

Financial Headlines

United States

The first US inflation print of 2025 saw the annual rate of inflation accelerate to 3%, an increase on the December rate of 2.9% and ahead of market expectations of 2.9%. Energy prices rose by 1%, the first increase in prices for six months, while prices for used cars and trucks (1% vs -3.3% in December), transportation (8% vs 7.3% in December) and new vehicles (-0.3% vs -0.4% in December) all impacted upon the higher rate. Annual core inflation, which excludes food and energy, also rose to 3.3%, ahead of estimates of 3.1%. This was the fourth straight month where the rate of inflation has increased in the US, and will reinforce the view held by the Federal Reserve that a cautious approach will be adopted when it comes to cutting interest rates in 2025.

Europe & UK

In Europe, French President Emmanuel Macron announced that France would invest €109bn in Artificial Intelligence at the recent AI Action Summit in Paris. The investment will focus on the building of infrastructure for AI development, such as data centres with capacity capable of competing with countries such as the US. Investment companies from Abu Dhabi and Canada have also pledged over \$70bn in private AI investment in France in recent weeks. The initial investment in AI by France, whilst significant, pales in comparison to the \$500bn AI-focused Stargate project announced recently by US President Donald Trump.

In the UK, the economy unexpectedly expanded in the final quarter of 2024, growing by 0.1%. On an annual basis, output gross domestic product (GDP) is estimated to have grown by 0.8% in 2024, this follows a growth of 0.4% in 2023.

Ireland

Mortgage rates in Ireland have reached their lowest level in almost two years, with the weighted average interest rate on new mortgages at the end of December 2024 being 3.80%. While it is the lowest rate since April 2023, the 3.80% is the seventh highest in the Euro Area. Total volume of new mortgage agreements in December increased to €1.2bn, a 13% or €134mn increase in monthly terms and a €190mn increase compared to December 2023. Along with this, in December 2024, €71bn of long term Irish Government bonds were held by Non Resident entities, while €63bn were held by Credit Institutions.

Asia-Pacific

CATL, the world's largest producer of electric vehicle (EV) batteries is preparing for a secondary stock market listing in Hong Kong and would make it one of the largest stock offerings since 2021. The company has enlisted the likes of JP Morgan, Morgan Stanley, Goldman Sachs and UBS to work on the deal, despite the fact that CATL was recently blacklisted by the US as the company was accused of working with the Chinese military. The listing aims to help the company expand its operations internationally, with funds raised from the filing going towards production projects in Hungary, Spain and Indonesia. CATL currently hold approximately 38% of the global EV battery market, having been the largest company in the market for the past eight years, supplying companies such as Tesla and Volkswagen.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	6,114.63	+1.13%	+3.96%
NASDAQ	20,026.77	+1.75%	+3.71%
EuroStoxx50	5,493.40	+2.66%	+12.20%
EuroStoxx600	552.41	+1.33%	+8.82%
FTSE 100	8,732.46	-0.03%	+6.85%
ISEQ	10,333.87	+1.05%	+5.91%

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

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	4.477	-0.37%	-2.08%
US 2YR	4.260	-0.68%	+0.56%
German 10YR	2.4230	+1.94%	+2.58%
UK 10YR	4.499	+0.51%	-1.47%
Irish 10YR	2.721	+3.30%	+3.24%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0491	+1.77%	+1.31%
EUR/GBP	0.8334	+0.02%	+0.75%
GBP/USD	1.2585	+1.75%	+0.54%

Equities

In the US, equity markets were influenced predominantly by the conflicting business policies of Donald Trump. Having implemented tariffs on China the week previous, the President announced tariffs of 25% on all steel and aluminum imports to the US. This action will impact Canada the most of any country, with Canadian imports of steel and aluminum products hitting \$25bn in 2023, with Brazil, Mexico and South Korea all likely to be hit the hardest. Australia however has managed to avoid potential tariffs for now due to the fact that the US has a trade surplus with Australia. Trump has also asked his advisors to come up with “country by country” tariffs, targeting both allies and adversaries who the US feel target them with regulations and levies. Countries with the largest trade deficits are likely to be hit first, such as China and Mexico. In corporate news, earnings were announced for staples such as McDonalds and Coca Cola. For McDonalds, while revenues missed expectations, same-store sales grew by 0.4% in Q4 2024, beating estimates of a 1.1% decline. Coca Cola beat earnings estimates for Q4 with revenues reaching \$11.5bn for the quarter. For the week, the S&P rose 1.13%, while the NASDAQ rose 1.75%.

