

Weekly Market Review

Financial Headlines

United States

It was Super Tuesday in the United States last week, with 15 states across the country casting their votes in both the Democratic and Republican primary elections. Overall, Donald Trump won 14 of the 15 nominations in the Republican primary elections, with Nikki Haley winning the remaining nomination in Vermont. Overall, Trump won 73% of the Republican vote within the 15 states. However, last Wednesday, Nikki Haley announced she would be exiting the Republican presidential race, leaving the path clear for Trump to claim the nomination. However, Haley did not endorse Trump in her announcement. President Joe Biden also dominated the Democratic primary elections. The President then held his final State Of the Union address last Thursday evening, attacking his rivals and vowing to fight on for democracy.

Europe & UK

In Europe, the European Central Bank held its March meeting last week. As expected there was no change to the main deposit rates. However, the ECB did lower its forecast for 2024 inflation, reducing it from 2.7% to 2.3%. ECB President Christine Lagarde stated that the bank still needed more data before making any rate decisions.

In the UK, the 2024 spring budget was announced by Chancellor Jeremy Hunt. The cornerstone of the budget was a £10bn cut in national insurance, resulting in a cut in the main rate of employee and self-employed contributions for 27mn people. The non-domicile tax regime was abolished, while there were also changes to child benefit and an increase in taxes on vapes, tobacco and non-economy class airline flights. This was the final Budget before the next general election.

Ireland

Tax collection for the first two months of 2024 increased by €600mn compared to the same period last year, according to the Department of Finance. Overall, the State collected €12bn in taxes since the beginning of the year, aided principally by income tax, excise and VAT receipts. In isolation, income tax receipts increased by 5.7% compared to last year, amounting to €5.3bn up to the end of February. VAT receipts also increased by 4.8% year over year, with collections amounting to €4.3bn. There was an exchequer deficit of €100mn up to the end of February, however this was due to a €4bn transfer to the National Reserve Fund.

Asia-Pacific

In China last week, the ruling Chinese Communist Party (CCP) held its annual National People's Congress in Beijing. This meeting highlights the economic, fiscal and military plans for the coming year. Premier Li Qiang said in his keynote address that the government will target a growth rate of 5% for the Chinese economy. An ambitious target considering the ongoing issues around property and deflation, where consumer prices in China have fallen at the fastest annual rate in 15 years. This growth rate is the same target set by the CCP at its 2023 Congress. Along with this, Qiang stated that the military budget would increase by 7.2%, while unemployment levels were targeted at 5.5%.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,123.69	-0.14%	+7.42%
NASDAQ	16,085.11	-0.96%	+7.15%
EuroStoxx 50	4,961.11	+1.28%	+9.72%
EuroStoxx 600	503.26	+1.08%	+5.07%
FTSE 100	7,659.74	-0.08%	-0.95%
ISEQ	9,678.32	+1.39%	+10.48%

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	4.077	-2.59%	+5.37%
US 2YR	4.478	-1.22%	+5.46%
German 10YR	2.2705	-5.91%	+11.96%
UK 10YR	4.0010	-2.86%	+13.05%
Irish 10YR	2.648	-6.63%	+11.07%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0937	+0.92%	-0.97%
EUR/GBP	0.8504	-0.62%	-1.96%
GBP/USD	1.2857	+1.60%	+1.05%

Equities

In the US, equity markets began last week with a negative Monday session. The S&P 500 fell marginally by 0.1% while the NASDAQ dropped 0.4%. NVIDIA gained over 3.6%, while Apple lost 2.5% after the EU fined the company €1.8bn for its practices around music streaming. The decline would continue on Tuesday, with the S&P 500 losing 1.0% and the NASDAQ falling 1.6%. This decline was precipitated by losses in the technology sector, with Apple, Tesla and Microsoft all losing over 2.0%. On Wednesday, indices bounced back from their two day losing streak. Federal Reserve chair Jerome Powell testified before Congress, where he stated that the outlook on inflation was still uncertain, however he did indicate an expectation to reduce rates if the economy “evolves broadly as expected”. Also on Wednesday, the NASDAQ, one of the two key indices in the US, reached an aggregate market capitalisation of stocks listed on the index of \$27.5 trillion, which is larger than the entire US economy. US indices continued their gains on Thursday, aided by strong gains in mega caps such as NVIDIA and Meta, who gained 4.5% and 3.3% respectively. However, for the week the S&P 500 lost 0.14% while the NASDAQ lost 0.96%.

In Europe, indices on the continent had a mixed session to the start the week, with the Eurostoxx 50 gaining 0.37%, while the broader STOXX 600 dropped just 0.03%. In the UK, the FTSE 100 fell 0.5% due to losses in the automobile, oil and gas and personal goods sectors. Tuesday in Europe would see indices pull back further, as cautious sentiment remained prevalent. The Eurostoxx 50 posted a loss of 0.4%, while the broader STOXX 600 fell by 0.3%. The UK’s FTSE 100 posted marginal gains, as caution abounded in advance of the Spring Budget due for release on Wednesday. Indices in Europe and the UK posted gains on Wednesday, digesting both the UK Spring Budget and the comments from Jerome Powell. EU markets reacted positively to the ECB rate decision on Thursday, particularly the inflation forecast revision, with the STOXX 600 crossing the 500 mark for the first time. For the week, the Eurostoxx 50 and STOXX 600 gained 1.28% & 1.08% respectively, while the FTSE 100 lost 0.08%.

Bonds

Global bond yields retreated last week, as comments from Fed chair Jerome Powell pointed to at least one cut in interest rates this year. In his testimony to Congress, Powell stated that he and his officials needed “greater confidence” that the rate of inflation was continuing to decline, noting the economic uncertainties that still exist at the present time. However he did concede that a rate cut was still expected. The US 10 year yield fell to its lowest level in a month, down to 4.07% on Friday. In the UK, the 10 Year Gilt briefly fell below 4% last week, after the Spring Budget was announced by Chancellor Jeremy Hunt.

Commodities

In Commodities, crude oil prices remained muted last week, as a slowdown in factory output in the US heightened fears of protracted slowdown in economic activity. However, after the comments regarding interest rate cuts from Jerome Powell and lower than expected US crude oil inventories, prices increased by 1% on Wednesday. Brent crude closed at \$82.05, while WTI closed at \$77.85. In metals, Gold prices surged to its highest ever level on record, passing \$2,200 after the US dollar and bond yields weakened, poor economic data emanating from the US and the Jerome Powell’s comments to Congress.

Key Events

- 12/03/2024 - US Inflation Data (YoY)
- 13/03/2024 - UK GDP Data (MoM)
- 15/03/2024 - US Michigan Consumer Sentiment



Data Insight of the Week



Seaspray Private is committed to creating investment solutions for our clients. In this video insight, Gordon Gunning will explain the rationale and delivery of these investment solutions. 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=Afdv--KnSFs>