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Monday
27.01.2025

Weekly Market Review

Financial Headlines

United States

It was a whirlwind start to the Presidency of Donald Trump last week, as the new US President signed a range of executive orders just hours after taking office. Among these were the announcement that the US would withdraw from the Paris climate accord, the second time Trump has done this having withdrawn initially in 2017. The US will also withdraw from the World Health Organisation in 12 months time and stop all financial contributions to the organisation. Trump also signed an order declaring a National Energy Emergency, allowing for his administration to fast track permits for new fossil fuel projects. President Trump also spoke to the World Economic Forum last week, where he pressed for lower interest rates immediately, while also pledging to lower US taxes and produce more oil.

Europe & UK

In Europe, Commission President Ursula Von der Leyen addressed the World Economic Forum in Davos last week. During her speech to the delegates, she emphasised that it is not in anyone's interest to "break the bonds of the global economy." She also suggested that the EU should engage in early trade negotiations with the US to prevent any potential tariffs.

In the UK, it is anticipated that the Government will approve plans for expanding Gatwick Airport, the second largest airport in the country. The project is estimated to cost $2.2 billion and would enable Gatwick to accommodate up to 75 million passengers over the next decade. In addition to this initiative, the Government is likely to propose an expansion at Luton Airport and explore the possibility of constructing a third runway at Heathrow.

Ireland

The new Government, which will lead the country for the next five years, was formerly ratified in Dáil Eireann last week, despite multiple suspensions of the Dáil. Eight cabinet positions will be under Fianna Fail's remit, while the remaining seven will lie with Fine Gael. Elsewhere, the employer's group IBEC estimates that the Irish economy will grow by 3% in 2025 in Modified Domestic Demand terms and 2% in 2026, while employment will rise by 2.4% in 2025. IBEC also anticipates that by the end of 2025, there will be 500,000 additional people in employment than there was in 2019.

Asia-Pacific

The Bank of Japan (BoJ) has increased its interest rate to a range of 0.25% to 0.50%, marking the highest policy rate in 17 years. This move comes as the island nation raises rates while global rates are generally declining, a shift anticipated by market analysts. Key factors contributing to this decision include rising wages and inflation data. The BoJ has indicated that additional increases might occur if economic indicators and price data align with projections. Core inflation is expected to average 2.4% in 2025 and 2.0% in 2026. However, GDP forecasts for the fiscal year 2025 have been revised downwards, now estimated at 0.5%, compared to the previous forecast of 0.6%. Japan remains particularly vulnerable to potential US tariffs, given its significant role as a key exporter of semiconductors to the United States.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	6,101.24	+1.86%	+3.73%
NASDAQ	19,954.30	+1.46%	+3.33%
EuroStoxx50	5,219.37	+1.22%	+6.61%
EuroStoxx600	530.07	+1.16%	+4.42%
FTSE 100	8,502.35	-0.09%	+4.03%
ISEQ	10,106.67	+4.12%	+3.58%

Interest Rate	Current Rate	Direction	Rate Change
FED	4.50%	—	0
ECB	3.15%	—	0
BOE	4.75%	—	0

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	4.616	-0.13%	+0.96%
US 2YR	4.261	-0.48%	+0.58%
German 10YR	2.5445	+1.66%	+7.73%
UK 10YR	4.6305	-0.54%	+1.41%
Irish 10YR	2.839	+2.10%	+7.72%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0493	+0.74%	+1.33%
EUR/GBP	0.8404	-0.53%	+1.60%
GBP/USD	1.2479	+1.27%	-0.30%

Asset Class Review

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Equities

In the US, equity markets were closed last Monday for Martin Luther King Day, which coincided with the inauguration of US president Donald Trump. President Trump's first full day in office saw markets rise, with the S&P 500 up 0.88% while the NASDAQ rose 0.64%. Markets responded positively to the fact that, while Trump has threatened tariffs of 25% on Mexico and Canada, he has yet to enact a policy. Ten of the eleven S&P sectors closed the day higher, with Oracle shares rising over 7% due to reports of increased AI investment by the new Trump administration. Apple shares fell 3.2% due to a downgrade by Jefferies. Gains continued on Wednesday, with the S&P 500 up over 0.6% while the NASDAQ gained nearly 1.3%. Netflix shares were up 9.7% due to stellar earnings, while Proctor and Gamble shares rose nearly 2%, as a result of positive earnings. The S&P 500 reached a new high on Thursday, boosted by President Trump's address to the World Economic Forum in Davos, where he called for immediate rate cuts and urged OPEC to lower oil prices. On Friday US stocks closed lower with the S&P 500 down 0.2%, and the NASDAQ losing 0.5%, as markets paused following a week of mixed corporate earnings and policy signals from the US President. Despite the declines, both indices posted nearly 2% gains for the week, with the S&P 500 and NASDAQ closing higher, up 1.86% and 1.46% respectively.

In Europe equity markets began the week on a positive note. In the UK, the FTSE 100 reached new highs on Monday, mirroring gains in other markets. On Tuesday, European markets remained strong, with the Eurostoxx50 at record levels and the STOXX600 hitting a new peak. Luxury goods companies, particularly LVMH, which rose over 2.5%, led the gains. The FTSE 100 continued to set new records, gaining 0.3%, driven by financial stocks. By Wednesday, the STOXX600 achieved another record high, bolstered by corporate earnings. Tech stocks benefited from a proposed $500 billion investment in AI projects by the US Government. The Eurostoxx50 maintained its record highs, having increased by 6.9% over the past four weeks. Despite a higher-than-expected Budget deficit in December, the FTSE 100 hovered around record highs. On Thursday, EU markets continued to rally, with hopes that US-EU trade tariffs would be less severe than anticipated. The FTSE 100 remained elevated, though record low consumer confidence figures limited further gains. European stocks closed flat on Friday following nine consecutive sessions of gains as markets assessed the latest corporate developments. The FTSE 100 dropped 0.8% on Friday, weighed down by losses in energy and financial stocks. For the week, European equities closed higher as both the Eurostoxx50 and STOXX600 finished the week up 1.22% and 1.16% respectively. UK equities closed slightly lower for the week, down -0.09%

Bonds

Global bond yields retreated last week, as US President Donald Trump made threats to implement tariffs on China, Canada and Mexico, while also urging the Federal Reserve to cut rates. Despite the demands from the President, the Fed is expected to keep rates at current levels at their meeting this week, with a potential cut likely in February. The US 10yr yield stood at 4.61% on Friday. In the UK, the 10yr Gilt also retreated to 4.63%, tracking the wider decline in global yields.

Commodities

Crude oil prices fell last week, as US stockpiles increased for the first week since the middle of November, with over 1 million barrels being added to the current stockpile. President Trump's demands for OPEC to lower prices also had a major impact on Thursday evening. Brent Crude closed at $78.46 while WTI closed at $74.60. In metals, Gold prices increased last week to $2,770 after President Trump's remarks on interest rate cuts, which increased demand for the non-interest bearing metal.

Key Events

- 29/01/2025 - US Federal Reserve Interest Rate Decision
- 30/01/2025 - ECB Interest Rate Decision

We're delighted to present both our 2025 Investment Outlook and first podcast episode of 2025. We reflect on 2024 before looking ahead to 2025, revisiting the prevailing themes of the four 'i's – Inflation, Interest Rates, Income/Earnings, and Investment. Our first Making Waves podcast of 2025 similarly reviews the year just gone and discusses investment opportunities and key macro-economic data for 2025. Be sure to check out our LinkedIn posts or listen to our content on your preferred podcast platform.