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Monday
07.10.2024

Weekly Market Review

Financial Headlines

United States

The US labour market added far more jobs than projected in September, while the unemployment rate unexpectedly ticked lower from 4.2% in August to 4.1%, reflecting a stronger picture of the jobs market than Wall Street had expected. Data from the Bureau of Labour Statistics released on Friday showed the labour market added 254,000 payrolls in September, more additions than the 150,000 expected by economists. The latest data further reduces the need for the Federal Reserve to maintain large interest rate cuts at its remaining two meetings this year. Elsewhere, Purchasing Manager Index (PMI) figures were released last week. While the manufacturing PMI remained unchanged from August at 47.2, indicating a contraction, the services PMI rose to 54.9, up from 51.5 in August.

Europe & UK

In Europe, the annual rate of inflation decreased to 1.8% in September, marking the lowest rate since April 2021. This figure is now below the European Central Bank's target of 2%, providing valuable data as the ECB works towards a further interest rate cut. Energy prices dropped by 6% in September, while services inflation eased to 4%, down from 4.1% in August. Core inflation also fell to 2.7%, down from 2.8% the previous month.

In the UK, economic growth for Q2 was revised downward, with the final growth rate for Q2 recorded at 0.5%. This is lower than the previously estimated 0.6% for Q2 and below the 0.7% rate observed in Q1. The household savings rate—representing the proportion of disposable income that households save, rose to 10% in Q2, marking the highest level since the latter half of 2021.

Ireland

Budget 2025 was unveiled last Tuesday, with over €10bn allocated to tax, expenditure and cost of living packages. The Budget also included an increase to the group thresholds at which individuals must pay capital acquisitions tax, with the group A threshold increasing from €335,000 to €400,000. The amount an investor can claim relief on under the Employment Investment Incentive was doubled to €1m. In economics, Modified Domestic Demand is expected to grow by 2.5% in 2024 and almost 3% in 2025, while a budget surplus of €9.7bn is anticipated for 2025.

Asia-Pacific

China has significantly increased its outbound investment in renewable energy over the past year, as the country attempts to establish manufacturing operations abroad in the wake of US and EU sanctions. Since the beginning of 2023, Chinese companies have committed $109bn in outbound Foreign Direct Investment (FDI) in renewable energy and transport electrification projects. This has been spread across 130 projects in that timeframe. In terms of general FDI, investment from China has risen by 12.5% in the first eight months of 2024 compared to the same period in 2023, with $112bn committed. Overall in 2023, Chinese outward FDI accounted for 11% of global FDI.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,751.07	+0.30%	+20.57%
NASDAQ	18,137.85	+0.20%	+20.83%
EuroStoxx50	4,954.94	-1.88%	+9.59%
EuroStoxx600	518.56	-1.51%	+8.26%
FTSE 100	8,280.63	-0.18%	+7.08%
ISEQ	9,607.72	-4.22%	+9.67%

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	3.969	+5.82%	+2.66%
US 2YR	3.924	+10.31%	-7.67%
German 10YR	2.2120	+3.36%	+9.07%
UK 10YR	4.133	+3.84%	+16.78%
Irish 10YR	2.557	+2.36%	+7.26%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0976	-1.68%	-0.62%
EUR/GBP	0.8364	+0.26%	-3.57%
GBP/USD	1.3116	-1.90%	+3.09%

Asset Class **Review**

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Equities

In the US, equity markets rose slightly last Monday, as investors digested comments by Federal Reserve chair Jerome Powell. Powell stated on Monday that the Fed does not follow a preset path on rates, however he hoped that a further 50 bps of cuts could happen in 2024 if the economy performs as expected. The S&P 500 rose by 0.42%, while the NASDAQ climbed 0.38%. Equities closed lower on Tuesday, as markets reacted to the retaliatory strike by Iran on Israel, after the latter invaded southern Lebanon. While tech stocks suffered, energy majors and defence contractors rose higher on the back of the rising geopolitical tensions. The losses would continue on Wednesday, with the S&P 500 and NASDAQ both closing 0.3% lower. Markets continued to react to the Iran strike, whilst also digesting the strong labour market data. Private businesses in the US added 143k jobs in September, far above the expected 120k. After a negative Thursday session, markets rose on Friday due to stronger than expected nonfarm payrolls, which increased by 254k in September. For the week overall, the S&P 500 and NASDAQ both closed higher, up 0.30% and 0.20% respectively.

In Europe & the UK, markets declined on Monday due to losses in the automobile industry. Stellantis, the owner of brands such as Citroen, Fiat, Peugeot and Alfa Romeo, saw shares fall 14% as the company lowered its 2024 guidance. The Eurostoxx50 closed 1.1% lower, while the STOXX600 fell 1.0%. In the UK, the FTSE 100 fell 1.0%, tracking the losses seen in Europe. Tuesday would see losses in Europe continue, after the news broke that Iran was preparing to launch a missile strike against Israel. In the UK, the FTSE 100 bucked the wider market trend and closed 0.5% higher on Tuesday, helped by energy majors. On Wednesday, markets were mixed after the Iranian strike on Israel. In Europe, indices were flat as geopolitics impacted upon market sentiment. TotalEnergies shares rose 2.3% as a result of the volatility. In economics, unemployment for the Euro Area remained unchanged at 6.4%, its lowest level on record. Meanwhile in the UK the FTSE 100 continued to rise due to an uplift in energy stocks. European stocks continued to fall on Thursday, with majors such as LVMH and ASML all falling over 1.0%, while in the UK the FTSE 100 maintained its current level, even as composite PMI's were revised lower. For the week, European and UK equities closed lower, down between -0.18% and -1.88%.

Bonds

Global bond yields increased last week, as geopolitical risk was superseded by US labour data. Job openings increased to over 8mn, while nonfarm payrolls were far higher than expected at 254k. The positive data may result in lower interest rate cuts in November and December, after the initial cut of 50bps in September. The US 10yr yield closed at 3.96%. In the UK, the 10yr Gilt rose to a near three month high, reaching 4.13%, tracking the gains seen in US yield markets.

Commodities

Crude oil prices spiked last week as a result of the Iranian missile barrage on Israel, as the Gulf region produces a third of the world's total oil output. OPEC+ are expected to begin increasing supply in December, having delayed the release for two months on account of falling prices. Brent crude closed on Thursday at $78.05, and WTI closed at $74.38. In metals, Gold prices remained close to record highs at $2652, as investors poured into the asset amid ongoing tensions in the Middle East.

Key Events

- 10/10/2024 - US Inflation Data
- 11/10/2024 - UK GDP Data

Data Insight of the **Week**

Seaspray Private is delighted to present our Q3 Investment Review & Outlook. In our Investment review, we look back on the quarter just gone, and look ahead to the rest of 2024 and into 2025, paying particular attention to our four I's - Inflation, Interest rates, Income and Investment Themes. To view the Q3 Investment review please click the link below

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

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Q3 2024

Investment Review & Outlook