

## Financial Headlines

### United States

The House of Representatives last week passed a budget resolution which proposes \$4.5 trillion in tax cuts and \$2 trillion in spending cuts, as part of President Trump's economic agenda. The debt ceiling would also be increased by \$4tn, which would temporarily halt the looming threat of a debt crisis. The vote was 217-215, with a single Republican and all Democrats opposed, and the outcome was in jeopardy until the very end. While the resolution has been passed in the House, the Budget will now have to be debated and passed through the Senate, where the Republicans hold a 6 seat majority. Elsewhere, the US economy expanded by a confirmed rate of 2.3% in Q4 2024, the slowest growth in three quarters.

### Europe & UK

**In Europe**, a new AI weather prediction model was launched last week, which can outperform conventional forecasting by up to 15 days ahead. The European Centre for Medium Range Weather Forecasts (ECMWF) is a positive step for AI in Europe, which has lagged behind the US when it comes to AI development. The forecasting model was shown to be 20% more accurate than conventional methods, while also predicting events outside the norm. This includes solar radiation levels, future wind speeds at 100 metres high, which is critical for wind energy, and predicting a tropical cyclone 12 hours faster than conventional methods.

**In the UK**, National Grid sold its onshore renewables business in the US to New York-based asset manager Brookfield for \$1.7bn, in a positive sign for renewable energy deals despite the current headwinds facing the industry.

### Ireland

Planning was submitted last week to An Bord Pleanála for the Dublin Array offshore wind farm, which is set to become one of the largest offshore wind farms in Ireland upon completion. Once operational, the facility will be capable of producing 824 megawatts (MW) of electricity from 39 to 50 wind turbines, sufficient to power 770,000 homes. Located 10 km off the east coast, between Dublin and Wicklow, the developer anticipates that it could be finished as early as 2027, generating 800 jobs during construction and over 200 jobs once the project is up and running.

### Asia-Pacific

The Hong Kong stock exchange, one of the largest in Asia, posted record profits in 2024, having endured two years of low growth and profitability. The exchange posted 2024 profits of \$1.7bn, beating the previous record in 2021, which at the time was attributed to the pandemic trading boom. The results were boosted by a rise in the average daily turnover of securities traded on the exchange – a key revenue driver for the company – as investors returned to Hong Kong stocks after Beijing announced a series of stimulus measures last Autumn. There were also 71 listings on the exchange last year, making it once again one of the top four global stock markets in terms of Initial Public Offerings. Elsewhere, Japanese retail sales rose by 3.9% year over year in January, slightly below estimates of 4% but the 34th straight month of expansion in retail sales.

## Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,954.50	-1.23%	+1.24%
NASDAQ	18,544.42	-3.69%	-2.40%
EuroStoxx50	5,463.54	-0.23%	+11.59%
EuroStoxx600	557.19	+0.48%	+9.77%
FTSE 100	8,809.74	+1.65%	+7.79%
ISEQ	10,982.98	+3.68%	+12.56%

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	4.20	-5.15%	-8.09%
US 2YR	3.98	-5.10%	-5.94%
German 10YR	2.3865	-3.09%	+1.04%
UK 10YR	4.48	-1.92%	-1.81%
Irish 10YR	2.675	-3.39%	+1.50%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0375	-0.87%	+0.19%
EUR/GBP	0.8247	-0.47%	-0.30%
GBP/USD	1.2577	-0.40%	+0.48%

## Equities

**In the US**, market sentiment was negative last week, with equity indices impacted by a mixture of geopolitics and poor performances from mega caps stocks. President Trump announced a new probe into copper dumping, laying the groundwork for imports of the metal to be hit with tariffs. The copper probe, if it turns into a tariff on copper imports, would impact Chile and Canada the most, as together these 2 countries provide over 50% of the total copper imports to the US. Copper has become increasingly valuable in recent years due to its application in solar energy and electric vehicle production. The US also agreed terms with Ukraine on a minerals deal which would see the countries work together to develop mineral resources. Trump also confirmed that the postponed tariffs on Canada and Mexico would take effect this week, while also imposing an additional tariff of 10% on imports from China. In economics, consumer confidence in the US hit its lowest since August 2021, while GDP for the final quarter of 2024 came in at 2.3%. In corporates, the big news was NVIDIA, with the world's second largest company announcing earnings. Revenues for Q4 2024 came in at \$39.3bn, 12% higher than Q3 and 78% higher than a year ago, with \$35.6bn of this coming from their Data Centre segment. Revenues for 2024 totalled \$130.5bn, up 114% from the year previous. Gross profits came in at \$28.7bn, however despite beating estimates NVIDIA shares tumbled 3.1%, pulling the wider market lower. After a volatile week, the S&P 500 and NASDAQ closed lower, down -1.23% and -3.69% respectively.

