

Weekly Market Review

Financial Headlines

United States

According to the IMF's latest World Economic Outlook, the US economy will grow by 2.7% in 2024, almost double that of the other G7 countries. This figure is also higher than the 2.5% growth rate achieved in 2023, and is a 0.6% revision higher from their January projections. The higher revision was attributed to the strong consumer spending and positive labour statistics seen in Q4 of 2023 and Q1 of 2024. However, while the performance of the US economy was praised, the IMF also stated in its outlook that the fiscal policies and practices utilised by the US Government could be detrimental to the global economy. Chief among these was the suspension of the debt limit, implemented last year, which has led to the US national debt pile reaching over 34 trillion dollars.

Europe & UK

In Europe, economic sentiment in the bloc's largest economy, Germany, increased to its highest level since February 2022, a sign of the improving economic situation there. The ZEW Indicator of Economic Sentiment came in at 42.9, up from 31.7 in March, beating forecasts of 35.9.

In the UK, inflation data for March was released last week, coming in at a rate of 3.2% for March. This was slightly lower than the February rate of 3.4%, but was above the market expectation of 3.1%. However, this is the lowest inflation figure recorded since September 2021, and was primarily caused by lower food inflation, with prices rising by 4% in March, compared to 5% in February. For the first time since March 2022, the UK's inflation rate has dropped below that of the US.

Ireland

The Central Statistics Office (CSO) last week released aviation figures for 2023. The findings show that just under 39.2mn people used Irish airports in 2023, with 85% of these passengers coming through Dublin airport. The annual figure is the highest passenger volume recorded since records began in 2013 and is a 20% increase on the 2022 figures. Nearly 274,000 flights were handled by the five main Irish airports in 2023, with Dublin handling 85% of all air traffic and Cork Airport handling 7%. In terms of routes, Heathrow was the most popular destination for both Dublin and Cork. Finally, air freight handled by Irish airports was up 6%.

Asia-Pacific

Despite the recent negative sentiment, the Chinese economy grew by 5.3% in the first quarter of 2024, which was significantly higher than the forecast of 4.6%. This was the largest quarterly expansion of GDP since Q2 of 2023, and was largely driven by a positive Lunar New Year festival, as well as an increase in fixed investment, which grew by 4.5% in the quarter. Retail sales grew by 4.7% throughout the quarter also, which was lower than the same period last year, where numbers were ahead due to the post pandemic boom in sales seen in Q1 2023. The Chinese Communist Party (CCP) had set out a growth rate of 5% for 2024, having struggled to spur growth in the economy in recent months.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	4,967.23	-3.87%	+4.14%
NASDAQ	15,282.01	-6.14%	+1.80%
EuroStoxx 50	4,918.09	-1.28%	+8.77%
EuroStoxx 600	499.29	-1.38%	+4.24%
FTSE 100	7,895.85	-0.91%	+2.10%
ISEQ	9,931.00	-0.36%	+13.36%

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	4.623	+2.34%	+19.58%
US 2YR	4.988	+1.91%	+17.37%
German 10YR	2.5015	+6.00%	+23.35%
UK 10YR	4.2680	+2.42%	+20.60%
Irish 10YR	2.927	+5.36%	+22.78%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0654	+0.20%	-3.53%
EUR/GBP	0.8609	+0.77%	-0.75%
GBP/USD	1.2371	-0.62%	-2.77%

Equities

In the US, equity markets retreated last Monday, as sentiment around interest rate cuts became more hawkish, with treasury yields rallying. Markets also reacted to the threat of a wider conflict in the Middle East, as the S&P 500 fell 1.2% and the NASDAQ fell 1.79%. Meanwhile in earnings, Goldman Sachs profits rose 28% in Q1 of 2024. On Tuesday, equities declined again, as the S&P 500 fell 0.21% while the NASDAQ dropped 0.12%. In earnings, United Health, Bank of America and Morgan Stanley all beat revenue estimates for Q1, helping to ease the declines seen in the wider market. The declines would continue on Wednesday for equities, with the S&P 500 and NASDAQ down 0.58% and 1.15% respectively. Mega caps led the rout, with NVIDIA down 3.9% and Meta losing 1.1%. Thursday marked a fifth straight day of losses, with Netflix earnings being a bright spot, as revenues rose 14.8% during Q1 2024, however shares traded lower due to the company announcing it would stop reporting quarterly subscriber growth. For the week, the S&P 500 closed 3.87% lower and the NASDAQ closed 6.14% lower.

In Europe, markets opened last week with a mixed trading session, as the rising tensions in the Middle East pulled markets lower. The Eurostoxx 50 fell 0.4%, while the STOXX 600 gained 0.14%. In the UK, the FTSE 100 lost 0.38%, as companies in the precious metal and oil industry suffered losses. On Tuesday, European indices would hit their lowest level in a month, with the Eurostoxx 50 falling by 1.3%, while the broader Stoxx 600 fell 1.6%. Meanwhile in the UK, the FTSE 100 had its worst day since July 2023, retreating 1.9% on the back of the European-wide sell off and uncertain monetary policy movements from the US. European indices posted slight gains on Wednesday, with the Eurostoxx 50 and STOXX 600 up 0.1%. ASML fell 6% after missing expectations, while LVMH gained 4.5% after impressive earnings. In the UK, the FTSE 100 increased 0.4%, helped by gains from mining stocks. After a positive Thursday session, European and UK indices would fall on Friday, amid increased uncertainty in the Middle East. For the week overall, the Eurostoxx 50, STOXX 600 and FTSE 100 all finished in negative territory.

Bonds

Global bond yields surged last week, as investors scaled back their interest rate cut targets in the US. The higher than expected inflation data from the week previous, coupled with strong retail sales data for March and continued strength in the labour market has cast doubt on whether the Federal Reserve will cut rates in early Summer, or wait until the autumn. The US 10 year yield closed at 4.62%, having reached its highest level in 2024 earlier in the week. Meanwhile, in the UK the 10 year Gilt reached its highest level since November 2023, on the back of the hawkish sentiment now emanating from markets and officials.

Commodities

In Commodities, crude oil prices steadied last week, having touched \$92 the previous Friday on account of the brewing tensions between Israel and Iran. However, oil markets shrugged off the attack by Iran on Israel the Saturday previous, and would retreat slightly due to the dampened sentiment around interest rate cuts in the US. Prices did jump slightly on Friday morning after the limited retaliatory attack by Israel on Iran, which avoided Tehran. Brent crude closed at \$87.29, while WTI closed at \$83.14. In metals, Gold prices remained elevated due to geopolitical fears, which has driven governments into the safe haven asset.

Key Events

- 25/04/2024 - US GDP Growth Rate
- 26/04/2024 - US Core PCE Price Index



The latest episode in our Seaspray- Making Waves podcast series- Reviewing Q1 and looking ahead to the rest of 2024 has now been released. Episode 6 is 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-episode-6/>



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