SEASPRAY PRIVATE
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Monday
09.09.2024

Weekly Market Review

Financial Headlines

United States
The United States surpassed China as the number one market for climate technology fundraising in the first half of 2024. US companies in the climate-tech space raised $6.7bn compared to the $5.1bn raised by Chinese firms in the same period. However, both figures are below the 2023 fundraising figures for the same period, which were $9.8bn for the US and $14.5bn in China. The increase in fundraising in the US has been primarily attributed to the climate policies enacted by the Biden administration, chiefly the Inflation Reduction Act. Meanwhile, job openings in the US fell to their lowest level since January 2021 last week, with 7.7mn vacancies in July. This is below the estimated 8.1mn, and once again highlights the increased strain on the US labour market, as the Federal Reserve prepares for its first rate cut later this month.

Europe & UK
In Europe, last week the EU, along with the US and UK signed the first international treaty on the use of Artificial Intelligence which will be legally binding. The convention on AI was drafted over two years and involved 50 countries, with signatories accountable for any harmful content produced from AI systems, as well as respecting privacy and equality laws when it comes to AI output.
In the UK, last week 131 clean energy projects were granted state subsidies, a new record for the country. Combined, these projects could provide enough power for 11 million homes across the UK. The news comes as the Shetland Islands were connected to the GB electricity Grid for the first time last week, after the completion of a wind farm on the islands that could power up to 500,000 homes across the islands and wider country.

Ireland
Greenhouse gas emissions produced by Ireland's electricity sector fell to their lowest level in decades, according to a report released by the SEAI last week. The reduction in emissions was attributed to an increase in energy imports from the UK, along with an increase in renewable energy production. Renewable generation increased by 10.2% in the first half of 2024, compared to the same period of 2023. In economics, Irish GDP for Q2 of 2024 contracted by -1%, compared to an expansion of 0.9% in Q1. The contraction was due to a 0.5% reduction in Modified Domestic Demand, the key barometer used by the Government to assess growth.

Asia-Pacific
Major investment banks last week lowered their GDP forecasts for China for the remainder of 2024. Bank of America and TD Securities, a Canadian investment bank both lowered their forecasts from 5.1% to 4.8% and 4.7% respectively, as concerns remain over the strength of the Chinese economy. The 5% growth target for 2024 set by the Chinese Communist Party is the lowest growth rate in decades, and may now be missed due to poor growth thus far in 2024. The country continues to manage the fallout from the property crisis and trying to increase inflation rates after a period of deflation. The median forecast for Chinese GDP is now 4.8%, down from the 4.9% forecasted back in August.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,408.42	-3.93%	+13.39%
NASDAQ	16,690.83	-5.21%	+11.19%
EuroStoxx50	4,738.06	-4.31%	+4.79%
EuroStoxx600	506.56	-3.44%	+5.76%
FTSE 100	8,181.47	-2.27%	+5.80%
ISEQ	9,571.96	-2.18%	+9.26%

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	3.716	-4.94%	-3.88%
US 2YR	3.654	-6.75%	-14.02%
German 10YR	2.1710	-5.20%	+7.05%
UK 10YR	3.8910	-3.11%	+9.95%
Irish 10YR	2.583	-3.14%	+8.64%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.1083	+0.33%	+0.35%
EUR/GBP	0.8442	+0.33%	-2.67%
GBP/USD	1.3123	+0.04%	+3.14%

Asset Class Review

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Equities

In the US, equity markets were closed last Monday with a bank holiday, and reopened on Tuesday. Markets endured another tough sell off on Tuesday, with the S&P 500 and Nasdaq falling by 2.12% and 3.26% respectively. Uncertainty creeped back into markets, after poor US factory activity raised more concerns over the strength of the US economy. The sell off impacted NVIDIA, whose shares fell by 9.5%, which dragged both the semiconductor sector and wider equity market lower. The sell off would be tamed on Wednesday, with the S&P 500 falling by just 0.1% and the NASDAQ falling by 0.3%. Job openings fell for July, which intensified the pressure on the Federal Reserve, suggesting that several interest rate reductions may be required to prevent further cooling of the labour market. Thursday would see weekly unemployment claims in the US fall, offering some respite to the market, however the S&P 500 still closed 0.30% lower, while the NASDAQ closed higher thanks to better tech performances. Nonfarm payrolls data was released on Friday, with 142K jobs added in August, below forecasts of 160K but above the July figure. For the week, the S&P 500 closed -3.93% lower while the NASDAQ closed -5.21% lower.