**In Europe**, markets were mixed last week. The outcome of the German elections is likely to see the Conservative CDU/CSU forming a coalition with the Social Democrats, meaning the conservative Christian Democrats party leader, Friedrich Merz, will likely be Germany's next chancellor. Tariffs also impacted sentiment, with President Trump announcing tariffs of 25% on all imports from the European Union, while also confirming tariffs for Mexico and Canada. The Mexican tariffs will hurt companies in Europe, particularly automotive manufacturers such as VW and Mercedes, who have manufacturing plants in Mexico and import cars to the US through Mexico. In corporates, Stellantis, the automotive conglomerate, reported a 70% fall in profits in 2024 compared to 2023, citing issues around gaps in product offerings and lower sales in North America, which fell by 25% in 2024. For the week, the Eurostoxx50 closed -0.23% lower due to tariff fears, while the broader STOXX600 closed 0.48% higher.

**In the UK**, the FTSE 100 traded higher last week despite the volatility across major markets. The index was boosted by positive earnings from heavyweight Rolls Royce, whose shares soared 15% last week, with the company raising guidance for 2025 and announcing a £1bn share buyback and reinstating dividends. For the week, the FTSE 100 closed 1.65% higher.

## Bonds

Global bonds fell last week, as economic data and tariff fears raised inflationary concerns. The US 10yr yield fell to 4.20%, as President Trump indicated he wished to cut public expenditure which harmed treasury yields, while a collection of new tariffs on Europe and China also raised inflationary concerns. US Consumer sentiment also hit a two-year low, while initial jobless claims also hit a two-month high of 242k, showing a tightening labour market and lending credence to at least one rate cut in 2025. The UK 10yr Gilt fell to 4.48% as some Bank of England policymakers pushed for steeper rate cuts.

## Commodities

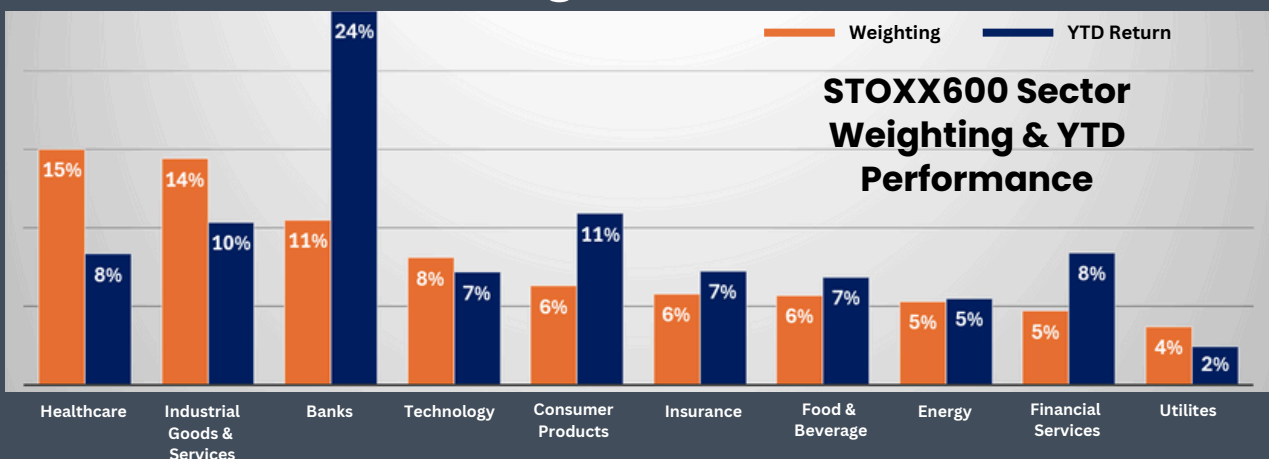
Crude oil prices fell last week, as potential supply increases weighed on prices. A potential ceasefire between Russia and Ukraine could see US sanctions on Russia lifted, increasing supply considerably, while the minerals deal signed between the US and Ukraine last week will see more oil extracted in the region and more investment in mineral resources. Brent crude closed at \$72.81, while WTI closed at \$69.76. Gold prices fell to below \$2,900 as a strong dollar impacted upon prices.

## Key Events

- 06/03/2025 - ECB Interest Rate Decision
- 07/03/2025 - US Non Farm Payrolls



## Data Insight of the Week



In this week's Data Insight, we analyse the difference Year-to-Date between the S&P 500 and STOXX600, highlighting the reasons why the later has outperformed so far in 2025.

<https://seasprayprivate.ie/year-to-date-comparison-of-european-us-indices/>