In Europe, equity market sentiment was mixed. With the implementation of 25% tariffs on all steel and aluminum imports, companies in Europe will now be impacted when trading with the US. The European Union, whilst wanting to avoid a full blown trade war with the US, stated that retaliatory measures would be implemented to combat the 25% tariffs. The European Commission last week also explored plans to temporarily cap European gas prices, as the price of gas on the continent hit two year highs of €54 per megawatt hours, between three and four times the price of gas in the US. The increase in gas prices has been attributed to lower temperatures across the continent this Winter and lower wind speeds which impacted wind energy production. Markets did get a major boost however on the back of news that President Trump and Russian President Vladimir Putin would begin negotiations on a ceasefire in Ukraine after a call between the two leaders. In corporates, Siemens Energy beat earnings estimates due to demand for data centres, which form part of the company’s infrastructure division. Alcohol producer Heineken beat estimates by over 5%, with an 8.3% increase in operating profits, and a share buyback announced worth €1.5bn. For the week, the Eurostoxx50 and STOXX600 closed higher, up 2.66% and 1.33% respectively.

In the UK, the FTSE 100 was influenced by current sentiment around tariffs, however it was boosted by the positive GDP print and the hopes of a ceasefire in Ukraine. Downsides came from poor corporate earnings, with BP posting a 35% drop in annual profits, with a pledge to reset the company’s strategy coming from its CEO. Unilever also reported a slow start to 2025, while sales growth for 2024 was also slightly below estimates. For the week, the FTSE 100 fell 0.03%.

Bonds

Global bond were mixed last week, with the US 10yr most impacted by the higher than expected inflation print, which came in at 3% for January. This higher rate follows Jerome Powell’s Senate testimony, where the Fed’s chair re-emphasised the cautious approach taken by the Fed and stated the US was not quite where it should be on inflation. The 10yr yield fell to 4.47% after retail sales for January fell 0.9%, the most in a year. In the UK, the 10yr Gilt rose to 4.49% on the back of positive GDP data.

Commodities

Crude oil prices fell last week due to hopes that the War in Ukraine could be ended, after US President Trump spoke to President Putin of Russia on the issue, while talks of a meeting between the two in Saudi Arabia have been mooted. An end to the war could result in softer sanctions on Russian oil from the US, meaning supplies could increase. Brent crude closed at \$74.74, while WTI closed at \$70.74. Gold prices hit new record highs of \$2,935 an ounce due to the ongoing trade tensions.

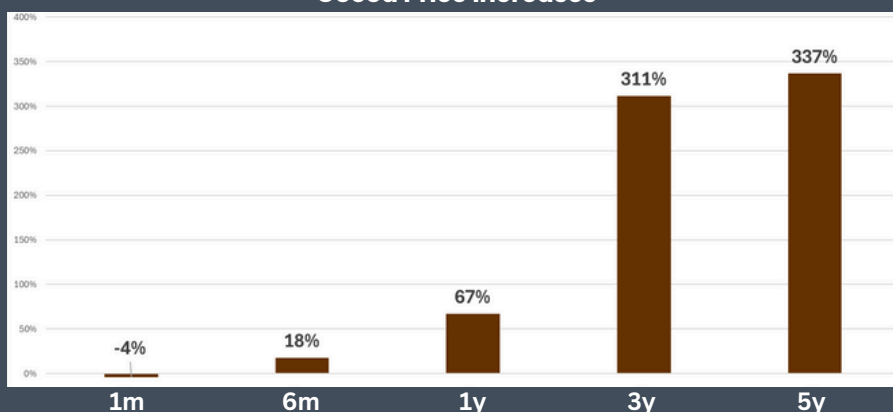
Key Events

- 19/02/2025 - UK Inflation Data
- 23/02/2025 - German Federal Election



Data Insight of the Week

Cocoa Price Increases



In this week’s Valentines themed insight, we look at the impact of rising inflation on the buying power of consumers, and the astronomical rise in cocoa prices in recent years and its potential impact on the cost of chocolate.

<https://seasprayprivate.ie/cant-buy-me-love-or-cocoa-anymore/>