

Weekly Market Review

Financial Headlines

United States

In the United States last week, inflation data was released for December. The rate of inflation rose to 3.4% for the month. This was an unexpectedly higher increase, as analysts and economists had anticipated a rise of 3.2%. The December rate was an increase on the November rate of 3.1%, however the core inflation rate, which strips out volatile energy and food costs, increased at a slower rate than in November, coming in at 3.9% compared to 4.0%. The main driver of inflation in December was motor vehicle insurance costs, which were 1.5% higher month over month and 20.3% higher year over year. While the cost of energy was once the main driver of inflation in the US, month over month energy costs increased just 0.4%, whilst year over year they actually decreased by 2.0%.

Europe & UK

In Europe, French President Emmanuel Macron last week appointed the youngest Prime Minister in the history of the French state. Gabriel Attal is 34 years of age, and is the former Minister of Education. He was recently polled as the most popular politician in France, with an approval rating of 40%. Attal is set to do battle with the far-right Rassemblement National in this year's upcoming European Elections. Macron, for his part, is under pressure to gain back some ground against Marine Le Pen, who has opened up a 10 point polling gap in recent weeks.

In the UK, retail sales data for December were released. Sales grew just 1.7% in December, down from 2.7% in November, in a sign that consumers were more cautious this Christmas with their spending.

Ireland

With the implementation of the new Global Minimum tax, which will increase the lower limit of corporation tax to 15%, Irish corporation tax revenues are expected to soar in the short term. According to the OECD, Ireland is classed as an Investment Hub, meaning it has more than 150% of inward foreign direct investment of gross domestic product (GDP). Due to this, Ireland is expected to see corporation tax income rise from anything between 14% and up to 34%.

In more positive news, the NTMA raised €3bn through the sale of 10 year debt, after receiving €44bn in orders.

Asia-Pacific

The Democratic Progressive Party (DPP) in Taiwan secured its third term in office, as voters rejected the rhetoric from Beijing surrounding Lai Ching-te, the leader of the DPP, as a "dangerous separatist". The DPP won 40% of the votes counted so far, losing its parliamentary majority but winning a higher share of votes for its legislators nationwide.

Chinese companies in the Artificial Intelligence (AI) industry are beginning to suffer from the US imposed sanction on the import of high performance semiconductors. Firms are now resorting to repurposing NVIDIA graphics cards, used in high end gaming PC's to supplement the lack of real semiconductor power.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	4,783.83	+1.62%	+0.29%
NASDAQ	14,972.76	+2.67%	-0.26%
EuroStoxx 50	4,480.02	+0.42%	-0.92%
FTSE 100	7,624.93	-0.53%	-1.40%
ISEQ	8,417.55	-2.45%	-3.91%

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	3.939	-2.77%	+1.89%
US 2YR	4.146	-5.63%	-1.83%
German 10YR	2.1530	+0.47%	+6.16%
UK 10YR	3.8320	-0.20%	+8.28%
Irish 10YR	2.458	-1.68%	+3.10%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0949	+0.07%	-0.79%
EUR/GBP	0.8588	-0.15%	-0.91%
GBP/USD	1.2750	+0.28%	+0.17%

Equities

US equity markets opened for their first full working week with a bang, with the S&P 500 climbing over 1.0%, while the NASDAQ climbed over 2.0%. NVIDIA gained 6.4%, while Apple and Amazon both surged over 2.0%. On Tuesday markets were muted in the US, with the S&P 500 shedding 0.1% and the NASDAQ finishing just above its flatline. The tech rally on Monday ceased, and investors awaited yet more data later in the week, particularly inflation data. Wednesday would see gains in the US, as investors awaited the December inflation data. This inflation data was released on Thursday, coming in at a higher rate of 3.4%, however the news did not dampen market sentiment. The S&P 500 rose 0.2%, while the NASDAQ rose 0.4%. NVIDIA hit a new all time high on Thursday, with a 12 month gain of 243.3%. On Friday, US equity markets cast a muted tone, as corporate earnings began to be released. For the week, the S&P 500 increased 1.62%, while the NASDAQ climbed 2.67%, bouncing back from the negative opening week of 2024.

In Europe, equity markets were more subdued than their US counterparts to start last week. The Eurostoxx 50 gained slightly, up 0.4% in the opening session last week, while the FTSE 100 managed to make slight gains of 0.06%. European investors were still hesitant in a week where US inflation data was to be released. On Tuesday, Eurozone unemployment hit its record low once again for November, with the jobless rate for the bloc coming in at 6.4%. In terms of indices, the Eurostoxx 50 closed 0.4% lower, as investors continued to digest economic data. In the UK, the FTSE 100 lost 0.13%, maintaining its muted tone for the week. On Wednesday, equity indices in Europe and the UK fell, owing to uncertainty in the markets surrounding interest rate decisions. The decline would continue on Thursday, following the US inflation report, which pushed European equities lower. To close out the week however, EU and UK indices would push higher, with the Eurostoxx 50 adding 0.85% on Friday, while the FTSE 100 added 0.64%. For the week, the Eurostoxx was positive, up 0.42%, while the FTSE closed 0.53% lower.

Bonds

Bond yields increased last week, aided by the more muted sentiment regarding interest rate cuts and US inflation data that was released on Thursday. In the US, the 10 Year yield hit its highest level in a month. On the economic front, initial jobless claims hit a two month low, which also put pressure on the bond market. The 10 year yield sat at 3.9% on Friday. In the UK, the 10 year Gilt also hit its highest level in a month, aided also by the inflation report from the US. As of Friday evening, the 10 Year Gilt yielded 3.83%.

Commodities

In Commodities, crude oil prices surged from a low of \$75 on Monday to just under \$80 a barrel on Thursday evening. The rise in prices was due to the ongoing tensions in the Middle East, with Iran capturing an oil tanker off the coast of Oman late on Thursday. Prices retreated on Friday, however for the week, crude oil markets were positive. Brent Crude finished the week at a price of \$78.32, while WTI closed at \$72.76. In Gold markets, the metal saw prices stabilise after some turbulent weeks, aided by the ongoing tensions in the Middle East. Gold closed at a price of \$2,053.60.

Key Events

- 15/01/2024 - Martin Luther King Day (US Holiday)
- 17/01/2024 - UK Inflation 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 Global Technology Kick-Out Bond, which was available exclusively to clients of Seaspray Private delivered a gross return of 19.512% over 1.5 years. For further information click on the following link:

<https://seasprayprivate.ie/sips/global-technology-kick-out-bond-jan-2024/>

Global Technology Kick-Out Bond