

## Weekly Market Review

### Financial Headlines

#### United States

In the US, Democratic Presidential candidate Kamala Harris formally announced her running mate in the upcoming election. Tim Walz, the Governor from Minnesota is a seasoned progressive Democrat, who was chosen over Josh Shapiro last week. After his announcement, the Harris campaign said an additional \$20mn was raised. The withdrawal of Joe Biden from the presidential race has drastically changed the political landscape, with the Democratic candidate now leading the Republican candidate in the polls for the first time since November 2023. However, while Harris does lead in the overall poll, it will be her performance in the "battleground" states that may dictate whether she wins the election or not. She will also have to navigate the next debate against Trump in September.

#### Europe & UK

**In Europe**, talks last week progressed between the European Union and the Mercosur, a group of five large South American countries over a proposed trade deal that is almost 20 years in the making. The Mercosur is comprised of Brazil, Argentina, Uruguay, Paraguay and Bolivia, and a trade deal with the EU would open up a potential market of 770mn people in South America. A deal would also save a total of €4bn annually in tariffs paid by European companies.

**In the UK**, new Chancellor Rachel Reeves has announced that the proposed law first presented by the previous Conservative Government which will regulate agencies that grade the ESG performance of companies will be brought forward next year. This law would bring the UK into line with economies such as the EU, where ESG rating firms are regulated.

#### Ireland

Goldman Sachs last week sold the 6% holding it recently acquired in Permanent TSB, a day after the company announced positive earnings for the first half of 2024. The finance giant acquired the shareholding back in May, which made it the fourth largest shareholder in the bank. Last week PTSB announced profits after tax of €63mn for the first half of 2024. However, the company did not announce any dividend payments, with expectations of a payment to shareholders in 2025. Meanwhile, Energia have begun commercial operation of their 16th windfarm, the first in a power purchase agreement with Microsoft.

#### Asia-Pacific

In China, the rate of inflation for July was released last week. The annual rate of inflation climbed to 0.5%, the largest increase in prices since February, as well as being the sixth straight month where the rate of inflation is above 0%. In terms of inflation drivers, food prices stopped their declines, with prices remaining unchanged rather than falling. Housing, clothing and healthcare prices also continued to rise. Transport costs fell by -0.6%, compared to -0.3% in June. Unlike many Western states, Chinese officials have been struggling to keep the rate of inflation above 0%, as the economy continues to struggle after a period of deflation.

### Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,344.16	+3.66%	+12.04%
NASDAQ	16,745.30	+6.17%	+11.55%
EuroStoxx50	4,675.28	+4.30%	+3.40%
EuroStoxx600	499.19	+3.57%	+4.22%
FTSE 100	8,168.10	+1.75%	+5.62%
ISEQ	9,388.94	+4.40%	+7.18%

Interest Rate	Current Rate	Direction	Rate Change
FED	5.50%	—	0
ECB	4.25%	—	0
BOE	5.00%	—	0

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	3.940	+3.90%	+1.91%
US 2YR	4.057	+4.73%	-4.54%
German 10YR	2.2220	+2.87%	+9.57%
UK 10YR	3.9470	+3.03%	+11.53%
Irish 10YR	2.630	+0.54%	+10.32%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0916	-0.06%	-1.16%
EUR/GBP	0.8550	+0.33%	-1.43%
GBP/USD	1.2759	-0.35%	+0.28%

## Equities

**In the US**, equity markets suffered one of their worst days trading in recent memory, as fears of an impending economic downturn pushed investors out of equities and into safer financial assets. The S&P 500 and NASDAQ plummeted 3% and 3.4% respectively. The sell off was prompted by poor US non farm payrolls data, which saw a sharp drop in monthly employment gains, followed by the worst trading day since 1987 in Japan due to the Bank of Japan interest rate hike. However, markets did rebound on Tuesday, despite the volatility. The S&P 500 and NASDAQ both rose by 1%, helping to negate the heavy losses endured on Monday. In corporates, Palantir shares rose over 10% after beating earnings estimates, while Super Micro Computer dipped by 20% on lower than expected gross margins. Volatility remained high on Wednesday, and equities suffered as a result, with another sell off near the closing bell. The S&P 500 fell 0.77%, while the NASDAQ fell by 1.05%. Mega caps suffered the most, with NVIDIA and Tesla shares falling over 4%. Respite did come on Thursday, thanks to lower than anticipated initial jobless claims, which fell by 17,000 to 233,000 for the week ending 3rd August. The figure helped calm fears that the US labour market was close to breaking point, and equities reacted in kind. The S&P 500 rose by 2.3%, while the NASDAQ rose by 2.87%. Overall, after a volatile week the S&P 500 closed 3.66% higher, while the NASDAQ closed 6.17% higher.

**In Europe & the UK**, markets in both areas fell on Monday, as the global sell-off that started in Japan rippled through the continent. The Eurostoxx50 fell 1.6%, while the STOXX600 fell 2.2%. In the UK the FTSE 100 fell 2.18%, its worst single day in over two years, with energy companies leading the decline on fears of a global economic slowdown. Tuesday would be mixed for equities, with the Eurostoxx50 closing -0.1%, while the broader STOXX600 finished 0.2% ahead, as markets stabilised after the volatile Monday session. In the UK, the FTSE 100 rose slightly on Tuesday, with shares in Melrose and Rolls Royce both leading the market. Wednesday would see a more positive day for European markets, as the Eurostoxx50 rose 2%, while the STOXX600 rose 1.6%, led by an uplift in the Financial sector. In the UK, the FTSE 100 closed 1.73% higher, led by heavyweights HSBC, BP and AstraZeneca. The recovery was short-lived, with EU equities flat and the UK's FTSE 100 closing in the red on Thursday. For the week, European and UK equities closed higher, between 1.75% and 4.30%.

## Bonds

Global bond yields recovered last week, after having one of their worst weeks in over a year the week previous. The US 10yr yield passed the 3.94% mark, as markets continued to assess the short term future of the global economy. Initial jobless claims fell less than expected, alleviating fears that the Fed will cut rates by 50bps in September, with consensus now being a 25bps cut. Meanwhile, in the UK the 10yr Gilt recovered to over 3.9% by Friday, having touched 3.74% last Monday.

## Commodities

Crude oil prices rose last week as increased tensions in the Middle East between Israel and Iran raised fears about oil security. However, diplomatic efforts, spearheaded by the US has helped lower tensions somewhat in the short term. Prices also rose due to disruptions to the largest oil field in Libya. Brent crude closed at \$79.66, while WTI closed at \$76.84. Gold prices meanwhile continued to sit above \$2,430, as traders pared back bets that the Fed will cut rates by 50bps in September.

## Key Events

- 14/08/2024 - US Inflation Data
- 15/08/2024 - UK GDP data



## 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 the divergence of monetary policy amongst the world's largest Central Banks. 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=5qBZQ8I9DrA>



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