

## Weekly Market Review

### Financial Headlines

#### United States

The minutes from the final Federal Reserve meeting were released last week. The minutes indicated that officials will take a cautious approach to monetary policy in 2025 due to the risk of inflation staying higher for longer. There was also cautious sentiment around the upcoming Trump presidency, which could spark an uptick in inflation. In discussing the outlook for monetary policy, some members indicated that the Committee was at or near the point at which it would be appropriate to slow the pace of policy easing. Currently, the Fed is expected to cut rates twice in 2025, which is a downgrade from the four cuts expected towards the end of 2024. Elsewhere, US non farm payrolls data was released last Friday, with 256k jobs created in December. This was the most in nine months and well ahead of forecasts of 160k.

#### Europe & UK

**In Europe**, the final inflation print of 2024 was published for the Euro Area last week. The rate of inflation accelerated to 2.4% in December, the third straight month where the rate of inflation has increased, but still in line with market expectations. Energy prices increased by 0.1%, compared to a -2% decline in November, which was to be expected considering it was Winter. However, of the 2.4% inflation rate, just 0.52% was attributed to energy, with services contributing 1.78% to the December rate.

**In the UK**, bond yields reached their highest point in multiple decades last week, as borrowing costs hit their highest level since the Global Financial Crisis. The rise in borrowing costs comes as investors concern about the heavy borrowing needs of the UK government and continued low growth in the UK's economy.

#### Ireland

On a positive note for the Irish Agribusiness sector, the export of food and drink hit a record high in 2024, with €17bn of food, drink and horticulture exports. This is a 5% increase on 2023, however according to Bord Bia it was higher prices that had the greatest impact on the overall figure. Dairy exports were the largest, totalling €6.3bn, while the export of meat and livestock amounted to €4.3bn, a 6% increase on 2023. The drinks sector also saw an increase of 19% to €2.1bn, due to a 13% jump in the export of whiskey products.

#### Asia-Pacific

The rate of inflation for China slowed once again in December to 0.1%, in line with market estimates and the lowest rate recorded since March of 2024. The growing trend of deflation comes at the same time as the Chinese Government launched stimulus measures to kick start a stagnating economy, with the rate of inflation slowing every month from August to December. In terms of the reasons for the slowing inflation, the decline in food prices (-0.5% vs +1.0% in November) was the main contributor to the lower rate. Elsewhere, Xi Jinping will send a high level envoy to the upcoming presidential inauguration of Donald Trump, in an attempt to reduce friction and tension between the two superpowers. The envoy is expected to meet with members of Trump's team, after Trump invited Xi himself to the inauguration.

### Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,827.04	-2.83%	-0.93%
NASDAQ	19,161.63	-3.48%	-0.77%
EuroStoxx50	4,977.26	+1.57%	+1.66%
EuroStoxx600	511.50	+0.43%	+0.76%
FTSE 100	8,248.49	+0.46%	+0.92%
ISEQ	9,616.17	-1.23%	-1.45%

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

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	4.762	+3.51%	+4.16%
US 2YR	4.381	+2.34%	+3.41%
German 10YR	2.5675	+5.90%	+8.70%
UK 10YR	4.8350	+5.30%	+5.89%
Irish 10YR	2.858	+6.09%	+8.44%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0244	-1.33%	-1.07%
EUR/GBP	0.8388	+1.08%	+1.40%
GBP/USD	1.2204	-2.49%	-2.50%

## Equities

**In the US**, markets began the first full week of 2025 trading, with a positive Monday session. The S&P 500 rose by 0.5% while the NASDAQ rose by 1.1%, as semiconductor stocks rose due to positive earnings from Foxconn, the server partner of NVIDIA, and news that Microsoft would be investing \$80bn in data centers in 2025. Shares in NVIDIA rose 3.4%, while Broadcom shares rose by 1.6%. However, the positive sentiment was short-lived, with markets taking a hit on Tuesday. Stronger than expected services activity in the country for December increased concerns around inflation while also reducing the likelihood of more than two rate cuts in 2024. The S&P 500 fell 1.1% while the NASDAQ fell 1.8%, erasing Monday's gains. Mega caps such as NVIDIA (-6%), Tesla (-4%) and Meta (-1.9%) led the declines. US markets were muted on Wednesday, as investors digested economic and political news. Incoming President Elect Trump was reported to be considering the declaration of national economic emergency in order to implement a vast range of tariffs. The release of Fed minutes also impacted markets. The S&P 500 rose by 0.1%, while the NASDAQ closed lower. Markets were closed on Thursday with a national day of mourning for former President Jimmy Carter. For the week, the S&P 500 and NASDAQ closed lower, down -2.83% and -3.48% respectively.

