



SEASPRAY PRIVATE
Creating Investment Solutions



Monday
23.12.2024



Weekly Market Review

Financial Headlines

United States

The Federal Reserve had its final meeting of 2024 last week, just in time to deliver a Christmas rate cut of 25 basis points. The cut, which is the third of 2024, leaves the US interest rate at 4.50% as the Fed heads into what could be a turbulent 2025. Inflation has ticked up slightly in both October (2.6%) and November (2.7%), and the Fed has increased the inflation outlook for 2025 to 2.5%, up from 2.1% previously forecasted, while also increasing the GDP outlook to 2.1% versus the 2% growth rate forecasted in September. The Fed is now expected to deliver just two interest rate cuts in 2025, down from the four rate cuts expected back in September. Labour market data will also be pivotal in the Fed's decision making, however the labour market has stabilised in the final months of 2024.

Europe & UK

In Europe, a deal has been reached between Switzerland and the EU that will see ties deepen between the Bloc and the Alpine country. Switzerland will have increased market access to the EU, but will also contribute €375mn to the annual EU Budget.

In the UK, the Bank of England (BoE) maintained interest rates at their current level of 4.75%, with increased wage growth and elevated services inflation causing the Bank of England to pause once again on cutting rates. The Monetary Policy Committee voted six to three in favour of holding rates at current levels, even as the BoE forecast zero growth in the UK for Q4 of 2024. However, services inflation remains the key barrier blocking the BoE from lowering rates, while annual inflation ticked up once again in November to 2.6%, up from 2.3% in October.

Ireland

A new wind farm in the heart of Ireland has begun to produce power for the first time last week. The Yellow River wind farm, located in Rhode, Co Offaly, with 29 wind turbines installed on the site, is now operational and will produce 101 megawatts (MW), enough to power 67,000 homes a year. Meanwhile, more people in Ireland are positive about 2025 than they were about 2024, according to PTSB Reflective Ireland Research report, 49% of respondents said they were positive about living in Ireland, up from 44% last year and 39% two years ago.

Asia-Pacific

In China last week, retail sales rose by 3% year over year in November, down from the 4.8% growth experienced in October and below forecasts of 4.6%. Sales fell across the board compared to October, with spending down the most on sport and entertainment products (3.5% vs 26.7% in October). Industrial production ticked up slightly to 5.4%, just topping expectations and higher than the October rate of 5.3%. Meanwhile in Japan, the Bank of Japan (BoJ) maintained its interest rate at the current level of 0.25%, with a vote of eight to one in favour of maintaining the 0.25% rate. The BoJ has said that it will need more time to assess the economic outlook before raising rates further, particularly with a potential shift in US economic policy under President Trump, which could effect the region.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,930.85	-2.20%	+24.34%
NASDAQ	19,572.60	-2.09%	+30.39%
EuroStoxx50	4,862.28	-1.68%	+7.54%
EuroStoxx600	502.19	-2.57%	+4.84%
FTSE 100	8,084.61	-2.45%	+4.54%
ISEQ	9,685.54	-0.95%	+10.56%

Interest Rate	Current Rate	Direction	Rate Change
FED	4.50%	↓	-0.25
ECB	3.40%	—	0
BOE	4.75%	—	0

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	4.529	+3.08%	+17.15%
US 2YR	4.318	+1.77%	+1.60%
German 10YR	2.2865	+1.76%	+12.75%
UK 10YR	4.5080	+2.21%	+27.38%
Irish 10YR	2.565	+1.12%	+7.59%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0429	-0.59%	-5.57%
EUR/GBP	0.8295	-0.20%	-4.37%
GBP/USD	1.2569	-0.37%	-1.21%



