

Weekly Market Review

Financial Headlines

United States

In the United States last week, the US presidential election campaign continued for the Republican party. After the shock news that Ron DeSantis had suspended his campaign and endorsed Donald Trump, the former US president had even more momentum heading into the New Hampshire primaries. As expected, Trump won the largest share of the vote, taking almost 55% of the vote share, while Nikki Haley, who is now the only challenger to Trump, won 43%. With his victory in New Hampshire, Trump is now the first non-incumbent to win both Republican presidential contests in Iowa and New Hampshire. Haley, who is currently the Governor of South Carolina has indicated that she will continue on to the next primary, which will also take place in South Carolina on the 24th of February.

Europe & UK

The European Commission announced last week that the EU as a whole must invest around €1.5 trillion a year between 2031 and 2050 in order to bring greenhouse gas emissions to zero by the end of 2050. Crucially, by keeping the rise of temperatures to within 1.5 degree Celsius above pre - industrial levels, the EU could save €2.4 trillion in weather related losses between 2031 and 2050.

In the UK, economic activity increased at its fastest pace in seven months in January, as the S&P Global Flash UK composite rose to 52.5. This was up from the 52.1 figure recorded in December, with anything over 50 meaning the majority of businesses in the UK have reported more activity. This economic strengthening may impact upon the Bank of England's interest rate decisions in the coming months.

Ireland

With the launch of the Deposit Return Scheme on February 1st, 82% of Irish consumers surveyed in a new report support the introduction of the scheme and 95% plan to engage with the circular initiative. The research was conducted by Amarach on behalf of Re-turn, the company who will operate the scheme within Ireland. The research also found that 76% of those surveyed felt they could make a difference to the environment by engaging with plastic bottle recycling.

New data from the CSO shows home building within Ireland last year rose to a 15 year high, with nearly 33,000 new homes built.

Asia-Pacific

The People's Bank of China has announced that from next month, it will lower the amount of reserves Chinese banks within the country must maintain, in a bid to try and stimulate growth and investment in an economy which is continuing to lag. This change to the reserve limit will mean that an extra \$140bn of liquidity will be available within the financial system. The news follows a statement from Chinese Premier Li Qiang on Tuesday last, who called for "more forceful and effective measures" to stabilise the Chinese stock market, in particular the Hong Kong based Hang Seng, which has fallen by 4.9% since the beginning of 2024 and over the past year is down 28.16%.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	4,890.97	+0.62%	+2.54%
NASDAQ	15,455.36	+0.41%	+2.96%
EuroStoxx 50	4,635.47	+3.19%	+2.52%
FTSE 100	7,635.09	+1.97%	-1.27%
ISEQ	9,066.84	+1.76%	+3.50%

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	4.139	+0.21%	+7.06%
US 2YR	4.357	-0.72%	+2.52%
German 10YR	2.3010	-0.13%	+13.46%
UK 10YR	4.0010	+1.81%	+13.05%
Irish 10YR	2.724	-1.70%	+14.26%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0852	-0.37%	-1.74%
EUR/GBP	0.8542	-0.37%	-1.52%
GBP/USD	1.2702	+0.07%	-0.17%

Equities

US equity markets began last week by continuing the positive momentum which in turn led to fresh all time highs for the S&P 500 and the NASDAQ. The S&P 500 added 0.2% while the NASDAQ gained 0.1%. Mega cap tech stocks such as Apple and NVIDIA outperformed the market on Monday. Tuesday in the US would see more record highs, as the S&P 500 and NASDAQ gained 0.29% and 0.43% respectively. The big news on Tuesday was Netflix, who announced a record subscriber count for Q4 of 2023, adding 13 million new subscribers, with an overall subscriber base of over 260mn. Wednesday would see indices close slightly higher, off the back of strong overall corporate earnings from Netflix, as well as positive gains from tech stocks such as NVIDIA and Microsoft, which both hit new record highs on Wednesday. The S&P 500 hit a new high for the fifth straight day on Thursday, adding 0.5% while the NASDAQ added 0.1%. Finally, after a mixed day of corporate earnings, with American Airlines up 7.1% and Intel shares down 11.9%, the S&P 500 finished last week 0.62% higher, while the NASDAQ gained 0.41%.

In Europe, equity markets performed well to start off last week, as the Eurostoxx 50 rose 0.8% on Monday. In the UK, the FTSE 100 also had a positive Monday session, closing 0.35% higher. On Tuesday, indices in Europe retreated slightly, with the Eurostoxx 50 down 0.3%. Consumer sentiment fell in January for the Euro Area, having hit a five month high in December. In the UK, the FTSE fell marginally by just 0.03%. EU and UK indices booked gains on Wednesday, with the EU aided by tech stocks such as SAP, while in the UK mining stocks with exposure to China increased. On Thursday, the ECB Governing Council held rates at their current level, as was expected by analysts. However there was very little indication as to when rate cuts will begin, with the General Council determined to ensure that inflation returns to its 2% medium term target in a timely manner. The Eurostoxx 50 and FTSE 100 both booked gains on Thursday, following the US GDP data. To conclude the week, the Eurostoxx 50 closed at a 23 year high, up 3.19%, while the FTSE 100 reached a 2 week high, up 1.97% for the week.

Bonds

Global bond yields reached their highest level in a month midway through last week, before a pull back later in the week due to some economic data releases. The US 10 Year yield touched 4.18% last week, before falling back to 4.13% as inflationary pressures lessened in the US, even as the economy continues to grow. Q4 US data saw core PCE inflation remain at 2.0% with the US economy growing by 3.3%. Meanwhile, in the UK the 10 Year Gilt briefly rose above the 4.0% mark, before retreating slightly, as strong UK PMI data may slow the Bank of England when it comes to rate cuts.

Commodities

In Commodities, crude oil prices increased significantly last week, spurred on by US crude oil inventories, which declined by over 9 million barrels the week previous. Along with this, news that the Chinese Central Bank would move to support the economy lessened fears about a slowdown there. Brent Crude is currently at \$83.66, while WTI trades at \$78.01. In metals, Gold prices fell as strong US economic data and a strong dollar impacted prices. In other metals, Aurubis, Europe's biggest producer of Copper, released three of its top executives last week in relation to a string of thefts which totaled €169mn.

Key Events

- 31/01/2024 - Federal Reserve Rate Decision
- 01/02/2024 - Bank of England Rate Decision
- 02/02/2024 - US Non Farm Payrolls



MAKING WAVES

The latest episode in our Seaspray- Making Waves podcast series- Reviewing 2023 and looking ahead to 2024 was released last week. There were plenty of key talking points which Danny O'Leary and Paul McGowan touched on - geopolitical risks, key macro-economic and market related calls from earlier in the year to outlining the opportunities and value they feel can be found for investors in 2024 and beyond. Episode 5 is available to watch and listen to on Spotify, iTunes, YouTube and our Seaspray Private website following the below link:

<https://seasprayprivate.ie/making-waves-podcast/making-waves-episode-5/>