

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: Stock markets are showing indecisiveness this morning as results continue to come in from individual states in the US. Choppy early morning trade sees European indices roughly 0.50% higher. Futures in the US are volatile on Wednesday morning and changing constantly, tech sector gaining over 2.5% as we write, while the broad market is flat to slightly higher. VIX at \$35.00.

Currencies: The Dollar rallied sharply overnight, undoing all of yesterday's losses at one point, driving the Euro back down below \$1.17. Likewise, GBP is trading lower on the session on the back of this Dollar strength, remaining in its month-long range while tense Brexit talks go on. FX markets will likely see choppy trade for the rest of the week until we get a clearer picture from the US Election.

Safe-havens: Gold is a percent lower on Wednesday, trading at \$1,890. Volatile moves in both directions are expected in the coming days as lower liquidity is seen while many investors sit on the sidelines until things become clearer later this or next week.

Looking ahead: After BMW, Kerry Group, and Marks & Spencer reported Q3 earnings this morning, we will get a relatively quiet afternoon from the US on the corporate front. Tomorrow we will see results from Siemens Gamesa Renewable Energy, ING, Société Générale, and T-Mobile. For economic data: this afternoon we get the ISM Manufacturing PMI reading from the US, BOE and the Fed throughout the day tomorrow, with Non-Farm Payrolls and monthly Unemployment Rate from the States on Friday.

Key Events to Watch

04/11/2020 - US Manufacturing PMI

05/11/2020 - BOE Rate Decision

05/11/2020 - Fed Rate Decision

06/11/2020 - US Non-Farm Payrolls

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,369	1.78%	4.28%
DAX	12,088	2.59%	-9.68%
EuroStoxx	3,098	2.62%	-17.94%
ISEQ	6,703	2.86%	-7.24%
FTSE	5,786	2.33%	-23.40%
Nikkei 225	23,695	1.72%	0.16%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1711	0.61%	4.19%
EUR/GBP	0.8966	-0.47%	6.77%
GBP/USD	1.3058	1.13%	-2.34%
USD/CHF	0.9117	-0.76%	-5.65%
USD/JPY	104.46	-0.24%	-3.43%
EUR/JPY	122.33	0.38%	0.62%

Fixed Income	Value	Daily Change
US 10yr	0.896	0.044
US 2yr	0.170	0.008
Bund 10yr	-0.621	0.014
Irish 10yr	-0.245	0.015
Gilt 10yr	0.273	0.057
JGB 10yr	0.049	0.000

Financial News Round Up

US Election Update

Votes are still being counted in the early hours of the morning in the States, in what is looking like a far more competitive race than was previously expected. Sharp moves in both directions for equities are likely over the coming hours and days, particularly if we do not get a clear cut victory soon, a scenario which would potentially prompt a prolonged legal battle and a continued sense of uncertainty for market participants.

As it stands, several key swing states such as Pennsylvania, Michigan, and Wisconsin are still counting, and could take some time due to the unprecedented levels of mail-in votes this year. Despite this uncertainty, Donald Trump falsely claimed victory late last night and has threatened legal action in the Supreme court to curtail the vote counts in those important swing states. Therefore, the scene looks to be set for a contested outcome this week, which would be negative for investor risk sentiment. Watch this space.

In addition to the Presidential race, it is looking increasingly unlikely that the Democrats will regain control of the Senate, pointing to a scenario in which Congress would once again be split between the two parties. This could lead to a more modest stimulus package for the United States than the Democrats would have planned.

Smurfit Kappa

Europe's leading corrugated packaging company Smurfit Kappa have announced a stronger than expected quarterly trading statement this morning, boasting revenue of €6.31 billion for the first nine months of the year and an EBITDA of €1.12 billion, breaking down to a Q3 EBITDA of €390m.

Over the course of the year the firm has said it has adapted to the new working conditions, both remotely and within its operations.

"We will use these new ways of working to look for opportunities to further increase our operating efficiency and effectiveness across our system. We are currently developing a programme which is designed to ensure that we retain the benefits in the years ahead" the company said in its statement earlier today.

A second interim dividend was also announced today of 27.9 cent per share.

The shares are rallying in Dublin this morning, up over 3.75% on the session so far, down just 2% year-to-date. We believe at current levels there is value to be had in Smurfit Kappa stock, trading at a full year P/E of 15.2 times, a 10% discount to its international rivals.

Smurfit Kappa restored their dividend payout over the summer, with a dividend yield of 2.35% at current prices, this underpins our 'buy' rating. We are a buyer of dips, with a view that this stock has roughly an 18-20% upside potential from today's price.