE 100 and Eurostoxx both closing slightly lower. On Wednesday, in the UK the FTSE 100 had a muted day, thanks to poor performances in mining and oil stocks. In Europe, German and Spanish inflation data was released, with the figures being welcomed by European investors, and pushed the Eurostoxx 50 higher for the day. On Thursday, the FTSE 100 traded positively for the day, bucking three days of losses. The Eurostoxx 50 rose sharply on Thursday, hitting its highest level since mid-August, helped by French inflation data and rate cut expectations in early 2024. For the week, the FTSE 100 finished 0.55% higher while the Eurostoxx 50 finished 1.03% higher.

## Bonds

Bond yields fell sharply last week, as positive economic data from both sides of the Atlantic and comments from Federal Reserve chiefs brought yields lower. Bond prices in the US have surged in November, with total returns on US fixed income reaching 40 year highs. The benchmark US 10 Year yield sat at 4.2% for the majority of the week. The UK 10 Year Gilt declined to near six month lows last week, as inflation data in Europe pushed major bond yields lower. The Gilt market also reacted to the hawkish remarks of US Fed officials, which hinted at rate cuts in early 2024. The 10 Year gilt closed at 4.1%.

## Commodities

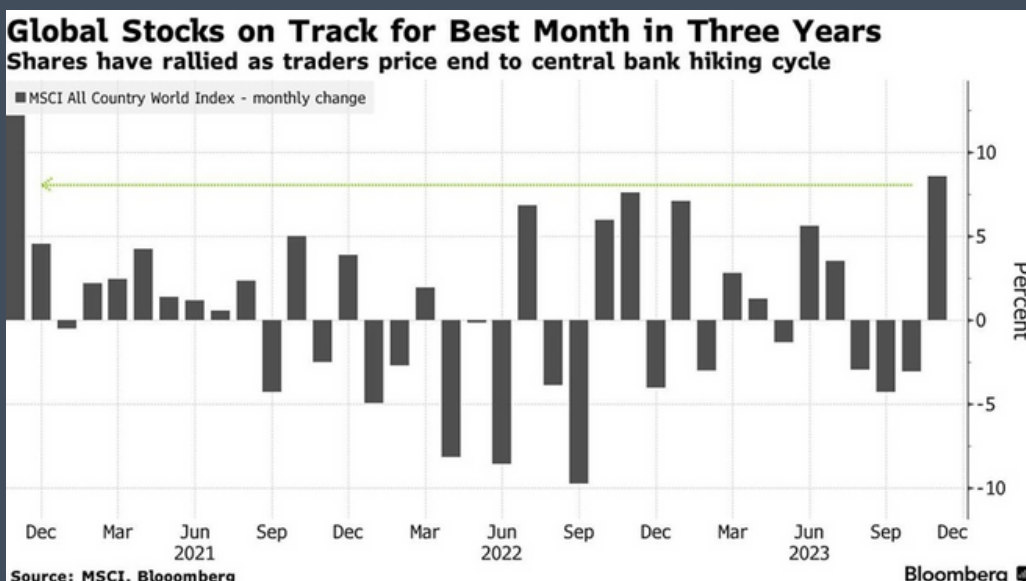
In Commodities, crude oil markets fell last week on account of OPEC+ meeting to discuss more supply cuts, with Saudi Arabia urging members of the group to reduce production quotas. Brent Crude finished the week at \$79.56, while WTI closed at \$74.38. In metals, Gold recorded its third straight week of gains, as lower inflation rates boosted expectation that Central Banks will cut interest rates in early 2024. Higher interest rates have a direct impact on the cost of holding a gold bullion. Gold closed at a price of \$2071.96.

## Key Events

- 08/12/2023 - US non farm payrolls
- 09/12/2023 - Chinese inflation rate (YoY)



## Data Insight of the Week



This week's Data Insight highlights how November 2023 was the best month for global stocks in three years, with the MSCI All Country World Index posting gains of over 8% for the month. Markets have been helped this month by lower inflation data in major economies, as well as positive sentiment regarding interest rates and the potential for rate cuts during 2024.

<https://seasprayprivate.ie/global-stocks-on-track-for-best-month-in-three-years/>