Monday
10.03.2025

SEASPRAY PRIVATE
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Weekly Market Review

Financial Headlines

United States

The US announced a sweeping range of tariff measures on Canada, Mexico and China last week, with imports from Canada and Mexico being subject to a 25% tariff and China increased to 20%. Between the three countries, a total of $1.3tn worth of goods is exported to the US, with Mexico exporting $509bn of goods to the US in 2024, with motor vehicles being the largest single export. However, just as quickly as the tariffs were imposed, the Trump administration completed a U-turn, announcing on Thursday evening that all goods subject to the 2020 free trade agreement between the US, Canada & Mexico would be granted a one month reprieve. The executive order states that the reprieve will last until April 2nd.

Europe & UK

In Europe, the European Central Bank cut interest rates once again last week, reducing its three key benchmark rates by 25 basis points. This was the sixth rate cut since June 2024, and was widely expected by markets. In the press release after the cut occurred, the Governing Council stated that the decision to cut all three rates was due to the updated inflation outlook, as the disinflation process was on track. The Council revised their 2025 inflation outlook higher to 2.3%, citing stronger energy prices, while core inflation for 2025 is estimated at 2.2%. However, economic growth for 2025 was also revised lower to 0.9%, due to weak exports and investment.

In the UK, construction activity fell in February at the fastest pace since the height of the Covid pandemic, with firms blaming a lack of consumer demand and high interest rates.

Ireland

International Accounts were published for Q4 last week, with Ireland posting a current account balance of €18.2bn, or 12.6% of GDP. The figures from the CSO show that in Q4, Ireland exported €92bn worth of goods, while importing just €38bn. This leaves a positive trade surplus of €54bn. Services exports totalled €130bn, while imports stood at €125bn, leaving a balance of €5bn. The only area running a deficit was Government income, which saw €77bn in inflows in Q4, while outflows stood at €118bn, leading to a deficit of -€41bn.

Asia-Pacific

The Chinese Government has once again targeted a Gross Domestic Product (GDP) growth rate of "around 5%" for 2025, despite the fact that the country is currently in the midst of a burgeoning trade war with the US. In an attempt to spur domestic growth, Chinese Premier Li Qiang stated the Government would increase fiscal spending, issuing special long term treasury bonds worth Rmb1.3tn, equivalent to $179bn, an increase of one trillion Renminbi from 2024. Special local Government bonds worth Rmb4.4tn, which will go towards infrastructure projects and other investment was also announced. Beijing also declared an increase in defence spending of 7.2%, matching 2024's spending increase as the country continues to expand its military. Finally, annual estimated inflation was lowered to 2% for the first time in over 20 years, as the risk of disinflation remains.

Market Movers

Equity Indices	Value	Weekly Change	YTD Change
S&P 500	5,770.20	-3.14%	-1.89%
NASDAQ	18,196.22	-3.73%	-5.77%
EuroStoxx50	5,468.41	-0.15%	+11.69%
EuroStoxx600	553.35	-0.86%	+9.01%
FTSE 100	8,679.88	-1.76%	+6.20%
ISEQ	11,118.75	+1.21%	+13.95%

Interest Rate	Current Rate	Direction	Rate Change
FED	4.50%	—	0
ECB	2.65%	↓	-0.25
BOE	4.50%	—	0

Fixed Income	Yield	Weekly Change	YTD Change
US 10YR	4.30	+2.44%	-5.86%
US 2YR	3.99	+0.36%	-5.60%
German 10YR	2.8350	+18.79%	+20.03%
UK 10YR	4.64	+3.66%	+1.78%
Irish 10YR	3.123	+16.77%	+18.50%

FX	Value	Weekly Change	YTD Change
EUR/USD	1.0832	+3.32%	+4.61%
EUR/GBP	0.8382	+1.53%	+1.33%
GBP/USD	1.2920	+1.76%	+3.22%

