SEASPRAY PRIVATE
Creating Investment Solutions

Monday
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Weekly Market Review

Financial Headlines

United States

As we move into the New Year, a key focus will be on the Fed and interest rates, with some analysts anticipating rate cuts within the first three months of 2024. However, last week the Federal Reserve released minutes from its December meeting, which maintained the cautious tone that Fed officials, particularly chair Jerome Powell have had since inflation rates began to fall. The minutes stated that interest rates should remain restrictive until inflation rates move "sustainably toward the Committee's objective". The rate of inflation in the US in November was 3.1%, which was the lowest in the five preceding months, however still over a percent above the targeted rate of 2.0%. US inflation data for December will be released this week, which will give an indication as to the Fed's direction.

Europe & UK

In Europe, December inflation data was released. Overall, the rate of inflation for the Eurozone rose to 2.9%, up from 2.4% in November. However, this increased rate of inflation was below market expectations of 3.0%. Energy prices were the primary driver of this increase. The core inflation rate fell to 3.4%, its lowest rate since March 2022. The rate of inflation for Europe's largest economy, Germany, rose to 3.8% for the month of December, up from 2.3% in November. The main reason for this sudden spike in inflation has been attributed to reduced government subsidies on energy, as German energy prices rose 4.1% in December, compared to a drop of 4.5% in November. Finally, in France inflation also ticked up slightly from 3.5% to 3.7% in December. Again, higher energy prices were the main cause of this.

Ireland

In 2023, new sales of electric vehicles (EVs) in Ireland soared 45% from 2022, with the market share of EVs in Ireland increasing from 15% in 2022 to 19% last year. 22,789 EVs were sold, with the Volkswagen ID.4 taking the top spot, with cars from manufacturers such as Tesla and Skoda all ranking in the top five. In overall terms, there was 121,850 new car registrations in Ireland in 2023, compared to 105,252 in 2022. Within this, petrol cars were the most popular, taking up 30% of the market share. South Korean and Japanese manufacturers dominated the most popular cars sold, with the Hyundai Tucson ranking number one in sales.

Asia-Pacific

In China last week, BYD, the electric vehicle (EV) manufacturer overtook Tesla as the world's largest EV producer. In the final quarter of 2023, BYD delivered 526,000 vehicles globally, compared to Tesla's 484,000. For the year overall, BYD recorded 1.58mn in total fully electric vehicles delivered, with over 3mn in total vehicle deliveries. The news highlights the rapid growth of the Shenzhen based manufacturer, who has quietly carved out a sizeable chunk of the EV market in both Asia and Europe. The company has also benefited from access to almost every resource needed to produce EVs within the country of China, and the slower transition from major car makers to EVs.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	4,697.24	-1.52%	-1.52%
NASDAQ	14,524.07	-3.25%	-3.25%
EuroStoxx 50	4,463.45	-1.28%	-1.28%
FTSE 100	7,689.61	-0.56%	-0.56%
ISEQ	8,661.46	-1.13%	-1.13%

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	4.051	+4.79%	+4.79%
US 2YR	4.393	+3.37%	+3.37%
German 10YR	2.1740	+7.20%	+7.20%
UK 10YR	3.8230	+8.02%	+8.02%
Irish 10YR	2.498	+4.78%	+4.78%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0940	-0.85%	-0.85%
EUR/GBP	0.8603	-0.09%	-0.09%
GBP/USD	1.2716	-0.74%	-0.74%

Asset Class Review

Equities

US equity markets began 2024 with a mixed opening last Tuesday, with the S&P 500 and NASDAQ both closing lower. The poor start was as a result of tech stocks being hampered by rising bond yields, and Barclays downgrade of Apple to underweight, which sent the company's shares down 3.6%. Intel and AMD also closed over 4.0% lower each. The decline would continue on Wednesday, as the minutes from the latest Federal Reserve meeting were cautious on rate cuts and inflation. Tech stocks also continued their rout, with Tesla dropping 4.0% on the day. The S&P 500 fell 0.85% while the NASDAQ shed over 1%. US indices would post a third straight day of losses on Thursday, in a muted session. Friday in the US would see the non-farm payrolls data released, and it was a positive jobs report with the US economy adding 216,000 new jobs in December, well above the forecasted 170,000 and another clear sign of the strength of the US labour market. However, both the S&P 500 and NASDAQ began 2024 with negative weeks, with the S&P 500 down -1.52% and the NASDAQ down -3.25%.

In Europe, equity markets opened last week with record highs. However those highs were quickly wiped away, with the Eurostoxx 50 falling 0.3% on Tuesday, down from its 23 year high. Rising bond yields also put pressure on EU equity markets. In the UK, the FTSE 100 fared much the same, opening higher but failing to maintain that momentum, closing 0.15% lower. Wednesday would see this negative trend continued, as the Eurostoxx 50 closed 1.5% lower, while the FTSE 100 closed 0.51% lower. In Europe, investors reacted to the release of economic data on both sides of the Atlantic, with German unemployment rising and US job openings falling. In the UK, the FTSE staved off major losses, helped by gains in the personal care, drug and healthcare sectors. On Thursday, indices in Europe would buck the negative trend in stocks and post positive sessions, with the Eurostoxx rising 0.4% and the FTSE 100 rising 0.5%. Finally, on Friday both EU and UK indices suffered losses, with EU inflation rates pulling markets lower. For the week, the FTSE 100 was down -0.56%, while the Eurostoxx 50 closed -1.28% lower

Bonds

Bond yields rose last week, coming off the lows reached at the end of 2023 on the back of lower inflation numbers. The US 10 Year yield rebounded to just over 4.0% by Thursday last. This was partly due to the more hawkish tone that emanated from the recent minutes of the Federal Reserve Board, along with economic data sets such as strong private market jobs growth which may slow the Fed even more when it comes to lowering rates. In the UK, the 10 Year Gilt reached 3.8%, having hit a nine month low at the end of 2023, helped by positive service industry data and increased consumer borrowing.

Commodities

In Commodities, crude oil markets increased steadily last week, aided by protests in Libya which shut down the country's largest oil field, Sharara, which produces around 300,000 barrels of oil a day. Geopolitical risks in the Middle East, both in the Levant region and in Iran also helped oil prices, as Brent crude closed the week at a price of $78.82, while WTI closed at $73.81. In metals, Gold had a mixed week, fluctuating between $2,060 and $2,040. This differential was due to both positive jobs data from the US last week, coupled with higher inflation data out of Europe. By Friday evening Gold stood at a price of $2,052.60.

Key Events

- 11/01/2024 - US Inflation Data
- 12/01/2024 - UK GDP Data

Our investment philosophy at Seaspray Private is the desire to create positive, long term sustainable and responsible investment solutions and portfolios for our clients. Last Monday the EMU Circular Economy Bond, which was available exclusively to clients of Seaspray Private delivered a gross return of 25.00% over 2.5 years. For further information click on the following link:

https://seasprayprivate.ie/sips/emu-circular-economy-bond-25-00-gross-return-for-our-clients-over-2-5-years-equating-to-10-00-per-annum/