

Weekly Market Review

Financial Headlines

United States

In the US last week, annual inflation data for March was released. Surprisingly, the rate of inflation for March rose to 3.5%, well above the 3.2% rate in February but also above analysts' expectation of 3.4%. This is the highest rate of inflation since September 2023. Along with this, core inflation rose to a rate of 3.8%, slightly higher than February's 3.7% rate. In terms of drivers of this higher rate, energy prices were one of the key factors, rising by 2.1% in March, compared to a fall of 1.9% in February. This increase in energy is not surprising, with oil prices at their highest level since October 2023. Elsewhere, food inflation steadied at 2.2%, while transportation costs increased by 10.9% compared to 9.9% in February. This data will play a key part in the Federal Reserve's decision-making on future interest rate cuts.

Europe & UK

In Europe, the European Central Bank had its governing council meeting last Thursday, where rates stayed at their current rate of 4.50%, as expected. The decision to keep rates at current levels was not unanimous, as some members favoured an immediate rate cut. Christine Lagarde, President of the ECB, stated in her address that inflation was expected to fluctuate in the coming months before falling to its target in 2025. In other news, a report by the European Round Table for Industry last week stated that Europe must invest around €800bn in energy infrastructure alone by 2030 in order to meet its climate goals.

In the UK, Gross Domestic Product (GDP) growth month over month for February came in at 0.1%, lower than the January number but the second month in a row with positive GDP growth.

Ireland

In March, electricity derived from wind power achieved a new milestone, constituting 43% of Ireland's overall energy generation for the month. According to the data from Wind Energy Ireland, 1,541 Gigawatt hours (GWh) of power was generated in March from wind farms, a new all time record for the country. In terms of individual drivers, the south of the country produced the most GWh, with Kerry and Cork producing 23% of Ireland's total wind power. Overall in 2024, wind energy has produced 40% of Ireland's total power output. In other news, Simon Harris was officially sworn in as Ireland's new Taoiseach.

Asia-Pacific

The ratings agency Fitch announced last week it had revised its outlook for China's long term credit rating, changing it from Stable to Negative. The key driver in this revision was the increased risks to the Chinese economy as it struggles to spur growth after the collapse of its property market over the past four years. The report states that "rising government debt in recent years have eroded fiscal buffers from a ratings perspective". In other news, Taiwan Semiconductor Manufacturing Co (TSMC) announced that it would produce its most advanced products from Arizona, USA starting in 2028 while receiving grants of over \$6bn and loans of over \$5bn from the US government to fund the move.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,123.41	-1.61%	+7.41%
NASDAQ	16,442.20	-0.48%	+7.75%
EuroStoxx 50	4,955.01	-1.33%	+9.59%
EuroStoxx 600	505.25	-0.40%	+5.48%
FTSE 100	7,995.58	+1.03%	+3.39%
ISEQ	9,891.51	-1.52%	+12.91%

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	4.517	+2.67%	+16.84%
US 2YR	4.894	+3.02%	+15.16%
German 10YR	2.3600	-1.83%	+16.37%
UK 10YR	4.1670	+1.63%	+17.75%
Irish 10YR	2.778	-2.73%	+16.53%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0642	-1.84%	-3.64%
EUR/GBP	0.8546	-0.36%	-1.48%
GBP/USD	1.2450	-1.42%	-2.15%

Equities

In the US, equity markets began last week with a muted Monday session. The S&P 500 finished 0.04% lower, while the NASDAQ closed just 0.03% higher. Markets were braced for US inflation numbers due for release on Wednesday. The muted sentiment would continue on Tuesday, with the S&P 500 adding just 0.1% and the NASDAQ gaining 0.3%. Alphabet, the parent company of Google reached a new all time high in terms of stock price, thanks to the announcement of new custom made microchips. Wednesday would see US inflation data released, coming in higher than expected at 3.5%. This had a detrimental impact on US equity markets, with the S&P 500 and NASDAQ losing 0.8% and 0.9% respectively, as hopes of interest rate cuts in the early summer were seriously dampened. US equities rallied on Thursday, after the bruising Wednesday session. In stocks, NVIDIA and Apple both gained over 4%, with Apple gaining after announcing it would revamp its Mac devices with AI focused chips. For the week, the S&P 500 closed 1.61% lower, while the NASDAQ closed 0.48% lower.

In Europe, equity markets had a positive Monday session, with the Eurostoxx 50 gaining 0.8%, while the STOXX 600 gained 0.5%. In the UK, the FTSE 100 also gained ground on Monday, closing 0.4% higher. Equity markets in Europe would decline on Tuesday, failing to build on the momentum of the previous session. The Eurostoxx 50 retreated by 1.13%, while the STOXX 600 fell by 0.6%. The UK's FTSE 100 also had a quiet Tuesday session, closing 0.11% lower, with financials such as Barclays and Standard Chartered leading the declines. Wednesday in Europe would see equities drop sharply after the US inflation release, however the Eurostoxx 50 and STOXX 600 both finished marginally ahead, aided in part by positive gains from semiconductor company ASML, who added 1.6%. The FTSE 100 closed higher on Wednesday, up 0.3%, thanks to gains from Tesco, HSBC and Shell. Yesterday, EU and UK indices both closed lower following the ECB's rate announcement. For the week, the Eurostoxx 50 & STOXX 600 finished lower, down 1.33% and 0.40%, while the FTSE 100 bucked the trend, finishing 1.03% higher.

Bonds

Global bond yields were mixed last week, with US Yields increasing thanks to the hotter than expected US inflation data, which rose to 3.5%. Traders quickly reassessed their position on the timing of the Federal Reserve's decision to cut interest rates after the release of this data, with the CME FedWatch tool showing only a 19.6% probability of a rate cut coming at the FOMC June meeting. This was a significant swing from the previous week with probability reading of 60%. Meanwhile, in the UK the 10 Year Gilt increased to 4.16%, after the US inflation data release, while European yields were lower for the week.

Commodities

In Commodities, crude oil markets were relatively flat last week, having seen prices rise to near 6 month highs at the beginning of April. Prices steadied due to the larger than expected US crude oil inventory data, which rose by over 3mn barrels, compared to an expected rise of 2.4mn. Fears of a retaliatory attack from Iran on Israel however weighed on markets. Brent Crude closed at a price of \$90.15 per barrel, while WTI closed at \$85.66 per barrel. In metals, Gold prices surged to a brand new all time high of almost \$2,400 on Friday, as Central Banks resorted to buying the metal as a safe haven from rising geopolitical tensions.

Key Events

- 16/04/2024 - German ZEW Economic Sentiment Index
- 17/04/2024 - UK Inflation Data (YoY)



The latest episode in our Seaspray- Making Waves podcast series- Reviewing Q1 and looking ahead to the rest of 2024 will be released this week. Episode 6 will be 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 PODCAST