

Financial Headlines

United States

It was yet another interesting week in the US. President Trump pushed ahead with his first round of tariffs on China, implementing a 10% duty on all Chinese imports, having postponed tariffs of 25% on Canadian imports, apart from oil which could have seen a 10% duty, and duties of 25% on Mexican imports. Amidst the furor of a potential trade war, and Trump's comments surrounding the Gaza strip, the President did sign an executive order on the 3rd of February which aims to establish a United States Sovereign Wealth Fund. The executive order aims to establish a fund that will promote fiscal sustainability, lessen tax burdens and establish economic security. The plan for the fund will be submitted to the President within 90 days.

Europe & UK

In Europe, the European Commission began preparing measures that will target US companies, specifically Big Tech firms should the threat of Trump tariffs on the EU escalate. The main instrument which could be used by Brussels is the Anti Coercion instrument, which can enable the Commission to impose restrictions on trade in services if it believes a country is using tariffs to force policy changes. This means that the EU can block Foreign Direct Investment, can restrict market access for financial service firms and revoke protection for intellectual properties.

In the UK, the Bank of England held its first meeting of the Monetary Policy Committee for 2025 and as expected, cut interest rates by 25 basis points to 4.50%. This is the third cut in the last year, with the Bank maintaining its stance of cautious monetary policy movements in 2025.

Ireland

In the wake of Storm Éowyn, the ESB will now be tasked by the Government to develop a Winter 2025 grid resilience plan by the end of February. The outcome of this resilience plan will then be actioned immediately to ensure Ireland's grid is more resilient to storms ahead of the 2025 Winter season. The impact of climate change means that storms are likely to worsen in the coming years, increasing the probability of wide scale power outages. Storm Éowyn is estimated to cost Irish insurance companies €200mn, making it the fourth most costly weather-related event since the turn of the millennium.

Asia-Pacific

The proposed \$58bn merger between two of Japan's largest carmakers, Honda and Nissan, collapsed last week after Honda proposed to turn Nissan into a fully owned subsidiary of the company. The collapse follows just over one month of negotiations between the two companies, after the announcement was made in December 2024 that merger talks were commencing, a move that would create the fourth largest carmaker in the world if it went ahead. Elsewhere, the world's largest renewables project, involving thousands of wind turbines and millions of solar panels is now seeking planning permission. The Western Green Energy Hub, located in Western Australia, would see a total development of 70 Gigawatts, consisting of 3000 wind turbines and 60 million solar PV panels over 35 solar farms.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	6,025.99	+1.21%	+2.45%
NASDAQ	19,523.40	+1.19%	+1.10%
EuroStoxx50	5,325.40	+2.48%	+8.77%
EuroStoxx600	542.75	+2.00%	+6.92%
FTSE 100	8,700.53	+1.49%	+6.45%
ISEQ	10,218.08	+1.79%	+4.72%

Interest Rate	Current Rate	Direction	Rate Change
FED	4.50%	—	0
ECB	2.90%	—	0
BOE	4.50%	↓	-0.25

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	4.494	-1.05%	-1.71%
US 2YR	4.289	+1.99%	+1.24%
German 10YR	2.3770	-3.33%	+0.64%
UK 10YR	4.4760	-1.28%	-1.97%
Irish 10YR	2.640	-2.92%	+0.17%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0327	-0.11%	-0.27%
EUR/GBP	0.8320	+0.22%	+0.58%
GBP/USD	1.2409	-0.40%	-0.86%

Equities

In the US, market sentiment was dominated by tariffs. President Trump announced on February 1st that tariffs would come into effect for Canada and Mexico, however on Monday night these tariffs were postponed for one month. Trump made deals with the Canadian and Mexican Governments on border controls which paused the tariffs, however he did push ahead with 10% tariffs on Chinese imports. China immediately retaliated with its own tariffs on US imports that will apply to \$14bn worth of goods, specifically on LNG, coal, oil and farm equipment. This is equivalent to less than 10% of total imports from the US in 2023, indicating a measured response by China. Aside from tariffs, there were some final Q4 corporate earnings, in particular Alphabet, the parent company of Google. While overall revenues rose in Q4, revenues in the company's cloud division were lower than expected, attributed to greater demand for cloud services than available capacity. The big talking point was the announcement of a \$75bn investment in Artificial Intelligence, despite the recent DeepSeek development. This is up from \$53bn investment in 2024 and almost one third higher than estimated by market analysts. Finally in economics, job openings in the US slowed to 7.6 million in December 2024, falling by over 500k and missing expectations of 8 million, highlighting a tighter labour market in the US currently. For the week, the S&P 500 and NASDAQ closed 1.21% and 1.19% higher.

In Europe, markets on the continent were rocked by tariff fears, after US President Donald Trump fired the starting gun on his trade policy. While the Euro Area was not in the immediate firing line, the President has vowed to target the Euro Area, citing a lack of US purchases and the perceived treatment of US companies by the European Union. The EU accounts for about 18% of US exports, while also accounting for just over 18% of US imports, making it a key trading partner. In 2022, the main export from the EU to the US was pharmaceutical products, amounting to \$91.9bn, while the main import product was mineral fuels such as oil, which amounted to \$108bn. In corporates, Novo Nordisk, one of the EU's largest companies posted earnings for Q4. Net profits rose 33% for the quarter to €4.92bn, while its main weight-loss drug, Wegovy, saw sales growth of 107% year over year. Shares for the company rose over 4% after the announcement. EU equity markets hit new record highs on Thursday, and for the week the Eurostoxx50 and STOXX600 closed higher, up 2.48% and 2.00% respectively.

In the UK, the FTSE 100's movements were predicated by the ongoing trade issues between the US and the rest of the world, and the Bank of England's (BoE) rate decision last Thursday. As expected, the BoE cut rates by 25bps to 4.50%, with a positive reaction to the news in London, even as the Bank lowered its growth forecasts. AstraZeneca performed well last week due to a 19% increase in sales of cancer and vaccine drugs during Q4. For the week the FTSE 100 closed 1.49% higher.

Bonds

Global bond yields fell last week, with the US 10yr yield falling to 4.49% after the US Treasury Secretary Scott Bessent stated that President Trump is not actively pressuring the Fed into cutting rates, despite his strong words at the World Economic Forum, where he demanded immediate rate cuts. Bessent also commented that the emerging focus was on the 10 yr yield, not the Fed's short term rate. In the UK, the 10yr Gilt fell to 4.47% after the BoE cut rates by 25bps.

Commodities

Crude oil prices fell last week in response to comments made by US President Trump regarding oil prices. The President reaffirmed his stance on bringing oil prices down by increasing US crude production by an unprecedented amount. Brent crude closed at \$74.66, while WTI closed at \$71.00. In metals, gold prices reached a record high of \$2,860 last week, aided by the Bank of England rate cut, and more demand for the safe haven asset in light of the increased geopolitical uncertainty.

Key Events

- 12/02/2025 - US Inflation Data
- 13/02/2025 - UK GDP Data



Data Insight of the Week

Seaspray Private is delighted to announce the next release in our Financial Insights series - "The Subtle Success of Water Funds". Water is one of the world's most essential resources, and as demand rises, so do the opportunities for investors. Investment in water and the development of its infrastructure are crucial to the world's future.

To watch this insight please click the link below

<https://www.youtube.com/watch?v=bYfyQzBZTkM>



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