In Europe & the UK, equity markets were mixed on Monday last. In Europe, the Eurostoxx50 rose by 0.3% while the STOXX600 closed flat. In corporates, Volkswagen shares rose by nearly 2% as the company announced a raft of cost cutting measures. In the UK the FTSE 100 fell 0.2%, with oil and mining stocks closing lower. Rightmove, the UK's largest property website saw shares jump 30% after an unsolicited takeover approach from Australian-based REA. EU and UK markets fell on Tuesday, with the Eurostoxx50 and STOXX600 falling by 1%. Markets were impacted by the US-focused sell off, with ASML shares falling 4.5% due to the pullback in NVIDIA. In the UK, the FTSE 100 closed 0.80% lower, tracking the EU and US losses. Equity markets continued to decline on Wednesday, pulled lower by the US jobs data and general uncertainty on the global economic outlook. In Europe, ASML and Infineon led declines, mirroring the global semiconductor pullback. In the UK, the FTSE 100 hit its lowest level in three weeks, however there was positive news as UK services PMI's rose for their third straight month. Declines would roll into Thursday, as markets in Europe digested US private sector jobs and unemployment benefits data. For the week, European and UK markets closed lower, down between -2.27% and -4.31%.

Bonds

Global bond yields retreated once again last week, primarily due to poor US labour market data. Job openings fell to their lowest level in three years in July, well below expectations, while private businesses in the US added 100k jobs in August, below expectations of 145k. Both metrics highlight a weakening labour market in the US which should expedite interest rate cuts. The US 10yr yield closed at 3.71%, while in the UK the 10yr Gilt fell to 3.89%, tracking the decline in US bond yields.

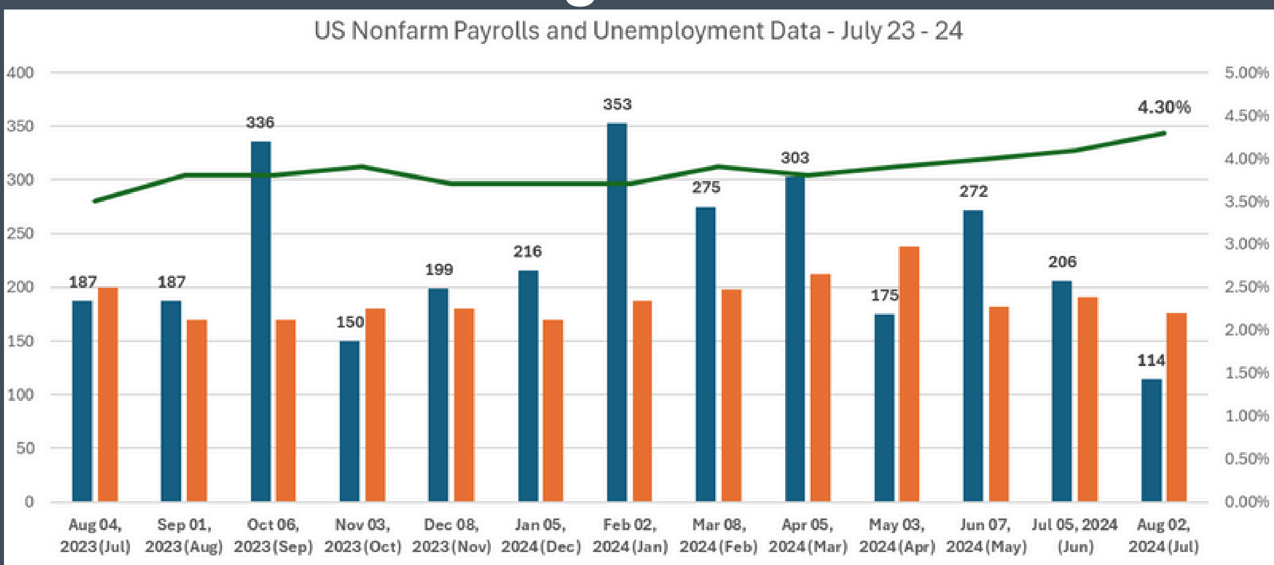
Commodities

Crude oil prices declined to their lowest level of 2024 this week, as fears of weakening global demand along with an expected supply increase by OPEC+ in October put downward pressure on prices. The supply increase is expected to be 180k barrels a day. Brent crude closed at $71.06, while WTI closed at $67.67. In metals, Gold prices fell below $2,500 per ounce as traders digested a mixed week of US labour data.

Key Events

- 11/09/2024 - UK GDP Data
- 11/09/2024 - US Inflation Data
- 12/09/2024 - ECB Interest Rate Decision

Data Insight of the Week



This week's Data Insight focuses on the increasing importance of labour market data in the US, and how the data may impact upon the Federal Reserve in making its interest rate decisions going forward.

https://seasprayprivate.ie/taking-stock-the-power-of-payrolls/