

Weekly Market Review

Financial Headlines

United States

US inflation data was released last week, the first major data point since Donald Trump's election victory. The rate of inflation ticked up slightly in October to 2.6%, compared to the 2.4% rate recorded in September. While the headline figure rose for the first time in seven months, it was in line with market expectations. The increase in inflation can be attributed to energy prices falling by less than expected. As a whole, energy prices fell by -4.9%, compared to a fall of -6.8% in September, with gasoline falling by -12.2% and fuel oil falling -20.8%. Price increases also slowed for food, rising by 2.1% compared to 2.3% in September. The data will form a key part of the Federal Reserve's final rate cut decision of 2024 in December. Futures markets predict an 80% chance of a 0.25bps cut, rising from 60% after the inflation release.

Europe & UK

In Europe, German Prime Minister Olaf Schultz announced last week that Germany will hold snap elections in February next year, under a deal agreed between his Social Democrat Party and the Christian Democratic opposition. Schultz will hold a no confidence vote in December, which he is expected to lose as he recently lost his parliamentary majority after sacking his finance minister.

In the UK, GDP data was released last week for the third quarter of 2024. The UK economy expanded by just 0.1% in Q3, far short of the 0.5% growth rate recorded in Q2 and below estimates of 0.2%. Looking at sectoral growth, services grew by 0.1% during Q3, helped predominantly by professional, technical and scientific activities, which rose by 0.7%. The construction sector expanded by 0.8%, while production as a whole contracted by 0.2%.

Ireland

BlackRock, one of the world's largest asset managers last week lowered its stake in Bank of Ireland to below 8%. This announcement comes only two months after BlackRock increased its stake in BOI's chief rival, AIB, to 10%. The asset manager has cut just over 1% of its total stake in Bank of Ireland, falling from 9% in August to the current level. Elsewhere, planning has been lodged for a new 118MW solar farm in Kildare. The site will encapsulate 428 acres, comprised of 39 fields of agricultural land, with the approximated cost totalling €141mn.

Asia-Pacific

Chinese retail sales and industrial production data was released last week. Retail sales rose by 4.8% year over year in October, an increase on the September level of 3.8%. The October figure is the fastest growth in retail sales recorded since February of this year, due to a combination of the recent nationwide Golden Week holiday and the economic supports enacted by the Chinese Government back in September. Overall, for the first ten months of 2024 retail sales have grown by 3.5%. Meanwhile, industrial production rose by 5.3% in October, lower than forecasts of 5.6% and also lower than September's rate of 5.4%. The rate of production was linked to a much lower level of electricity, gas, and water production throughout October, however manufacturing increased by 5.4% while mining activity also rose by 4.6%.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,870.62	-2.22%	+23.08%
NASDAQ	18,680.12	-3.51%	+24.44%
EuroStoxx50	4,794.85	-0.93%	+6.05%
EuroStoxx600	503.12	-1.48%	+5.04%
FTSE 100	8,063.61	-0.81%	+4.27%
ISEQ	9,713.24	-1.64%	+10.88%

Interest Rate	Current Rate	Direction	Rate Change
FED	4.75%	—	0
ECB	3.65%	—	0
BOE	4.75%	—	0

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	4.444	+3.22%	+14.95%
US 2YR	4.306	+1.32%	+1.32%
German 10YR	2.3485	-0.66%	+18.08%
UK 10YR	4.47%	+0.87%	+26.31%
Irish 10YR	2.630	-1.02%	+10.32%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0541	-1.65%	-4.55%
EUR/GBP	0.8351	+0.69%	-3.72%
GBP/USD	1.2617	-2.32%	-0.83%

Equities

In the US, most markets maintained their post election rally on Monday, which saw the S&P 500 climb to above 6000, as a result of optimism in financial markets around the pro-business policies which could be enacted under new President Donald Trump. The NASDAQ closed lower due to a sell-off in mega tech stocks including Apple and NVIDIA. However, momentum would stall on Tuesday as markets began to calm down after the post election rally. Investors were also focused on the latest October inflation data due for release on Wednesday, which may become a key metric if tariffs are implemented by Trump in the new year. The S&P 500 fell 0.2%, while the NASDAQ fell just 0.09%. US inflation data was released Wednesday, with the October rate rising to 2.6%. Markets were flat after the announcement, with the NASDAQ falling 0.2%. In corporates, Rivian, the electric vehicle maker saw shares rise over 13% due to Volkswagen announcing they would invest upwards of \$5.8bn in the EV company, an increase on their initial \$5bn investment. Equities continued to decline on Thursday, after Fed Chair Jerome Powell stated there was no need to rush interest rate cuts with the economy currently remaining strong and resilient. For the week, the S&P 500 and NASDAQ both closed lower, down -2.22% and -3.51% respectively.

In Europe, equity markets posted strong gains following a volatile previous week due to the US election. The Eurostoxx50 and the broader STOXX600 rose by over 1% each. Meanwhile in the UK, the FTSE 100 rose by 0.7%, with individual gains coming from Croda, the chemicals company, whose shares rose by 5% after maintaining its 2024 profit guidance. On Tuesday, markets in both Europe and the UK fell sharply, as fears mounted over the potential impact of the Trump presidency on the European economic landscape. In Europe, the Eurostoxx50 and STOXX600 fell 2%, while the UK's FTSE 100 fell 1.25%. Losses continued on Wednesday, though were not as severe. The Eurostoxx50 fell 0.3% while the STOXX600 fell 0.2%. German stocks suffered the most after the announcement on Tuesday of snap elections next February, with BMW, VW and Mercedes Benz amongst the worst performers. In the UK, the FTSE 100 fell to a three month low, tracking the losses seen in both Europe and the US after the inflation print was released. Markets in Europe and the UK rebounded on Thursday, with European markets up over 1% after ASML, the semiconductor firm forecasted sales to grow by 8% in the next five years. In the UK, the FTSE 100 closed 0.51% up, after Burberry shares rose 19%. For the week, European and UK indices closed lower, down between -0.81% and -1.48%.

Bonds

Global bond yields rose last week, as markets reacted to the higher US inflation data for October. While the Federal Reserve is still expected to cut rates at its December meeting, the incoming presidency of Donald Trump may trigger a spike in inflation, slowing the rate cut process. This has led to an increase in bond yields. The US 10yr yield closed at 4.44%. In the UK, the 10yr Gilt rose slightly to 4.47%, with expectations now that the Bank of England will wait until 2025 to continue rate cuts.

Commodities

Crude oil prices fell last week, after almost a month of weekly increases. Prices fell as the IEA recently forecasted a global oil surplus in 2025 due to a slowdown in demand for oil in China and increased global production. The surplus could increase further if OPEC+ continues with its planned supply increase. Brent crude closed at \$71.04, while WTI closed at \$67.02. Gold prices fell significantly last week to \$2,562, due to a strong US dollar and the prospect of a slower interest rate cut cycle.

Key Events

- 20/11/2024 - UK Inflation Data
- 22/11/2024 - Flash EU PMIs



Data Insight of the Week



This week's Data Insight focuses on some key earnings from companies outside of the United States, with major conglomerates from Asia, as well as recognisable firms from the UK and Canada. There is also a focus on the Magnificent 7, and the best performing companies this quarter when it comes to earnings.

<https://seasprayprivate.ie/taking-stock-q3-earnings-review-of-the-top-performers/>