

## Weekly Market Review

### Financial Headlines

#### United States

In the US, Joe Biden announced that he would no longer be running in the US presidential race. The news comes after a bruising few weeks for the President, having performed poorly in the recent CNN Presidential Debate. Democratic megadonors had also began withholding funds until he stepped away. Biden endorsed current Vice President Kamala Harris, who now seems certain to take the Democratic nomination. Meanwhile, the Republican Party held its National Convention in Milwaukee where it formally nominated former President Trump as its candidate for the upcoming election. Along with Trump however, the convention also saw the emergence of Trump's running mate and potential US Vice President, JD Vance, who made his first address after being nominated to the position.

#### Europe & UK

**In Europe**, the ECB held its interest rate decision last Thursday. As anticipated, there was no change in rates which remained at their current levels. In her address after the announcement, ECB President Christine Lagarde stated that inflation rates were expected to fluctuate at current levels for the rest of 2024, before declining to the target rate of 2% by the second half of 2025.

**In the UK**, inflation data was released last week for June. The rate of inflation held at its multi-year lows of 2%, the same as in May, and was slightly above estimates of 1.9%. In terms of price pressures, the cost of restaurants and hotels increased by 6.2% in June compared to 5.8% in May, while transportation prices increased by 0.9%, compared to 0.5% in May. Core inflation also remained steady at 3.5%, unchanged from May.

#### Ireland

Ireland is now the fifth most attractive country in the world in normalised GDP terms when it comes to investing in renewable energy projects, according to EY's Renewable Energy Country Attractiveness Index. Ireland is behind Australia, Chile, Greece and Denmark, and in these normalised rankings Ireland moved up one spot, having been 6th in 2023. In the overall rankings, Ireland sits 14th, having fallen two places since 2023. This was due to only 0.6GW of renewable energy installations taking place in 2023, far below the required 1.6GW needed for 2030 goals. The United States, China and Germany maintained the top 3 rankings.

#### Asia-Pacific

In China, the economy grew at an annual rate of 4.7% in the second quarter of 2024, a lower growth rate than in Q1 of 2024 and below market expectations of 5.1%. The Q2 growth rate was the lowest GDP rate recorded since Q1 2023, and once again points towards lower overall growth in the world's second largest economy. The Chinese Communist Party had set an annual GDP growth rate of 5% for 2024, however a mixture of lower domestic demand, commercial property slowdown and tariff issues with the West have had a negative impact on achieving this 5% target. Meanwhile, PWC's China unit has lost two thirds of its accounting revenues, due to its failed audit of property giant Evergrande.

### Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,505.00	-2.46%	+15.41%
NASDAQ	17,726.94	-4.04%	+18.09%
EuroStoxx50	4,827.24	-3.76%	+6.76%
EuroStoxx600	510.03	-2.29%	+6.48%
FTSE 100	8,155.72	-0.57%	+5.46%
ISEQ	9,703.52	-0.32%	+10.77%

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

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	4.243	+1.34%	+9.75%
US 2YR	4.517	+1.33%	+6.28%
German 10YR	2.4630	-1.32%	+21.45%
UK 10YR	4.1260	+0.34%	+16.59%
Irish 10YR	2.847	-1.59%	+19.42%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0877	-0.08%	-1.51%
EUR/GBP	0.8417	+0.43%	-2.96%
GBP/USD	1.2919	-0.47%	+1.54%

## Equities

**In the US**, equity markets began on a positive footing last Monday, with the S&P 500 adding 0.3% and the NASDAQ climbing 0.4%. Markets reacted to the positive comments made by Federal Reserve Chair Jerome Powell. Powell stated that the Federal Reserve could cut rates before the inflation rate reaches 2%. On Tuesday, markets continued to climb, as the S&P 500 rose 0.6% and the NASDAQ rose 0.2%. Investors began to turn away from large and mega cap stocks and move more towards small cap indices, due to a feeling that a Republican presidency would help smaller companies more than large capitalised firms, as happened in 2016. However, indices retreated significantly on Wednesday, prompted by fears that both Republican and Democratic administrations may impose more tariffs on US firms selling to China. In particular the semiconductor sector suffered, with NVIDIA down over 8% and AMD declining 10.2%. The NASDAQ index fell 2.8%, one of its worst single day performances in over a year. Markets would remain subdued on Thursday, however the declines would not be as severe as Wednesday. On Friday, CrowdStrike shares fell over 13% after a technical issue with a security update caused IT outages with companies across the globe. For the week, the S&P 500 and NASDAQ closed -2.46% and -4.04% lower respectively.

**In Europe & the UK**, indices began last week poorly, with the Eurostoxx50 and STOXX600 both falling 0.5%. The biggest losers on the day were luxury goods companies, due to poor economic data sets from China, one of the biggest luxury goods markets. Meanwhile the FTSE 100 also retreated 0.5%, with luxury goods companies also leading the declines there. Tuesday would see EU equities retreat again, with the Eurostoxx50 falling 0.6% and the STOXX600 falling 0.2%. Markets were cautious around the upcoming ECB rate decision, and continued to react to Chinese economic data sets. The FTSE 100 tracked the losses seen in Europe, with luxury and mining stocks leading the declines. The negative week would continue on Wednesday, with ASML bringing the wider market lower due to its large market weighting. The semiconductor firm did post positive Q2 sales data, however outlined poor forecasted sales for Q3 2024. The FTSE 100 bucked the trend and rose 0.3%, with Burberry, BP and Shell all rising higher. On Thursday European and UK indices did post positive gains after a bruising week, with the ECB rate decision having little impact on markets. For the week overall, European and UK equities closed lower, between -0.57% and -3.76%.

## Bonds

Global bond yields were mixed last week, with hopes emerging in the US that the Federal Reserve will cut rates at least once this calendar year. Hopes rose thanks to initial jobless claims, which rose to a one month high, indicating that the labour market in the US may be cooling considerably. The US 10yr yield stood at 4.24%, just above its lowest level since mid March. In the UK, the 10yr Gilt hit 4.12%, its lowest level in a month on the back of lower wage growth and a cooling labour market.

## Commodities

Crude oil prices fluctuated last week, recovering on Thursday after a sharp fall on Tuesday. Prices fell after lower GDP growth in China, and also due to increased geopolitical tensions between China and the West. However, US crude inventories did decline by 4.87mn barrels the week ending 12th of July, which pushed prices higher. Brent crude closed at \$82.57, while WTI closed at \$80.01. In metals, Gold prices fell as the US dollar strengthened, with prices currently at \$2,395, falling from \$2,471.

## Key Events

- 25/07/2024 - US GDP Data
- 26/07/2024 - US Core PCE Price Data



**Our investment philosophy at Seaspray Private is the desire to create positive, long term, sustainable and responsible investment solutions and portfolios for our clients. Last Tuesday the Green Global ESG Bond 4, which was available exclusively to clients of Seaspray Private delivered a gross return of 33.00% over 3 years. For further information click on the following link:**

**<https://seasprayprivate.ie/sips/green-global-esg-bond-4-33-00-gross-return-for-our-clients-over-3-years-equating-to-11-00-per-annum/>**

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ESG Bond 4**

