

Weekly Market Review

Financial Headlines

United States

The Personal Consumption Expenditure price index (PCE), one of the key metrics used by the Federal Reserve in making rate decisions, slowed on an annual basis to 2.4% in January. This is down from the December rate of 2.6% and the lowest rate since February 2021. On a month over month basis, prices increased by 0.3%, in line with market expectations. Meanwhile, the annual rate of core PCE inflation, which excludes food and energy price changes, increased by 2.8%, the lowest level since March 2021 and the 12th straight month of declines in the core rate. This inflation data will help guide the Federal Reserve and Jerome Powell in making interest rates decisions later in 2024, with the timing of the first rate cut being June. The next meeting of the Federal Reserve takes place on March 20th.

Europe & UK

In Europe, preliminary inflation data was released for some of Europe's largest economies. In Germany, inflation fell to its lowest rate since June 2021, coming in at 2.5% for February and slowing from 3.1% in January. Meanwhile in France, the preliminary figures showed that the rate of inflation slowed to 3.1% in February, down from a rate of 3.4% in January.

In the UK, members of the ruling Conservative Party are trialling the use of generative artificial intelligence (AI) in the analysis of responses to government consultations. AI has also been used to draft answers to questions in parliament. These drafts would be checked by a civil servant before they are circulated, and the software has been programmed to use citations on all sources to confirm veracity.

Ireland

It was a busy week for both earnings and economic data in Ireland. Bank of Ireland, Glanbia and Uniphar were among the big earnings releases, with Bank of Ireland reporting profit before tax of €1.94bn in 2023, up from €1bn in 2022. Glanbia, the nutrition giant, recorded a 20% increase in profit after tax, even after an 8.7% decline in revenues. Uniphar, the healthcare services group saw its revenues climb 23.3%, however the group's profit before tax fell by 7.9% to €53.32m, down from €57.9m. On inflation news, flash estimates from the CSO showed the rate of inflation slowed to 2.2% on an annual basis in February.

Asia-Pacific

In China last week, factory activity and output slowed once again, in a further sign of the issues currently plaguing the world's second largest economy. The manufacturing Purchasing Managers Index (PMI) came in at 49.1 for February, down from 49.2 in January. A PMI reading under 50 represents contraction, and the latest data marks the fifth straight month of contraction in the manufacturing sector in China and comes at an inopportune time for Xi Jinping as the National People's Congress begins this Tuesday. The Congress will see the Chinese Communist Party announce targets for economic growth, fiscal stimulus, and military spending.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,137.08	+0.89%	+7.70%
NASDAQ	16,274.94	+1.69%	+8.42%
EuroStoxx 50	4,894.86	+0.57%	+8.26%
EuroStoxx 600	497.58	+0.25%	+3.88%
FTSE 100	7,682.50	-0.11%	-0.66%
ISEQ	9,521.49	-0.14%	+8.69%

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	4.186	-1.46%	+8.28%
US 2YR	4.533	-3.30%	+6.66%
German 10YR	2.4130	+2.16%	+18.98%
UK 10YR	4.1380	+2.48%	+16.93%
Irish 10YR	2.806	+1.01%	+17.70%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0837	+0.19%	-1.87%
EUR/GBP	0.8564	+0.29%	-1.27%
GBP/USD	1.2650	-0.17%	-0.57%

Equities

In the US, equity markets fell slightly at the beginning of last week, with the S&P 500 and NASDAQ losing 0.38% and 0.13% respectively. Investors were focused on economic data releases, particularly the Personal Consumption Expenditures (PCE) inflation data. On Tuesday, indices gained marginally, with the S&P 500 gaining 0.17% and the NASDAQ gaining 0.37%. On Wednesday, indices continued to underperform, as markets awaited the key PCE data on Thursday. The S&P 500 fell 0.17% while the NASDAQ fell 0.55%. The PCE inflation data was released on Thursday, slowing to 2.4% in January, the lowest rate since February 2021. Both US indices gained by over half a percent as inflationary pressures continued to ease. On Friday, ISM manufacturing data saw the 16th consecutive decline in manufacturing activity in the US. However, equities gained as this data increased pressure on the Federal Reserve to begin rate cuts sooner rather than later. For the week, the S&P 500 and NASDAQ gained 0.89% and 1.69% respectively.

In Europe, equity markets began last week with a muted Monday session. The Eurostoxx 50 fell from its 23 year high, down 0.1% while the broader STOXX 600 fell 0.4%. In terms of individual stocks, Zealand Pharma, the Danish based medical technology company, gained over 38% on Monday, after a positive first trial of its newest weight loss drug, survodutide. On Tuesday, the Eurostoxx 50 gained 0.2% while the STOXX 600 gained 0.18%. In the UK, the FTSE 100 finished marginally lower, down 0.02%, however gains were made in the mining sector. Wednesday would see EU indices remain muted ahead of key economic data releases. The Eurostoxx 50 fell 0.1%, while the STOXX 600 lost 0.3%. The FTSE also retreated. On Thursday, markets reacted to the PCE data from the US and EU Inflation data, however indices across the board finished in the red. For the week, the Eurostoxx 50 gained 0.57%, while the STOXX 600 gained 0.25%. In the UK, the FTSE 100 retreated by 0.11% for the week, pulled lower by poor corporate performances from St James' Place PLC and Ocado Group.

Bonds

Global bond yields were relatively subdued last week, as bond markets continued to analyse key macroeconomic data sets that could influence future interest rate decisions from Central Banks. The US 10 Year yield traded between 4.2% and 4.33% for most of the week. US durable goods orders fell by 6.1% month over month in January. This marked the most substantial monthly decline in durable goods orders since April 2020. The 10 Year yield slid to 4.18% on Friday after ISM manufacturing PMI's data came in much lower in February than January. In the UK, the 10 Year Gilt remained steady at 4.1% for the majority of the week.

Commodities

In Commodities, crude oil prices increased last week, as markets continued to monitor the situation in the Middle East. While US president Joe Biden stated a temporary ceasefire could be agreed in the short term, uncertainty remains as to the solidity of any ceasefire. Attacks in the Red Sea also continued last week, which may hamper exports of oil and lead to price rises in the coming months. Brent crude is currently at \$83.39, while WTI trades at \$79.97. In Gold markets, prices rallied to their highest level in a month due to the PCE inflation data, adding to the sentiment of near-term rate cuts that will benefit gold bullion prices.

Key Events

- 07/03/2024 - ECB Interest Rate Decision
- 08/03/2024 - US Non Farm Payrolls



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 Cyber Security Bond, which was available exclusively to clients of Seaspray Private delivered a gross return of 18.00% over 2 years. For further information click on the following link:

<https://seasprayprivate.ie/sips/cyber-security-bond/>



Cyber Security Bond