SEASPRAY PRIVATE
Creating Investment Solutions

Monday
30.09.2024

Weekly Market Review

Financial Headlines

United States

In the US, Gross Domestic Product (GDP) for the second quarter of 2024 was confirmed at 3% last week. This figure remained unchanged from the previous estimate and is significantly higher than the revised Q1 2024 figure of 1.6%. The confirmation comes as the OECD released its September Economic Outlook, in which they estimated that the US economy will grow by 2.6% in 2024, and 1.6% in 2025. While growth is expected to slow in 2025, the easing of monetary policy is projected to help underlying economic growth, particularly in the second half of 2025. Inflation in the US is also expected to continue to fall, with headline inflation expected to hit 1.8% in 2025, which is 0.2% lower than was forecast by the OECD in their May Economic Outlook. Core inflation is also expected to return to its 2% target level in 2025.

Europe & UK

In Europe, the Swiss National Bank (SNB) once again reduced its interest rate, cutting its policy rate to 1%. This is the third consecutive rate cut, and comes amid lower inflation data from the country, and follows recent cuts by the Federal Reserve and European Central Bank. Meanwhile, inflation rates in France and Spain hit multi year lows last week. The French annual rate of inflation for September slowed to 1.2%, while in Spain the annual rate slowed to 1.5%.

In the UK, the OECD has lifted its GDP outlook for the country for both 2024 and 2025, due in large part to higher wage growth and expectations of a lower interest rate. The OECD had forecast the UK to grow by 0.4% in 2024 and 1% in 2025, however have now raised these to 1.1% and 1.2% respectively.

Ireland

The Irish economy is expected to grow by 2.3% in 2024, according to a recent report by EY. While recent GDP data showed a contraction, particularly in Modified Domestic Demand (MDD) the overall economic outlook is positive, with MDD rising 3.2% in 2025, with GDP expected to grow by 4.5% in 2025. The Economic Eye report from EY states that employment levels are a big contributor to Ireland's economic growth, with employment numbers set to grow by 2.2% in 2024 and 1.8% in 2025. As the Irish government release Budget 2025 tomorrow, the economic outlook continues to be positive for the domestic economy.

Asia-Pacific

China last week announced a raft of stimulus measures that aim to increase growth in the world's second largest economy. The People's Bank of China (PBoC) announced it would be cutting the main interest rate from 1.7% to 1.5%, while also reducing the reserve requirement ratio, which is the amount of reserves lenders must hold by 50 basis points. This will help free up to $142bn for new lending, with the intention that these funds can help kickstart a revitalisation in the Chinese economy. Along with monetary measures, the PBoC announced funding to aid the stock market, in particular share buybacks. The CSI 300, China's main stock index had its best week since 2008 due to the announcements.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,738.17	+0.44%	+20.30%
NASDAQ	18,119.59	+0.79%	+20.71%
EuroStoxx50	5,067.45	+3.85%	+12.08%
EuroStoxx600	528.08	+2.71%	+10.25%
FTSE 100	8,320.76	+1.26%	+7.60%
ISEQ	10,107.15	+1.73%	+15.37%

Interest Rate	Current Rate	Direction	Rate Change
FED	5.00%	—	0
ECB	3.90%	—	0
BOE	5.00%	—	0

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	3.751	+0.26%	-2.97%
US 2YR	3.557	-1.12%	-15.36%
German 10YR	2.140	-3.65%	+5.52%
UK 10YR	3.98	+1.95%	+12.46%
Irish 10YR	2.483	-3.87%	+4.15%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.1163	+0.02%	+1.08%
EUR/GBP	0.8346	-0.33%	-3.78%
GBP/USD	1.3373	+0.40%	+5.11%

Asset Class Review

Equities

In the US, equity markets began last week with the S&P 500 achieving a new all-time high, supported primarily by the Federal Reserve's recent 50bps cut. The NASDAQ also rose 0.1% on the day. In corporates, Intel shares staged a comeback, rising over 3% after Apollo Global Management offered to make a $5bn investment in the chipmaker. Equity markets continued to rise on Tuesday, with the S&P 500 notching another record high, while the NASDAQ rose 0.5%. Stocks exposed to China rose after the announcement of significant stimulus to help boost economic growth there. Estee Lauder and Alibaba rose over 6% as a result. Markets were muted on Wednesday, with investors once again focusing on the US rate cut cycle and looking ahead to US GDP and PCE inflation data. However, chip related stocks rose, with NVIDIA and AMD up over 2%. On Thursday US GDP for Q2 was confirmed at 3%, while equities rallied after positive earnings from Micron Technology, which pushed semiconductor shares higher. For the week, US equities closed higher, with the S&P 500 closing +0.44% while the NASDAQ closed +0.79%.

In Europe & the UK, equity markets had a positive Monday session. In Europe, the Eurostoxx50 rose by 0.2%, while the STOXX600 rose by 0.4%. Anticipation of further interest rate cuts by the ECB helped mitigate the impact of disappointing private sector activity data released on Monday morning. Manufacturing and Services PMI's for the Euro Area unexpectedly contracted in September, due to poor trends in Germany and France. In the UK, the FTSE 100 rose slightly, as investors assessed the interest rate outlook and European PMI's. European equities continued to climb on Tuesday, due to the Chinese stimulus package. The Eurostoxx50 jumped 1.1% while the STOXX600 rose 0.8%. Chinese sensitive companies LVMH and Kering rose over 4%, as did companies in the mining sector. In the UK, the FTSE 100 rose 0.3%, with mining giants Rio Tinto and Glencore both gaining over 4%, on hopes that the Chinese stimulus will increase mining production. On Wednesday, shares in Europe declined as news surrounding the Chinese stimulus package waned. SAP was one of the worst performers, falling over 2.5% after it was announced the US Justice department was investigating the company for unfair business practices. The FTSE 100 tracked the EU loses, closing lower for the day. Markets in Europe and the UK closed higher on Thursday, amid hopes that China will intensify its fiscal supports. For the week, European and UK indices closed higher, up between +1.26% and +3.85%.

Bonds

Global bond yields were mixed last week, with the US 10yr yield falling to 3.75% due to lower than expected PCE inflation data, which could lead the Federal Reserve maintaining their current pace of interest rate cuts. Lower initial jobless claims than expected, along with a confirmed GDP rate of 3% for Q2 did increase yields earlier in the week. In the UK the 10yr Gilt rose to its highest level in two weeks, as traders continued to assess the Bank of England's rate cut path.

Commodities

Crude oil prices retreated once again last week, after Saudi Arabia announced it would abandon its $100 a barrel price target as it prepares to increase production. Prices had risen after Israel launched several strikes on neighboring Lebanon, increasing tensions in the region dramatically. Brent crude is currently priced at $71.98, while WTI is priced at $68.18. In metals, Gold prices traded at record levels, rising to $2,658 as loosening monetary policy and increased geopolitical risk elevated prices.

Key Events

- 01/10/2024 - Euro Area Inflation Data
- 04/10/2024 - US Nonfarm Payrolls

Seaspray Private are delighted to present our Q3 Investment Review & Outlook, along with episode 8 of our Making Waves Podcast series. In our Investment review, we look back on the quarter just gone, and look ahead to the rest of 2024 and in to 2025, paying particular attention to our four I's - Inflation, Interest rates, Income and Investment Themes. Our Q3 podcast also delves into these 4 I's, along with analysis of the global economy. To view the Q3 Investment review please click the link or image below, and to listen to the podcast please click the image below.

https://seasprayprivate.ie/quarterly-update/q3-2024-investment-review-outlook/