

Weekly Market Review

Financial Headlines

United States

In the US, GDP data was released for Q2 of 2024. The world's largest economy expanded at a rate of 2.8%, higher than forecasts of 2%, and far higher than the growth rate of 1.4% seen in Q1 of 2024. The expansion of the US economy was helped by an increase in consumer spending, which rose by 2.3% compared to 1.5% in Q1. The consumption of goods rose the most within consumer spending, rising at a rate of 2.5% in Q2 2024, compared to a reduction of -2.3% in Q1. Apart from the GDP figure, durable goods orders for the US declined by -6.6% month over month in June, having seen four months of consecutive monthly increases. Overall, the GDP figure will reinforce that the US economy is strong despite high interest rates, as the Federal Reserve considers cutting interest rates in the coming months.

Europe & UK

In Europe, business sentiment in Germany, the largest single economy in the Eurozone, declined for the third straight month in July. The Ifo Business Climate Index surveyed around 9,000 German businesses in manufacturing, services, trade and construction. Sentiment for current business conditions and business expectations both declined, indicating the German economy remains under pressure.

In the UK, Revolut, the online banking service, last week announced it had secured a UK banking licence, enabling the firm to expand its operations in its largest market. The company already has a banking licence in Europe through Lithuania, however of its 45mn customers worldwide, 9mn are in the UK alone.

Ireland

Members of IALPA, the union representing Irish Airline pilots in the long running pay dispute with Aer Lingus, have agreed to a Labour Court proposal which will see a 17.75% increase in pay for pilots over a four year period. Of the 96% turnout, 85% of IALPA members voted in favour of the proposals. The agreement means an end to the dispute which began with a work-to-rule on the 26th June, and led to the cancellation of over 600 flights. Meanwhile, consumer sentiment reached its highest level since early 2022, with the Credit Union Consumer Sentiment Index hitting 74.9, aided by reduced inflation and a positive economic outlook.

Asia-Pacific

In China, the People's Bank of China once again cut its main lending rates, as the country attempts to spur more economic growth after a period of stagnation and deflation. The one-year loan prime rate was lowered by 0.1% to 3.35%, which is seen as the benchmark lending rate for corporate lending in China. The five-year loan prime rate was also reduced, with this rate impacting on mortgage pricing. Meanwhile, in geopolitics, China and The Philippines have agreed to lower tensions in the South China Sea, after signing a "provisional agreement" that will allow Manila to resupply its military outpost on the Second Thomas Shoal, which had become disputed territory in recent years.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,459.10	-1.85%	+14.45%
NASDAQ	17,357.88	-3.28%	+15.63%
EuroStoxx50	4,862.50	+0.18%	+7.54%
EuroStoxx600	512.83	+0.08%	+7.06%
FTSE 100	8,285.71	+1.06%	+7.14%
ISEQ	9,541.46	-1.85%	+8.92%

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	4.194	-1.15%	+8.48%
US 2YR	4.387	-2.88%	+3.23%
German 10YR	2.4030	-2.44%	+18.49%
UK 10YR	4.1030	-0.56%	+15.94%
Irish 10YR	2.815	-1.95%	+18.08%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0857	-0.30%	-1.69%
EUR/GBP	0.8432	+0.11%	-2.79%
GBP/USD	1.2872	-0.42%	+1.17%

Equities

In the US, equity markets began last week with an upbeat session, having had one of their worst weeks of 2024 the week previous. The S&P 500 closed 1.08% higher, while the NASDAQ climbed 1.55%. Tech giants led the gains, with NVIDIA up 4.8%, while AMD rose 2.8%. The withdrawal of Joe Biden from the Presidential Race and the insertion of Kamala Harris has changed the political landscape, with Harris drawing more than \$81mn in donations in her first 24 hours, more than Biden had in two months. On Tuesday, major indices retreated slightly, with the S&P 500 down 0.16% and the NASDAQ down 0.06%. Markets focused on earnings reports, specifically Tesla and Alphabet, which were due for release after the market shut on Tuesday. Wednesday would see indices post their worst days trading since late 2022, after poor earnings releases from Tesla and Alphabet rocked markets. The S&P 500 fell 2.32%, while the NASDAQ fell 3.64%. On Thursday, US GDP data was released, which showed the US economy expanded by 2.8% in Q2 2024. Equity markets however were still negative for the day, with mega caps such as AMD, Alphabet and Microsoft all closing over 1% lower. For the week, the S&P 500 closed -1.85%, while the Nasdaq closed -3.28%, due to another poor week for tech stocks.

In Europe & the UK, equities rose at the start of last week. The Eurostoxx50 gained 1.6%, while the STOXX600 gained over 1%. While sectors were mainly positive, airline shares fell markedly, led by a 15% decline in Ryanair shares, after the carrier reported weaker profit after tax. In the UK, the FTSE 100 rose 0.5%, with Rentokil leading stocks there. European markets continued to rise on Tuesday, thanks to SAP's positive earnings, with company shares rising 7% to an all time high. In the UK, the FTSE 100 fell 0.5%, with mining stocks leading the declines. Indices closed lower across the continent on Wednesday, with the Eurostoxx50 down 1.2% while the STOXX600 was down 0.6%. LVMH pulled the wider market lower, having missed its earnings expectations due to poor demand from China. The FTSE 100's decline was not as severe, falling just 0.2%, as oil giants and AstraZeneca kept the market steady. On Thursday, European stocks closed once again in the red, with Stellantis and Kering both underperforming after poor earnings. In the UK, the FTSE 100 rose 0.4% thanks to positive earnings from Unilever. For the week, European indices closed higher, up between +0.08% and +0.18%, while the FTSE 100 also closed higher, up +1.06%.

Bonds

Global bond yields retreated last week, with the US 10yr yield rising to 4.28% on Thursday on the back of latest US GDP data, which highlighted a still strong and resilient US economy despite high interest rates. However, Friday saw yields fall back to end the week at 4.20%. Meanwhile, in the UK the 10yr Gilt rose sharply to 4.20% on Thursday after the release of US GDP data, before falling back to 4.10% on Friday following positive data on the country's private sector's growth in July.

Commodities

Crude oil prices retreated last week, through a combination of increased volatility in equity markets due to poor earnings from mega caps such as Tesla and Alphabet, and hopes that a ceasefire is nearing in the Middle East. Fears of a further slowdown in the Chinese economy also pushed prices lower. Brent Crude closed at \$81.13, while WTI closed at \$77.16. In metals, Gold prices retreated on Thursday, after the US GDP data release, before recovering to \$2,386 on Friday.

Key Events

- 31/07/2024 - US Federal Reserve Interest Rate Decision
- 01/08/2024 - UK Bank of England Interest Rate Decision



Data Insight of the Week

Seaspray Private is delighted to present the next video in our new series of Data Insights. This particular insight focuses on equity performances in election years. You can watch this video and find more information on our data insights by clicking the link below, or by visiting our LinkedIn page.

<https://www.youtube.com/watch?v=QXZREv1tIOc>



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