Asset Class Review

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Equities

In the US, market volatility remained elevated last week, as President Trump first implemented tariffs of 25% on Canada and Mexico and imposed an additional 10% tariff on China. The President also delivered his first State of the Union address of his Presidency, where he stated tariffs would cause “a little disturbance”. US equities have erased all post election gains made in the wake of Trump’s victory last November. It was then announced on Wednesday evening that auto tariffs on Canada and Mexico had been paused for producers, and was followed on Thursday by a full reprieve until April 2nd on all goods which meet the rules of the 2020 free trade agreement. In corporates, BlackRock, one of the world’s largest wealth managers, purchased two major ports on the Panama Canal in a $22.8bn deal with Hong Kong-based CK Hutchinson. The deal would see BlackRock, as part of a consortium, acquire a 90% stake in the company that owns and operates the two ports, while also acquiring an 80% stake in Hutchinson’s port subsidiaries, which includes 43 ports operated in 23 countries such as the UK, Mexico and Australia. The deal effectively hands control of key parts of the Panama Canal to the US. For the week, the S&P 500 closed -3.14% lower, while the NASDAQ closed -3.73% lower, on pace to record their biggest weekly slides since September.

In Europe, market sentiment was mixed. The recent implementation of 25% tariffs on aluminium and steel imports is likely to harm European-based companies trading with the US. Markets in Europe reacted negatively to the implementation of 25% tariffs on Canada and Mexico, with automotive stocks in Europe plunging midweek. However, after the announcement of a one month reprieve in auto tariffs, automotive stocks such as Stellantis and VW erased earlier losses. In Germany, incoming Chancellor Friedrich Merz announced that a deal had been reached between his potential coalition partners to relax strict borrowing rules, known as the “debt brake”. This will enable the Government to raise an unlimited amount of debt to fund its armed forces, and is the biggest shift in German monetary policy for a generation. Merz also announced a €500bn infrastructure fund which will run over 10 years. Elsewhere, a free trade agreement between the EU and India is set to be finalised before the end of 2025, and would be the largest deal of its kind anywhere in the world. For the week, due to global volatility, the Eurostoxx50 and STOXX600 closed slightly lower, down -0.15% and -0.86% respectively.

In the UK, the FTSE 100 traded mostly below the flatline, as the impact of tariffs and poor corporate earnings weighed heavily on market sentiment. Melrose, the aerospace manufacturer missed sales estimates by 5%, despite reporting an increase in EBITDA, with shares falling over 17% on Thursday. Rentokil also posted poor earnings and saw shares fall 10%. For the week, the FTSE 100 closed -1.76% lower.

Bonds

Global bonds yields increased last week, as a bond market sell-off triggered by Germany, jolted yields. Plans to change borrowing and the announcement of €500bn infrastructure package saw German bund yields post their steepest rise since German reunification. This influenced other bond markets, in particular EU markets. The US 10yr yield rose from 4.11% on Tuesday to 4.30% on Friday. The UK’s 10yr Gilt yield also rallied after the shift in German fiscal policy, rising to 4.64%.

Commodities

Crude oil prices reached multi year lows last week, as more US tariffs dampened hopes of global economic growth, while OPEC+ made the decision to increase output by 138k barrels per day from April, the first time output has increased since 2022. US crude inventories also rose by 3.6mn barrels, increasing pressure on prices. Brent crude closed at $70.36, while WTI closed at $67.04. In Metals, Gold prices remained above $2,900 an ounce due to a weak dollar and continued geopolitical uncertainty.

Key Events

- 12/03/2025 - US Inflation Data
- 14/03/2025 - UK GDP Data

Data Insight of the Week

Seaspray Private is delighted to announce the next release in our Financial Insights series - “The Shift in the Global Economy - 2000 to 2029”. The world has undergone significant transformations since the start of the millennium, one of these being the growth of new economies who have challenged the existing order.

To watch this insight please click the link below

https://www.youtube.com/watch?v=s9qEYOS_07E