

Weekly Market Review

Financial Headlines

United States

The minutes of the latest Federal Reserve meeting were released last week, showing that officials were sceptical of reducing interest rates too quickly in 2024. The minutes reveal that while Fed members are comfortable with the steady decline in the rate of inflation, and on reaching full employment, members felt it was too soon to begin cutting rates. The consensus now is that interest rates will be cut three or possibly four times in 2024, with the timing of the first cut now pushed out from March to June. In other news, the South Carolina Republican Primary took place last weekend, with Donald Trump winning convincingly yet again. The former president won nearly 60% of the vote, with Nikki Haley, who is actually the Governor of South Carolina winning 39%. The next stop is Michigan on February 27th.

Europe & UK

In Europe, despite the recent Q4 GDP figures which showed Euro zone growth had flatlined at 0%, there is now increased optimism that this downturn is beginning to ease. The S&P Global flash euro zone composite PMI index, which is a measurement for business activity across the Euro area, rose to an eight month high of 48.9 in February. While German manufacturing remains in contraction territory, positive signs from countries such as France helped to offset the negative sentiment in Germany. The reading of 48.9 still means the overall economy is in contraction, as 50 is the baseline for growth.

In the UK, the government posted its biggest monthly surplus on record in January, with a public sector surplus of £16.7bn. This is double the figure from the same period last year.

Ireland

A planning application has been lodged for the construction of a €100mn solar farm, that will be situated in Co. Kildare and would be spread across 318 acres. The site, named the Dunstown solar farm, is located just outside of the town of Naas, and would have a capacity of 105MW of solar energy, along with benefits to the local economy in terms of jobs and inward investment. Along with this, RES, the UK based renewable energy giant has announced plans for new solar farm projects across Ireland that would amount to a total output of 500MW. These farms would be located across the country, in counties such as Offaly and Clare.

Asia-Pacific

In an effort to keep up with the sweeping reforms in both Europe and the US, China has released details on new ESG disclosure rules that companies must abide by. 400 of the biggest companies in China must release detailed sustainability reports by 2026. These will comprise of ESG governance and strategy reports, along with details that outline each company's energy transition plan. The companies involved make up almost half of the combined stock market value in China, with the hope being that these reforms will enable companies in the country to focus more on cleaner technologies and social governance issues. Clean tech accounted for two-fifths of China's GDP in 2023.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,088.80	+1.50%	+6.69%
NASDAQ	15,996.82	+0.69%	+6.56%
EuroStoxx 50	4,854.21	+2.58%	+7.77%
EuroStoxx 600	497.25	+1.29%	+3.81%
FTSE 100	7,689.87	-0.30%	-0.57%
ISEQ	9,660.86	+3.54%	+10.28%

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	4.248	-0.77%	+9.88%
US 2YR	4.688	+0.95%	+10.31%
German 10YR	2.3635	-1.56%	+16.54%
UK 10YR	4.1460	+0.78%	+17.15%
Irish 10YR	2.747	-2.73%	+15.23%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0818	+0.38%	-2.05%
EUR/GBP	0.8530	-0.13%	-1.66%
GBP/USD	1.2679	+0.55%	-0.35%

Equities

US equity markets were closed last Monday due to the holiday celebrating George Washington's birthday. Markets reopened on Tuesday, with indices falling slightly in anticipation of Federal Reserve minutes and NVIDIA earnings, due to be released after the closing bell on Wednesday. The S&P 500 lost 0.3%, while the NASDAQ shed 0.4%. Wednesday would see NVIDIA earnings released, with the AI giant posting bumper earnings. Revenues surged 265% in the fourth quarter, up to \$22.1bn, which eclipsed Wall Street estimates of \$20.4bn. Net income also rose 770%, up to \$12.3bn when compared to the same period last year. Indices surged on Thursday on the back of this news, with the S&P 500 rising 2.11%, while the NASDAQ rose 2.96%. Finally for the week, aided by the NVIDIA rally, the S&P 500 closed 1.50% higher, while the NASDAQ closed 0.69% higher.

In Europe, equity markets continued their positive momentum, with the Eurostoxx 50 hitting a new 23 year high once again, while the STOXX 600 also stayed close to record highs. In the UK, the FTSE 100 hit its highest level so far in 2024, aided by stocks in the pharmaceutical and engineering sector, particularly Rolls Royce, who added over 3% on Monday. Indices in Europe would pull back on Tuesday, in anticipation of the Fed and ECB minutes, while also digesting fresh earnings. EU and UK indices were mixed on Wednesday, with the Eurostoxx 50 advancing 0.3% higher, while the broader STOXX 600 fell 0.2%. There were losses in the banking and mining sector due to poor results from HSBC and Glencore, with HSBC dropping over 8%. In data news, consumer confidence rose more than anticipated in February, despite economic growth in the bloc stagnating. The FTSE 100 fell by 0.7%, impacted by the poor earnings results from HSBC and Glencore. EU and UK indices would rebound strongly on Thursday, buoyed by the NVIDIA earnings figures. The Eurostoxx 50 reached a new 23 year high, the STOXX 600 reached an all time new high, and the FTSE 100 gained 0.3%. On Friday, European and UK indices climbed higher once again, with new records for the Eurostoxx 50 and STOXX 600. The FTSE 100 gained 0.3% on Friday but was lower overall for the week.

Bonds

Global bond yields were mixed last week, as markets analysed minutes from the Federal Reserve's latest meeting. Fed officials remained cautious about lowering borrowing costs too quickly, despite the positive data sets in inflation and non farm payrolls in recent months. The US 10 year yield reached its highest level since early December on Thursday, holding around 4.33% before pulling back to 4.24% on Friday. In the UK, the 10 year Gilt held at the 4.1% mark, as markets reacted to stronger than anticipated UK private sector PMI data, showing that private sector activity grew at its fastest rate since May of 2023.

Commodities

In Commodities, crude oil price movements were muted last week, as both interest rate cut expectations and lower global demand for fossil fuels dampened price rises. The International Energy Agency's recent report indicated a global slowdown in global oil demand and an increase in renewable energy usage among world economies. Brent Crude closed at \$81.68, while WTI closed at \$76.49. In Gold markets, prices surged last week from under \$2,000 to over \$2,035, as the US dollar weakened on the back of the cautious Federal Reserve minutes regarding rate cuts, as well as demand for safe haven assets.

Key Events

- 28/02/2024 - US GDP Growth Rate (QoQ)
- 29/02/2024 - US Core PCE Price Index (MoM)
- 01/03/2024 - EU Inflation Rate (YoY)



Data Insight of the Week



Seaspray Private is delighted to present the third video in our new Data Insights series. This particular insight pertains to the growth in the transition to Clean technology, both in terms of investment and employment. You can watch this video and find more information on our data insights by clicking the link below, or by visiting our LinkedIn page.

<https://www.youtube.com/watch?v=-PZ-9jNA8gA&t=5s>