

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: There was a noticeable risk-on tone across the continent yesterday with main indices gaining over 2%, this came after a better-than-expected UK Unemployment Rate along with positive Consumer Sentiment data from Germany. Stocks this morning are broadly flat with the EuroStoxx trading up just 0.10%.

Currencies: FX has been quieter this week, with the Dollar marginally stronger, pushing the EUR/USD pair back below 1.1750 and GBP/USD down to 1.3060.

Safe-havens: Gold saw a significant down-day on Tuesday, shedding over 4.5% of its value in a single session as traders around the world took profit on the asset, coupled with rising sovereign bond yields which have a strong inverse correlation with gold. Gold is trading back below \$1,930 on Wednesday morning, longer-term entry points will likely present themselves in the coming days and possibly weeks.

Looking ahead: Following the beat of expectations in this morning's UK jobs data releases, we will see CPI inflation figures from the US this afternoon. Thursday we get the weekly US Unemployment Claims, with the now-important monthly US Retail Sales figure coming on Friday.

Key Events to Watch

12/08/2020 - US CPI

13/08/2020 - US Unemployment Claims

14/08/2020 - US Retail Sales

19/08/2020 - FOMC Meeting Minutes

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,333	-0.80%	3.19%
DAX	12,946	2.04%	-2.28%
EuroStoxx	3,332	2.22%	-11.03%
ISEQ	6,433	2.30%	-10.44%
FTSE	6,154	1.71%	-18.40%
Nikkei 225	22,843	0.41%	-3.44%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1739	0.03%	4.67%
EUR/GBP	0.8995	0.20%	6.44%
GBP/USD	1.3048	-0.17%	-1.61%
USD/CHF	0.9167	0.12%	-5.25%
USD/JPY	106.48	0.50%	-1.69%
EUR/JPY	125.00	0.53%	2.89%

Fixed Income	Value	Daily Change
US 10yr	0.643	0.071
US 2yr	0.153	0.020
Bund 10yr	-0.472	0.044
Irish 10yr	-0.124	0.040
Gilt 10yr	0.201	0.074
JGB 10yr	0.033	0.015

Financial News Round Up

UK GDP

The United Kingdom officially entered into a recession this morning for the first time since the financial crisis as it saw its second consecutive negative reading for quarterly GDP. Despite seeing a massive drop in activity during the period, the UK's Q2 GDP actually slightly beat analysts' expectations this morning, coming in at -20.4% vs -20.5% forecasts. This is the UK's biggest quarterly GDP drop since records began in 1955 and is the worst slump in Europe for the three month period up to June 30th. Month-on-month GDP (for June) grew by a robust 8.7% vs consensus 8.1% expectations, pushing UK equities and bond yields slightly higher this morning.

In a breakdown of the data, the construction sector saw a 35% contraction, services which is the biggest part of the UK economy shrank by 20%, industrial production by 17%, and consumer spending fell by 23%.

GBP/USD +0.03%, EUR/GBP +0.07%, FTSE 100 +0.75%, Gilt 10yr yields +0.023 to 0.225%.

Glanbia

Irish global nutrition group Glanbia has announced a 25.4% earnings drop for the first half of 2020, down to €85m vs our €95m forecast, before interest, taxes, and amortisation. EPS came in in line with forecasts at €0.32. Revenues rose y/y by a modest 2.3% to €1.8b, growing 4.5% from H2 2019. Total group profit came in at €69.9m, down by €16.9m on the prior half year.

While Glanbia did not provide investors with any financial guidance or in-house forecasts, an interim dividend payout of 10.68 cent was announced this morning, slightly lower than our dividend estimates for the company.

Glanbia is currently trading at a forward-looking P/E ratio of 12.1x, and an EV/EBITDA of 11.3x, equating to roughly a 20% discount to ten-year averages for the financial metrics. The firm's shares fell in Dublin on the back of today's release, over 3% lower on the day to €9.50.

Revolut

London-headquartered financial tech firm Revolut has announced revenues of £162.7m for last year, 180% higher than the same figure from 2018. However, operating losses also rose, hitting £107.4m in 2019, over three times the recorded result for the previous 12 months.

"While we still have some way to go, we are pleased with our progress in 2019" said CEO Nik Storonsky, "We tripled our revenues, increased retail customers from 3.5m to 10m, increased daily active customers by 231% and the number of paying customers grew by 139%".

Revolut currently has 1.1m users in Ireland, with its global userbase growing to more than 13m over recent months.