Equities

In the US, equity markets rose on Monday, with the NASDAQ index hitting another record high by jumping 1.24%, while the S&P 500 rose 0.38%. The gains for the NASDAQ were attributed to strong gains from Tesla, which rose 6% and Broadcom, whose shares rose over 11% after passing the one trillion dollar mark for the first time the previous Friday. Markets slipped lower on Tuesday however, with the S&P 500 down 0.4% and the NASDAQ down 0.3%. Stronger than expected retail sales for November lowered expectations around the pace of US rate cuts in 2025, ahead of the Fed's expected cut on Thursday. In corporates, NVIDIA and Broadcom shares both fell, while Tesla shares continued to rally, gaining 3.5% on the day. Markets had one of their worst days in recent months on Wednesday, as the hawkish tone struck by Jerome Powell and the Federal Reserve reverberated through markets. The Fed cut rates by 25 basis points but the projections for 2025 show only two rate cuts for the whole year, compared to four rate cuts expected back in September. Inflation is also expected to remain higher than previously anticipated in 2025. The S&P 500 fell nearly 3%, one of its worst single days of 2024, while the NASDAQ fell 3.7%. Markets did stabilise on Thursday, but still closed lower. The S&P 500 fell 0.1%, while the NASDAQ fell 0.5%. GDP for Q3 was revised higher to 3.1%, while initial jobless claims fell more than expected. Friday was a positive day, however for the week the S&P 500 and NASDAQ closed lower, down -2.2% and -2.09% respectively.

In Europe, Monday would see markets close lower once again, as a muted tone reverberated through indices across the continent. The Eurostoxx50 fell 0.4% while the broader STOXX600 fell 0.1%. In the UK, the FTSE 100 closed 0.51%, as markets there awaited the Bank of England rate decision on Thursday, with the bank expected to keep rates at current levels. The decline continued on Tuesday, with the Eurostoxx50 closing 0.1% lower and the STOXX600 down 0.4%. The Eurozone recorded a trade surplus of €6.8bn in October of 2024, lower than market expectations of €11.7bn, with a 3.2% increase in imports to the bloc compared to the same time in 2023. In the UK, the FTSE 100 fell 0.8%, with markets there also awaiting the upcoming rate decisions. The rate of inflation in the UK also rose to 2.6% for November, in line with expectations but higher than the October rate of 2.3%. European equities rose higher on Wednesday, in anticipation of the Fed's rate cut which took place after markets closed in Europe. In the UK, the FTSE 100 was flat on Wednesday, as traders reacted to the UK inflation print of 2.6% ahead of the BoE rate decision. European equities closed sharply lower on Thursday, reacting to the Fed's hawkish rate decision on Wednesday. The Eurostoxx50 fell 1.6%, while the STOXX600 fell 1.5%. In the UK, the Bank of England held interest rates at current levels but signalled that services inflation remained stubborn. The FTSE 100 fell 1.1% as a result of this and the US rate decision. For the week, both European and UK equities closed lower, down between -1.68% and -2.57%.

Bonds

Global bond yields rose last week, due to the US interest rate decision, which saw the Fed cut rates by 25 basis points but also lower the 2025 outlook to just two rate cuts. The decision came as inflation continues to rise, while the economic outlook remains uncertain. The US 10yr yield rose to a seven month high of 4.52% as a result. In the UK, the 10yr Gilt also rose on account of the US decision, however did ease slightly to 4.50% after the Bank of England's pause.

Commodities

Crude oil prices fell last week, due to a combination of the uncertainty surrounding interest rates and inflation, along with the outlook for the Chinese energy market, which also remains uncertain heading into 2025 as the country continues to transition to clean energy. Crude oil production is expected to peak in 2025, before starting to decline gradually in the coming years. Brent crude closed at \$72.98, while WTI closed at \$69.46. In metals, Gold prices declined due to the hawkish outlook on US interest rates, with prices falling to \$2,622 per ounce.

Key Events

- 25/12/2024 - Christmas Day



Data Insight of the Week

Seaspray Private is delighted to announce the final release in our Financial Insights 2024 Series – Shift in the Global stock market landscape. This insight is available now to watch and listen to from our website, Spotify, iTunes and YouTube, which you can view by clicking the link below.

<https://www.youtube.com/watch?v=b-AdEhzn1Xg>



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