

# Weekly Market Review

## Financial Headlines

### United States

In the US, minutes from the latest Federal Open Market Committee (FOMC) meeting were released last week. The key takeaway from the minutes was that members of the FOMC acknowledged that the US economy as a whole was cooling down and that price pressures were easing. However, the committee did not pledge any near term rate cut and instead will stick to a wait and see approach. The minutes also highlighted how a quicker slowdown in the jobs market could fast track a rate cut, with several members of the FOMC indicating that the labour market was normalising. The Fed is still expected to cut interest rates in the later part of 2024, depending on the data. US non farm payrolls for June showed that the job market slowed, with 190k jobs added, a decrease from May additions of 272k.

### Europe & UK

**In Europe**, the annual rate of inflation for the Euro Area slowed once again to a rate of 2.5% for June. The annual rate had increased slightly in May to 2.6%, however prices slowed for food, alcohol and tobacco, as well as for energy, which helped lower the overall rate. Annual core inflation, which strips out food and energy, did remain unchanged at 2.9%, indicating the impact food and energy prices are having on the overall rate.

**In the UK**, the big news last week was the General Election. For the first time in 14 years, the Labour Party is the largest party in Westminster and will be tasked with leading the country for the next 5 years. Sir Keir Starmer's party took over 400 seats of the 650 available in Westminster, while the Conservative party suffered its worst defeat in the party's history.

### Ireland

A new €35mn ash processing plant was announced last week, which will be used to repurpose bottom ash produced at the Dublin Waste to Energy facility. The new plant, which will be located at Knockharley in Co. Meath, is expected to be completed in 2025 and will process 120,000 tonnes of ash a year, which will then be converted to both ferrous and non-ferrous metals. Ferrous metals are those which have iron as a key component. change sentence to: These may be used in manufacturing in some countries but remain illegal for this purpose in Ireland. The project will help support Ireland's circular economy.

### Asia-Pacific

In Japan the Topix stock index, seen as the main benchmark index for the country, hit a new record high for the first time since 1989. This new high for the Topix index follows the Nikkei 225 breaking record highs back in February of this year. The Nikkei 225 is made up of more export-orientated companies based in Japan, while the Topix is seen as being more indicative of the overall Japanese economy. Many Japanese companies have benefitted from the Artificial Intelligence driven bull run in markets, with international investors betting that the country's tech-centric industry will gain from the broad adoption of AI. Year to date the Topix has risen 21.88%, while the Nikkei 225 has risen 22.26%.

## Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,567.19	+1.27%	+16.72%
NASDAQ	18,352.76	+2.54%	+22.26%
EuroStoxx50	4,979.39	-0.14%	+10.13%
EuroStoxx600	516.60	-0.08%	+7.85%
FTSE 100	8,203.93	-0.24%	+6.09%
ISEQ	9,510.65	+0.57%	+8.56%

Interest Rate	Current Rate	Direction	Rate Change
FED	5.50%	—	0
ECB	4.25%	↓	-0.25%
BOE	5.25%	—	0

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	4.278	-2.60%	+10.66%
US 2YR	4.606	-3.02%	+8.38%
German 10YR	2.5295	+1.79%	+24.73%
UK 10YR	4.1760	-1.12%	+18.81%
Irish 10YR	2.915	-1.75%	+22.27%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0836	+0.85%	-1.88%
EUR/GBP	0.8458	-0.39%	-2.49%
GBP/USD	1.2808	+1.27%	+0.67%

## Equities

**In the US**, equity markets began Q3 with a positive trading session. Once again the S&P 500 and NASDAQ both booked gains thanks to technology stocks. Tesla was one of the market leaders, rising over 6%, while Amazon and Microsoft both gained over 2%. On the data front, markets prepared for non farm payrolls due for release on Friday and minutes from the latest FOMC meeting. US markets hit new record highs on Tuesday, with the S&P 500 gaining 0.6% while the NASDAQ rose 0.8%. Once again it was mega caps who led the way, with Amazon rising above \$2tn in market capitalisation for the first time in its history. Tesla also gained another 10% after delivery numbers exceeded expectations. The S&P 500 and NASDAQ both recorded new record highs on Wednesday, with Tesla rising 6% on Wednesday once again. US markets continued their ascent on Thursday, boosted once again by Tesla, whose shares had risen by over 30% by the time markets closed. For the week, as a result of the rally in tech and AI stocks, the S&P 500 closed 1.27% higher, while the NASDAQ closed 2.54% higher.

**In Europe & the UK**, European markets rallied last Monday, as the preliminary results from the French election showed that the National Rally party may not win an overall majority, with the other parliamentary parties allying together against them. However the outcome is still uncertain. The Eurostoxx50 gained 0.7%, while the STOXX600 rose 0.3%. Meanwhile in the UK the FTSE 100 closed flat last Monday, as investors awaited Thursday's historic general election. European markets retreated on Tuesday, due to comments from ECB President Christine Lagarde and chief EU economist Philip Lane regarding interest rate cuts, with both emphasizing that the decision to cut again would be data-driven and more data was needed. In the UK, the FTSE 100 booked gains of 0.5%, with the market being led by mining stocks. Wednesday in Europe would see equity markets reverse their losses, with the Eurostoxx50 rising 1% and the STOXX600 gaining 0.6%. These gains came after comments from Fed chair Jerome Powell stating that the disinflationary trend was a positive, however more data was needed before a rate cut could be made in the US. The FTSE 100 continued to climb on the eve of election day, once again buoyed by heavyweight mining stocks. Thursday would see both European and UK equities rise once again, with an expected Labour win in the UK having already been priced in to markets. For the week overall, European and UK equities closed lower, between -0.08% and -0.24%.

## Bonds

Global bond yields were mostly negative last week, due in part to weak US economic data. Initial jobless claims rose once again, with 4000 more people in the US claiming unemployment benefit last week compared to the week previous. Weaker services activity also pushed yields lower, as interest rate cut sentiment increased. The US 10yr yield fell to 4.27% on Friday. In the UK the 10yr Gilt fell slightly to 4.17% on Friday, after the preliminary election results showed a landslide Labour victory.

## Commodities

Crude oil prices rose last week, due to a large decrease in the US crude oil inventories. Crude inventories decreased by 12.2mn barrels two weeks ago, a significant difference from the 680,000 barrel increase expected. Brent crude closed at a price of \$86.97, while WTI closed at \$83.44. In metals, Gold prices increased last week to \$2,390 a bullion as services activity in the United States slowed, while initial jobless claims rose once again, with both data sets helping rate cut sentiment.

## Key Events

- 11/07/2024 - US Inflation data
- 11/07/2024 - UK GDP data



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# MAKING WAVES PODCAST

Episode 7 in our Seaspray- Making Waves podcast series has been released. Danny O'Leary and Paul McGowan discussed numerous key topics, including geopolitical risks, significant macro-economic trends, and market forecasts made earlier in the year. They also highlighted potential opportunities and value for investors in the latter half of 2024 and beyond. Episode 7 is available to watch and listen to on Spotify, iTunes, YouTube and our Seaspray Private website:

<https://seasprayprivate.ie/making-waves-podcast/making-waves-episode-7/>