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Monday
11.12.2023

Weekly Market Review

Financial Headlines

United States

The US economy added 199,000 jobs in November, once again highlighting the strength of the labour market and bolstering hopes that it can continue to withstand high interest rates. The jobs figure was also higher than in October, when 150,000 jobs were created. While the news itself is positive for the economy and jobs market, the figure may also dent hopes that the Federal Reserve will cut interest rates early in 2024. However, while rates may not be cut early in the year, the data does suggest that the Fed can achieve a soft landing for the US economy and avoid a recession while also bringing down the rate of inflation. In terms of employment levels for November, the Education and Healthcare sectors saw the largest rise, with Retail services recording the biggest drop in the month.

Europe & UK

In Europe, lawmakers within the European Union agreed to the terms of a set of groundbreaking Artificial Intelligence (AI) rules which will outline a clear set of rules for AI in Europe. The AI Act will require transparency requirements for AI models such as ChatGPT and more stringent requirements for models that will have profound impact on individuals and consumers. The Act also includes provisions which will restrict the use of facial recognition technologies, except in the case of serious law enforcement. The impact of AI on human behaviour has also been included in the bill, with bans on AI technologies that manipulate human behavioural patterns and impact upon their free will, along with bans on AI that can exploit humans based on their age, economic status or disability.

Ireland

Corporation tax receipts for the month of November reached €6.3bn, in what was another bumper month for Irish corporation tax revenues. The figure is 27% higher than the same period last year, and follows three months where corporate tax receipts fell. However, while the news is positive for the country's finances, the Minister for Finance Michael McGrath cautioned that "the era of persistent over-performances is coming to an end." In 2022, a third of total corporate receipts came from just three companies in the pharmaceutical and technology sectors. For the year to date, corporation tax has raised €22bn.

Asia-Pacific

Moody's, the credit rating agency, last week cut its credit outlook for China to negative. The downgrade can be related to the worsening economic conditions, and the fact that the Chinese government may have to provide financial aid to some weaker regions in the country. Along with this, consumer prices in China fell by 0.5% year over year in November, which was the sharpest decline in the rate of inflation in three years. The decline was perpetuated by a 4.2% fall in food prices in November, and once again points to an economy which is struggling to restart after the strict lockdowns imposed by the government during the COVID-19 pandemic.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	4,604.37	+0.21%	+19.92%
NASDAQ	14,403.97	+0.69%	+37.62%
EuroStoxx 50	4,523.31	+2.37%	15.92%
FTSE 100	7,554.47	+0.33%	+1.38%
ISEQ	8,498.35	+0.38%	+19.55%

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	4.229	+0.48	+9.03%
US 2YR	4.723	+3.78%	+6.66%
German 10YR	2.2595	-4.30%	-11.89%
UK 10YR	4.06	-2.82%	+10.66%
Irish 10YR	2.605	-4.86%	-17.20%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0762	-1.08%	+0.58%
EUR/GBP	0.8573	+0.21%	-3.01%
GBP/USD	1.2548	-1.18%	+3.74%

Asset Class **Review**

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Equities

US equity markets had a poor start last week, with the S&P 500 falling 0.5% and the NASDAQ falling 0.8% on Monday. Tech stocks led the decline, with Microsoft, NVIDIA, Amazon and Google all dropping over 1%. Investors were looking ahead to the key non-farm payrolls that were set to be released on Friday. On Tuesday, markets continued their retreat, with both the S&P 500 and NASDAQ dragged lower by energy and industrial stocks, while some technology stocks helped alleviate some losses. The decline would continue on Wednesday, as indices suffered from continued losses in the energy market. Lower oil prices impacted on major energy stocks, with ExonnMobil down over 1% on Wednesday and Marathon Petroleum down over 3%. Indices broke their losing streak on Thursday, when the S&P 500 rose 0.8% and the NASDAQ gained over 1%. The rise came as Google announced its new AI model, with Alphabet shares jumping 5.3% on Thursday alone. For the week overall, the S&P 500 finished 0.21% higher, while the NASDAQ finished 0.69% higher.

