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Monday
20.01.2025

Weekly Market Review

Financial Headlines

United States

The final US inflation print of 2024 was released last week, in what was a crucial piece of data for the Federal Reserve as the Central Bank looks towards a potential rate cut in the coming months. The rate of inflation ticked up slightly to 2.9% in December, an increase from the November rate of 2.7% and the third consecutive monthly increase, however the rate was in line with market expectations. On a more positive note, the core inflation rate, which removes food and energy price changes, slowed from 3.3% in November to 3.2% in December, showing the impact of food and energy price changes on the wider market. Retail sales data for December saw sales increase by 0.4% month over month, lower than in November but still indicating robust and positive consumer spending.

Europe & UK

In Europe, Spanish Prime Minister Pedro Sanchez proposed a new 100% tax on real estate purchases for buyers from non-EU countries, in an attempt to spur domestic purchases amid what is described as a “grave housing crisis”. The proposal would mean non-EU buyers of property will have to pay tax of up to 100% of the value of the property.

In the UK, the rate of inflation for December slowed to a rate of 2.5%, down slightly from the 2.6% rate in November and below expectations, as markets had expected inflation to stay at 2.6%. The news comes as borrowing costs in the UK increase, with fears of stagflation due to the impact of the 2025 Budget. The slower rate for December is a positive step, and should also enable the Bank of England to cut interest rates in February.

Ireland

The formation of a new Government should be completed this coming week, after a Programme for Government was released last Wednesday, which was endorsed by the leaders of Fianna Fáil, Fine Gael and Independents. Some of the key priorities of the next Government include the creation of 300,000 extra jobs by 2030, with 9000 extra jobs planned for the International Financial Services sector. Under renewables, the programme states that the Government will deliver 9 Gigawatts (GW) of onshore wind, 8GW of solar and at least 5GW of offshore wind energy by 2030.

Asia-Pacific

The Chinese economy grew at a rate of 5.4% in the fourth quarter of 2024, beating market estimates of 5.0% and far ahead of the Q3 growth rate of 4.6%. The figure was also the strongest quarterly growth rate since the second quarter of 2023, and was helped by the stimulus measures implemented at the beginning of September last year. Industrial output hit an eight-month high, while exports grew by 10.7% year over year in December as firms rushed to get products to market before the inauguration of President Elect Trump. Crucially, the Q4 growth rate means that for 2024, China’s GDP grew by 5.0%, the rate agreed on by the Chinese Government at the beginning of 2024. Even still, the 5.0% growth rate is the lowest annual growth rate recorded since 1990, excluding the Pandemic years which are distorted.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,996.66	+3.61%	+1.96%
NASDAQ	19,630.20	+3.87%	+1.65%
EuroStoxx50	5,148.30	+4.12%	+5.15%
EuroStoxx600	532.62	+2.97%	+3.15%
FTSE 100	8,505.22	+3.47%	+4.06%
ISEQ	9,681.24	+1.19%	-0.78%

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	4.622	-2.95%	+1.09%
US 2YR	4.282	-2.27%	+1.08%
German 10YR	2.5030	-2.51%	+5.97%
UK 10YR	4.6555	-3.71%	+1.96%
Irish 10YR	2.777	-2.54%	+5.37%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0271	+0.20%	-0.81%
EUR/GBP	0.8439	+0.52%	+2.02%
GBP/USD	1.2163	-0.34%	-2.83%

Asset Class Review

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Equities

In the US, equities were mixed to start last week, with the S&P 500 rising by 0.1% while the NASDAQ fell 0.3%. Technology stocks fell due to intense pressure from the US bond market, with yields weighing heavy on stocks sensitive to interest rates. The latest US non farm payrolls report showed the US job market was still strong, which could enable the Fed to continue with their cautious approach to interest rate cuts. On Tuesday, Producer Price Inflation (PPI) data for December was released, with factory gate prices increasing by 0.2% month over month in December, below forecasts of 0.3%. Stocks were initially higher after the announcement but ended the day lower, ahead of US inflation data on Wednesday. The inflation print showed that while annual inflation rose at a rate of 2.9% in December, the core inflation rate slowed to 3.2%, down from the 3.3% rate in November. Markets gained considerably on Wednesday, due to both the inflation print and positive earnings results, with financials JP Morgan and Goldman Sachs beating earnings expectations. The S&P 500 rose 1.8%, while the NASDAQ rose 2.4%. Thursday would see tech stocks decline, which led the wider market lower despite 8 of the 11 sectors closing higher. For the week, the S&P 500 and NASDAQ both closed higher, up between 3.61% and 3.87% respectively.

In Europe, equity markets began last week lower, as hawkish sentiment on interest rate cuts weighed on markets. In the UK, the FTSE 100 also closed lower on Monday. Concerns in the UK about higher borrowing costs, the potential impact of the 2025 Budget and general unease about growth in 2025 pulled the market lower. On Tuesday, EU markets were mixed to positive after the negative Monday session, with Eurostoxx50 rising by 0.5% while the STOXX600 closed just 0.08% lower. In the UK, the FTSE 100 continued its decline, falling a further 0.7%. JD Sports fell over 10%, as the company once again cut its profit guidance, citing a challenging and volatile market. European shares gained once again on Wednesday, with the Eurostoxx50 gaining 1.3% and the STOXX600 gained 1.4%, due to the softer US core inflation print, and UK inflation rate slowing to 2.5%. The FTSE 100 closed 1.19% higher, as UK bond yields retreated following the release of the latest inflation data, which slowed to 2.5%. European and UK shares both rose on Thursday, with the Eursostoxx50 approaching record highs after luxury good stocks rallied after Richemont's quarterly earnings report. On Friday the Eurostoxx50 hit a new all time record, breaching highs not seen since 2000. For the week, European and UK equities closed higher, up between 2.97% and 4.12%.

Bonds

Global bond yields retreated last week. In the US, the 10yr yield fell to 4.62% on Friday, after softer core inflation data, coupled with positive retail sales and lower initial jobless claims pointed to an overall positive US economy, and opening the door for a possible rate cut by the end of Q1. In the UK, the 10yr Gilt fell to 4.65%, after UK inflation slowed to 2.5% in December, easing fears around a prolonged spike in inflation that would undermine the UK economy and slow the pace of rate cuts..

Commodities

Crude oil prices remained elevated last week, despite the positive news that a ceasefire had finally been agreed between Israel and Hamas, bringing an end to 15 months of horrendous conflict. US sanctions on Russian crude oil dominated sentiment,, however reports indicate President Elect Trump may soften these sanctions. Brent crude closed at $80.79, while WTI closed at $77.88. In metals, Gold increased to $2,700 on the back of softer US economic data which benefits rate cuts.

Key Events

- 24/01/2025 - Bank of Japan Interest Rate Decision
- 24/01/2025 - German Manufacturing PMIs

Seaspray Private is delighted to present its 2025 Annual Investment Review & Outlook, due for release this week. In our Investment review, we look back on 2024 before analysing what is to come in 2025, paying close attention once again to our four I's - Inflation, Interest rates, Income and Investment Themes. Our first Making Waves podcast of 2025 is also due for release this week and will similarly review the year just gone and discuss investment opportunities and key macro-economic data for 2025. Watch out for our latest content launch on our website , LinkedIn page and other broadcast channels. To view our suite of market insights, please click the link below.

https://seasprayprivate.ie/market-outlook/