



# Weekly Market Review

## Financial Headlines

### United States

It was a packed week for financial and economic data in the US last week. Last Monday, the latest monthly inflation data was released, with the annual rate of inflation for November slowing to 3.1%, down from 3.2% in October and the lowest rate in five months. The cost of energy fell 5.4% which contributed to the overall lower rate.

On the policy front, the Federal Reserve agreed to maintain interest rates at their current level of 5.50%. This was widely anticipated by analysts and investors, as the recent slew of data highlights the continued impact of higher interest rates on the economy. Chair of the Federal Reserve Jerome Powell stated that interest rates are likely at their peak for this tightening cycle, the clearest indication so far that the Fed is done hiking rates.

### Europe & UK

**In Europe**, the European Central Bank announced that it would pause once again on increasing interest rates, leaving the main refinancing operations rate (MRO) at 4.50%. Inflation rates in the Eurozone, and among the largest economies within the EEC having slowed to two year lows in recent weeks, bolstering hopes that the ECB will begin to cut rates in the early part of 2024. In the press release after the announcement was made, the Governing Council stated that while inflation had dropped in recent months, it could temporarily increase in the near future, before returning to normal levels of 2.0% between 2025 and 2026.

**In the UK**, the Bank of England also had its interest rate announcement. Similar to the ECB, the BoE paused on raising or lowering rates, leaving the base rate unchanged at 5.25%.

### Ireland

It is anticipated that an extra €1.1bn in retail spending will occur in the run-up to Christmas this year. Retail Ireland, which is a part of Ibec and represents the retail sector, has stated they expect every household in Ireland will spend on average an extra €1,019 this Christmas period. Part of this uplift in spending has been attributed to the main Christmas period falling on a weekend, along with lower inflation which is enabling more discretionary spending among consumers. Christmas is a vital time for retailers, with up to 40% of their annual turnover occurring during the holiday season.

### Asia-Pacific

The COP28 conference concluded last week in the United Arab Emirates, with an historic deal agreed amongst members to transition away from fossil fuels in order to reach net zero emissions by the year 2050. In the days preceding the announcement, a draft document was released which had omitted any mention of reducing fossil fuel usage. However, after days of intense negotiations and consultations between US, Saudi Arabian and EU diplomats, the agreement was reached. Within the accord, there is a call to triple the amount of global renewable energy capacity by 2030, as well as calling for countries to develop low emissions technologies such as nuclear energy.

## Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	4,719.55	+2.49%	+22.91%
NASDAQ	14,761.56	+2.85%	+41.54%
EuroStoxx 50	4,560.05	+0.58%	+16.48%
FTSE 100	7,667.92	+0.29%	+1.67%
ISEQ	8,621.71	+1.35%	+21.28%

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	3.915	-7.44%	+0.94%
US 2YR	4.449	-5.80%	+0.48%
German 10YR	2.0260	-10.67%	-21.00%
UK 10YR	3.7260	-8.23%	+1.55%
Irish 10YR	2.349	-10.14%	-25.33%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0892	+1.24%	+1.79%
EUR/GBP	0.8594	+0.22%	-2.83%
GBP/USD	1.2679	+1.08%	+4.83%

## Equities

**US equity markets** began last week on a positive note, as investors awaited both inflation data and a Federal Reserve rate announcement. The S&P 500 rose 0.4% while the NASDAQ rose 0.2%. The gains would continue on Tuesday, with inflation data for November coming in slightly lower than in October and in line with market expectations. Wednesday would see the Federal Reserve rate announcement. Markets rallied in the wake of the announcement, particularly after the comments made regarding the end of the interest rate hiking cycle by Fed chair Jerome Powell. The S&P 500 and NASDAQ both closed over 1.3% higher on Wednesday as a result. The rally would continue on Thursday, extending the winning streak for US indices to six days. US retail sales also increased unexpectedly in November. Friday would be a choppy trading session in the US, with the S&P500 finishing the day slightly lower, while the NASDAQ posted gains of 0.3%. However, it was an overall positive week for US indices, with the S&P 500 closing 2.49% higher for the week, while the NASDAQ closed 2.85% higher for the week.

**In Europe**, markets were mixed ahead of a data filled week. The FTSE 100 had a relatively muted session on Monday last, lagging behind some of its European counterparts. Investors were focused on the Bank of England rate decision on Thursday, specifically on the comments made by the Monetary Policy Committee. In Europe, the Eurostoxx 50 continued its recent rally and posted a positive Monday session, as investors awaited the ECB rate decision. The FTSE 100 continued its subdued tone on Tuesday, as investors awaited interest rate announcements on Wednesday and Thursday. Meanwhile, the Eurostoxx 50 remained at its 23 year high, despite unease across markets in anticipation of the Federal Reserve rate announcement. After a quiet Wednesday, equities rallied on Thursday after the Fed's announcement, with the FTSE up over 2% and the Eurostoxx 50 still at a 23 year high. On Friday, the FTSE 100 retreated slightly, underperforming its EU counterparts, but overall, posted a positive week, up 0.29%. Meanwhile, the Eurostoxx 50 continued its good form and closed 0.58% higher for the week.

## Bonds

Bond yields fell considerably last week, as investors continue to focus on interest rate cuts early in 2024. The US 10 year yield fell below 4.0% after the Federal Reserve rate decision, which was the lowest level since mid July. Just under two months ago the 10 year yield hit 5.0%. Expectations are now for at least 50 basis points worth of rate cuts next year, more than was expected earlier in the year. For the week, the 10 year yield finished at 3.91%. In the UK, the 10 Year Gilt plunged to 3.70%, which was its lowest point since May 2023, again impacted by the Federal Reserve commentary.

## Commodities

In Commodities, crude oil markets rebounded slightly last week, aided by the positive sentiment emanating from the Federal Reserve which sent the US dollar to a four month low. Prices were also impacted by declining US crude oil inventories, which fell by 4.3 million barrels the week previous. Brent crude prices closed at \$76.78, while WTI closed at \$71.43. In metals, Gold markets rallied on the back of dovish Fed comments, reaching \$2,030 last Thursday, up from \$1,980 on Wednesday afternoon. Gold finished last week at a price of \$2019.60, after the dollar strengthened on Friday. For the week, the metal was up 0.8%.

## Key Events

- 20/12/2023 - UK Inflation Rate
- 22/12/2023 - US Core PCE Price Index



## Data Insight of the Week



This week's Data Insight shows how Apple is once again fast approaching the value of Europe's largest stock market, which is France. The combined market value of companies listed in Paris is about \$3.2 trillion, while the combined market value of Apple is now \$3.1 trillion. Apple is also bigger than all but the six largest stock markets in the world in terms of market value.

<https://seasprayprivate.ie/apple-closing-in-on-europes-largest-stock-market-and-the-growth-in-buy-now-pay-later-bnpl/>