In Europe, equity markets began the last month of the year with a mixed Monday trading. In the UK, The FTSE 100 performed poorly, mainly due to natural resource companies in the oil and gas industries. In mainland Europe, the sentiment was more upbeat. The Eurostoxx 50 held up at its four month high to start the week, aided by stocks in the retail and banking sector. Tuesday in the UK would see the FTSE 100 shed 0.3%, marking its second straight day of losses. The index was impacted by Moody's decision to downgrade the Chinese credit rating outlook, as this dampened performance in the natural resources and commodities companies contained in the Index. Meanwhile the Eurostoxx 50 hit a new four month high on Tuesday, helped by individual equity performances in the auto sector. On Wednesday, the FTSE 100 would bounce back from its losses and post a positive trading session, while the Eurostoxx 50 continued its good form and rose to a 16 year high. For the week overall, the FTSE 100 would close 0.33% higher, while the Eurostoxx 50 closed at its highest level since 2007, up 2.37% for the week.

Bonds

Bond yields had a mixed performance last week. In the US, the 10 Year yield hit a 3 month low on Wednesday as expectations for a rate cut in early 2024 rattled bond yields. However, after the US non-farm payrolls data was released on Friday, the 10 year yield rebounded from its three month low back up to over 4.2% as the expectations of rate cuts were tempered due to the jobs data. The UK 10 year Gilt also hit a six month low on Wednesday last, falling below the 4% threshold. However, yields also rebounded on Friday thanks to the US jobs data, and finished at just over 4% as the week concluded.

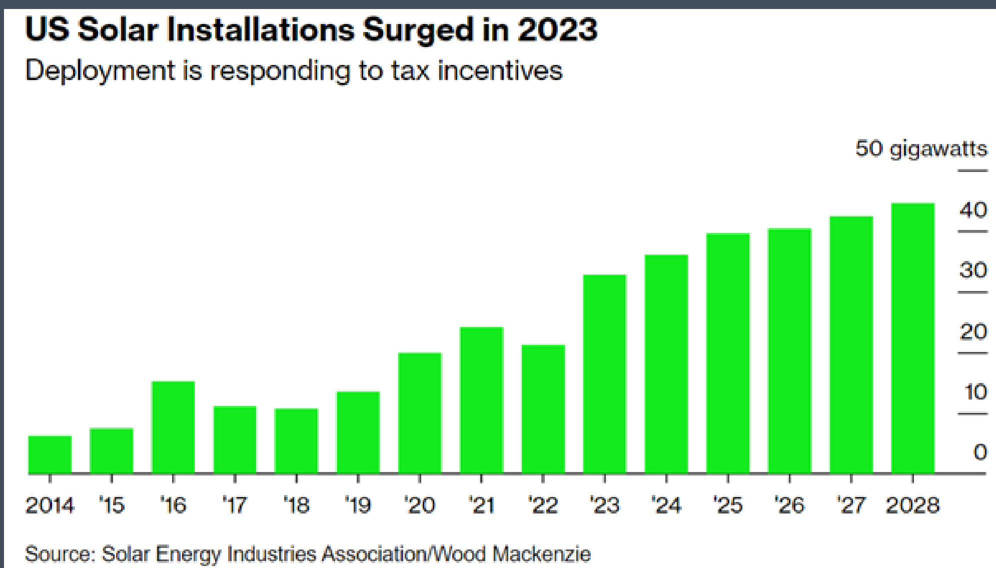
Commodities

In Commodities, crude oil markets fell over 3.0% last week, as global demand shows signs of weaking and global supplies continue to grow. US crude oil inventories increased by 5.4 million barrels, well above market expectations. Along with this, US oil exports neared a record of 6 million barrels a day in October. Chinese economic sentiment also weighed on the price, as Brent Crude closed at a price of $75.99, while WTI closed at $71.23. In metals, Gold remained above $2,000 last week, but retreated from its recent record high after US jobs data dented expectations that the Fed will cut rates in early 2024.

Key Events

- 13/12/2023 - Federal Reserve Interest Rate Decision
- 14/12/2023 - ECB Interest Rate Decision

Data Insight of the **Week**



This week's Data Insight highlights the growth in solar panel installations in the United States. 33 gigawatts of solar energy products were installed in 2023 in the US, with one gigawatt being equivalent to 2.469 million PV solar panels. Bloomberg anticipate that by 2028 the US will have total solar capacity of 377 gigawatts, which would be enough to power 65 million homes.

https://seasprayprivate.ie/us-cleantech-energy-installations/