

Weekly Market Review

Financial Headlines

United States

The Federal Reserve had its March Federal Open Market Committee (FOMC) meeting last week. As expected, there was no change either way in the interest rate. However, the statement and economic projections released after the announcement pointed to cuts in interest rates by three-quarters of a percentage point within 2024. According to the dot plot of FOMC members, only two of the 19 members deemed it appropriate to keep interest rates between their current range of 5.25% and 5.50%. Meanwhile, 15 of the 19 members see rates falling to 5.0% or lower before the end of the year. Interestingly, with the FOMC signaling 3 interest rate cuts in 2024, the timing could see the downward path commencing early H2- ahead of the US Presidential election in November.

Europe & UK

In Europe, in a surprising announcement, the Swiss National Bank reduced its headline interest rate by 25 basis points, bringing its interest rate to 1.50%. This is the first cut by the SNB in nine years and is the first major Central Bank in Europe to ease its monetary policy in the current cycle.

In the UK, the rate of inflation for February slowed to an annual pace of 3.4%, falling from 4.0% in January and the lowest recorded rate of inflation since September 2021. Food, restaurants, recreation, and culture saw prices slow the most which helped the overall rate. Core inflation also slowed to its lowest rate since January 2022, coming in at 4.5%. Meanwhile, the Bank of England kept interest rates at their current level of 5.25%, with Governor Andrew Bailey stating the data was "moving in the right direction."

Ireland

The National Treasury Management Agency (NTMA) last week borrowed €1bn on the bond market. There was an auction for bonds due to be repaid in 2034 and in 2044. The debt due for repayment in 2044 are known as Green Bonds. These are debt products used specifically for funding green and ESG initiatives.. Overall, the 2034 Treasury Bonds saw €1.14bn of bids received with €500mn on offer, sold at a rate of 2.749%, while the 2044 Green bonds saw €760mn of bids with €500mn on offer, sold at a yield of 2.949%. The other major news last week was the resignation of Taoiseach Leo Varadkar.

Asia-Pacific

The Bank of Japan last week ended nearly eight years of negative interest rates, by raising rates to a range of 0 to 0.1. The historic shift comes after a long period of extremely loose monetary policy, in which the Bank of Japan kept rates in negative territory to avoid recession and stimulate growth in the Japanese economy. The timing of the rate hike comes after some of the largest companies in the country, including Honda and Toyota, agreed to the biggest pay rise for workers since 1992. The Nikkei 225, the main stock exchange for the country, has also reached three-decade highs as investors flock to Japanese listed companies.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,234.18	+1.33%	+9.74%
NASDAQ	16,428.82	+1.27%	+9.44%
EuroStoxx 50	5,031.15	+0.77%	+11.27%
EuroStoxx 600	509.64	+0.91%	+6.40%
FTSE 100	7,930.92	+2.57%	+2.56%
ISEQ	9,866.90	+0.44%	+12.63

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	4.202	-2.47%	+8.69%
US 2YR	4.595	-2.89%	+8.12%
German 10YR	2.3190	-4.84%	+14.35%
UK 10YR	3.9680	-3.27%	+12.12%
Irish 10YR	2.722	-3.85%	+14.18%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0805	-0.75%	-2.16%
EUR/GBP	0.8572	+0.34%	-1.18%
GBP/USD	1.2601	-1.05%	-0.96%

Equities

In the US, equity markets had a positive start last week, with the S&P 500 closing 0.6% higher and the NASDAQ adding 0.8%. Markets were buoyant in a week that would see interest rate decisions from all corners of the world and were more focused on AI developments. Alphabet shares gained 4.6% on Monday, after it was announced Google's Gemini AI would be integrated into Apple's iPhone, marking the first major agreement between the tech superpowers on an AI application. On Tuesday, equities continued their positive form, as the S&P 500 rose 0.5% and the NASDAQ rose 0.3%, as investors braced for the Federal Reserve meeting on Wednesday. The Federal Reserve rate announcement came on Wednesday, and helped major indices reach new record highs. The S&P 500 gained 0.89% and the NASDAQ gained 1.25%, with technology stocks like MicroStrategy and Coinbase leading the rally. The rally would continue on Thursday and into Friday, and for the week the S&P 500 finished 1.33% higher while the NASDAQ closed 1.27% higher.

In Europe, equities were more muted than in the US at the beginning of last week, as markets braced for the Central Bank meetings due later in the week. The Eurostoxx 50 closed 0.07% lower, while the STOXX 600 fell 0.1%. In economic news, the Eurozone recorded a trade surplus of €11.4bn in January 2024, compared to a deficit of €32.6bn in the same period in 2023. The FTSE 100 in the UK followed the same trajectory, closing 0.06% lower. Tuesday saw the FTSE 100 moving ahead by 0.20%, aided by the news from Unilever, who announced the spin off of its ice cream division. EU and UK equities were subdued on Wednesday, in advance of the Fed's rate announcement which took place after the closing bell. However, on Thursday these indices would rally, with the Eurostoxx 50 and STOXX 600 both hitting brand new highs, while the FTSE 100 also posted its highest level since May 2023. For the week overall, the Eurostoxx 50 and STOXX 600 gained 0.77% and 0.91% respectively, while the FTSE 100 gained a remarkable 2.57%.

Bonds

Global bond yields retreated last week, as Central Bank announcements pointed to interest rate cuts in the coming months. In the US, the 10 Year Yield fell to 4.2%, as the Federal Reserve is expected to cut rates three to four times this year. Fed chair Jerome Powell stated the economy was "performing well", with GDP forecasts for 2024 increasing from 1.4% to 2.1%. However, the positive sentiment was tempered slightly, as core inflation rates are expected to remain slightly higher for 2024 at 2.6%. Meanwhile, in the UK, the 10 Year Gilt fell to 3.96%, impacted by the UK inflation data and BoE interest rate cut expectations.

Commodities

In Commodities, crude oil prices ticked up past the \$85 per barrel mark, as higher demand and lower stockpiles in the US helped push prices higher. US crude inventories fell by 1.952 million barrels last week, defying an expected rise in inventories. Improved GDP forecasts from the Federal Reserve also pointed to a strong US economy and potential soft landing. Brent Crude is currently at \$85.56, while WTI is at \$80.82. In metals, Gold prices reached its highest level on record, boosted by the Federal Reserve's rate announcement and expectation of rate cuts in the coming months. Prices are currently at \$2166.

Key Events

- 28/03/2024 - US GDP Growth Rate
- 29/03/2024 - US Core PCE Price Index data
- 29/03/2024 - Good Friday



Luminosa String Orchestra Concert



Seaspray Private are delighted that our recent Corporate Social Responsibility partnership with Luminosa Music contributed to a fantastic 2023 concert series and we now look forward to our next concert series in 2024- Bláthú. We hope that this concert series will provide a metaphor for growth, positivity, and flourishing.

[More information on Luminosa and the Seaspray Private Concert Series can be found at www.luminosa.ie](http://www.luminosa.ie)