

## Weekly Market Review

### Financial Headlines

#### United States

In the US, last week the minutes from the latest Federal Open Market Committee (FOMC) meeting were released. While the minutes did not reveal any new information regarding monetary policy, they were overall less hawkish than expected, with inflation fears being replaced with concerns regarding the labour market. The minutes also stated, as is now widely expected, that a rate cut would be appropriate at the next meeting in September. Fears have grown in recent weeks about the strength of the US labour market, after revised figures from the Bureau of Labor Statistics showed 818,000 less jobs than previously reported had been created in the 12 months to March 2024. Fed chair Jerome Powell also spoke at the Jackson Hole summit last Friday, stating that the time had come for a policy adjustment in the interest rate.

#### Europe & UK

**In Europe**, Switzerland last week launched its instant payment scheme, which enables fund transfers to take place in a matter of seconds rather than the normal couple of days it takes the cash to clear. The scheme already has around 60 financial institutions on board, which makes up around 95% of Switzerland's retail payments. The implementation of this scheme means the country now operates the same as the US and Europe, who already have instant payment schemes.

**In the UK**, the sale of individual annuities is on course for its best year in over a decade, due to a combination of higher interest rates and new financial rules in the UK. £3.6bn in annuities has been sold by insurance groups in the first half of 2024, an increase of 50% compared to 2023.

#### Ireland

In Q2 of 2024, the number of people in employment in Ireland aged between 15 and 89 stood at 2,754,200, an annual increase of 71,500 people from Q2 of 2023. In the 15 to 64 year category the rate of employment stood at 74.4%, rising by 0.2%. The estimated participation rate in the economy in Q2 2024 was 66%, up from 65.7% in Q2 2023, while the female participation rate of 61.4% is the highest ever rate recorded in Ireland. The unemployment rate meanwhile for Q2 2024 stood at 4.6%, a slight increase on last year but still at record low levels. The 35-44 age group also had the highest employment rate of 84.7%.

#### Asia-Pacific

In Australia last week, it was announced that the world's largest solar hub would be constructed in the country. The hub will cost an approximate US\$24bn, and is hoped to begin production by 2030, with a total of 6 Gigawatts (GW) of energy produced. 4 GW of this will be for domestic usage whilst the remaining 2 GW will be transferred to Singapore via an undersea cable. This will supply the city state with up to 15% of its total power needs. Elsewhere in Asia, the annual rate of inflation in Japan rose by 2.8% in July, the third straight month where the rate has stayed the same. Electricity prices rose by 22.3% compared to 13.4% in June, the biggest increase since 1981.

### Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,634.61	+1.27%	+18.13%
NASDAQ	17,877.79	+1.06%	+19.10%
EuroStoxx50	4,909.20	+1.33%	+8.58%
EuroStoxx600	518.13	+1.29%	+8.17%
FTSE 100	8,327.78	+0.34%	+7.69%
ISEQ	9,559.00	+0.38%	+9.12%

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	3.795	-2.26%	-1.84%
US 2YR	3.909	-3.57%	-8.02%
German 10YR	2.2250	-1.46%	+9.71%
UK 10YR	3.9140	-0.41%	+10.60%
Irish 10YR	2.619	-1.91%	+9.86%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.1190	+1.50%	+1.32%
EUR/GBP	0.8467	-0.58%	-2.39%
GBP/USD	1.3209	+2.19%	+3.82%

## Equities

**In the US**, equity markets traded higher last Monday, continuing the positive momentum from the week previous due to overall positive economic data that may help the Federal Reserve cut rates without putting excessive pressure on the US economy. The S&P 500 rose 0.6% while the NASDAQ gained 0.7%. The momentum would stall on Tuesday, with the S&P 500 and NASDAQ both closing almost flat. In corporates, Boeing shares declined over 4% after announcing they would be grounding their 777x test flights due to structural issues. Equities would recover again on Wednesday, due to the positive FOMC minutes which reinforced the view that a rate cut in September was now almost certain, with some expectations of up to 100bps of cuts before the end of 2024. The S&P 500 rose by 0.42%, while the NASDAQ gained 0.57%. On Thursday initial jobless claims data was released, rising by 232,000, ahead of an expected 230,000, and reinforcing the Fed's view that the labour market was cooling at a faster rate than expected. Equities fell on the back of this data, with the S&P 500 closing -0.89% lower, and the NASDAQ closing -1.67% lower. For the week, the S&P 500 and NASDAQ both closed higher, up 1.27% and 1.06% respectively.

**In Europe & the UK**, indices continued to make gains on Monday after the best week for the continent in three months. In Europe, the Eurostoxx50 gained 0.7% while the STOXX600 gained 0.6%, with heavyweights from across the continent leading the gains. In the UK, the FTSE 100 rose by 0.63% on Monday, with Burberry and Glencore performing the best. Similar to the US, both EU and UK indices would see their winning streaks dashed on Tuesday, with the Eurostoxx50, Stoxx 600 and FTSE 100 all closing lower. In Europe, financials and energy majors led declines, while in the UK it was principally the energy sector that lagged. BP and Shell both fell over 2%, as oil prices continued to fall. Wednesday would see markets in Europe rise once again, with the Eurostoxx50 adding 0.6% and the STOXX600 gaining 0.3%. Meanwhile in the UK the FTSE 100 stayed almost flat on Wednesday, rising by just 0.12% with Glencore leading the gains, whilst weighted companies such as BP and AstraZeneca closed lower. Euro area PMI's were released on Thursday, with private sector activity increasing for the sixth straight month. However, equity markets in both Europe and the UK remained flat for the day. For the week, European and UK indices closed higher, up between 0.34% and 1.33%.

## Bonds

Global bond yields retreated once again last week, with the US 10yr yield hitting its lowest point since the summer of 2023. Yields fell as both economic data sets and the minutes from the FOMC pointed to not only an imminent rate cut in September, but the prospect of up to 100bps of cuts before the end of 2024. The 10yr yield closed at 3.79% on Friday evening. In the UK, the 10yr Gilt hit its highest level in three weeks, hitting 3.96%, before retreating back to 3.91% by close of business on Friday.

## Commodities

Crude oil prices hit their lowest level of 2024 last week, as prices continued to be weighed down by the prospect of a weaker US economy going into 2025, and overall lower growth worldwide. Hopes of a real ceasefire in the Middle East also put downward pressure on prices. Brent crude closed at \$79.02, while WTI closed at \$74.83. In metals, Gold prices hit a new record high last week, reaching \$2,530 an ounce due to a combination of geopolitical tension and impending rate cuts.

## Key Events

- 30/08/2024 - EU Flash Inflation Rate
- 30/08/2024 - US Core PCE Price Index



**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 Monday the Global Technology Kick-Out Bond 2, which was available exclusively to clients of Seaspray Private and Seaspray Financial delivered a gross return of 21.00% over 1.50 years. For further information click on the following link:**

<https://seasprayprivate.ie/sips/global-technology-kick-out-bond-2/>

# Global Technology Kick-Out Bond 2