**In Europe**, markets rose to start last week, with the Eurstoxx50 up 1.8% while the STOXX600 rose by 0.7%. Markets were buoyed by the Microsoft and Foxconn news, while also cheering reports that US tariffs would not be as severe as previously anticipated. However these reports were quickly quashed by Donald Trump himself. Inflation in Germany also rose to a rate of 2.6% for December, increasing from the 2.2% recorded in November and above market estimates of 2.4%. In the UK, the FTSE 100 rose on Monday, however underperformed both US and EU markets. European markets continued their gains on Tuesday, albeit far more measured, as the Eurostoxx50 and STOXX600 rose by 0.3%. EU inflation rose to 2.4% in December, while the unemployment rate for the Euro Area remained at its all time low of 6.3%. In the UK, the FTSE 100 fell slightly, as economic data such as construction sector growth was lackluster, however grocery spending in the UK did hit a record high in December. EU markets closed lower on Wednesday, impacted by the lowest economic sentiment recorded in the Bloc since 2020 in December. In the UK, the FTSE 100 closed marginally higher, led by BAE Systems and Standard Chartered. On Thursday, EU and UK markets gained between 0.2% and 0.8%, and for the week gained between 0.46% and 1.57%.

## Bonds

Global bond yields increased last week, driven higher by rising inflation and the expectation of more cautious monetary policy from major Central Banks. The US 10yr yield rose as high as 4.76%, the highest since late 2023, due to potential inflation spikes in 2025 and the hawkish sentiment emanating from the Federal Reserve, with two cuts expected in 2025. In the UK, the 10yr Gilt rose to its highest level since 2008, due to global inflation risk, the UK's rising debt levels and the impact of the recent Budget.

## Commodities

Crude oil prices rose last week, as uncertainty around the growth of the Chinese economy offset issues regarding supply. In the US, crude stockpiles fell for the seventh straight week last week, with expectations of increased demand due to the ongoing cold spell likely to impact prices. Brent crude closed at \$79.76, while WTI closed at \$76.57. In metals, Gold prices rose to \$2,685, with physical-backed Gold ETF's in Asia and the US posting their first positive inflow of funds in four years.

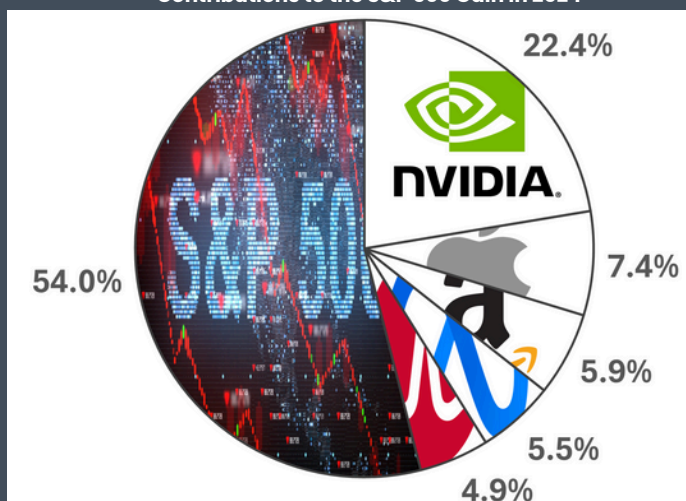
## Key Events

- 15/01/2025 - US inflation data
- 16/01/2025 - UK GDP data



## Data Insight of the Week

Contributions to the S&P 500 Gain in 2024



In our first Seaspray Private data insight of 2025 we focus our attention on the S&P 500, and the companies driving the exceptional returns as well as looking to see how well capitalised they are.