

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Tuesday, 16th of February

## Markets Outlook

**Equities:** Markets in mainland Europe are flat to marginally weaker on Tuesday morning, the UK's FTSE100 is roughly half a percent higher after a strong start to the week yesterday as their vaccine rollout programme pushes ahead strongly. VIX still sitting relatively low at \$21.13 as Biden's fiscal package continues to make its way through Congress. Asian markets saw a broadly positive session overnight.

**Currencies:** The Dollar index edged lower again yesterday as a general risk-on mood swept across markets, with funds flowing to riskier assets and out of the perceived 'safe-haven' greenback. Dollar traders will be watching the Fed meeting minutes release tomorrow closely. Sterling continued to strengthen versus Euro and Dollar yesterday, trading through multi-month and multi-year levels respectively. GBP/USD is this morning approaching the 1.3950 mark while EUR/GBP is now below 0.8720.

**Safe-havens:** Investors have increasingly been ditching bonds as of late, causing yields to rise as both vaccine programmes and lockdown measures across Europe and in the US have brought infection rates to their lowest levels since before Christmas.

**Looking ahead:** In terms of economic data today is set to be quiet, Wednesday will be busier with UK CPI inflation data in the morning, followed by US retail sales results and then the Fed meeting minutes tomorrow evening. For corporate earnings; tomorrow we will see releases from Rio Tinto and Capgemini, followed on Thursday and Friday by Daimler, Nestlé, Airbus, Walmart, Allianz, and Danone.

## Key Events to Watch

17/02/2021 - UK CPI  
17/02/2021 - US Retail Sales  
17/02/2021 - Fed Meeting Minutes  
19/02/2021 - European PMIs

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,934	(Closed)	4.76%
DAX	14,109	0.42%	2.79%
EuroStoxx	3,734	1.04%	5.09%
ISEQ	7,362	1.15%	0.44%
FTSE	6,756	2.52%	4.81%
Nikkei 225	30,467	1.28%	11.02%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2127	0.05%	-0.58%
EUR/GBP	0.8721	-0.21%	-2.34%
GBP/USD	1.3903	0.25%	1.85%
USD/CHF	0.8901	-0.21%	0.43%
USD/JPY	105.36	0.28%	2.22%
EUR/JPY	127.78	0.34%	1.62%

Fixed Income	Value	Daily Change
US 10yr	1.250	0.040
US 2yr	0.115	0.004
Bund 10yr	-0.382	0.048
Irish 10yr	-0.058	0.031
Gilt 10yr	0.573	0.053
JGB 10yr	0.074	0.006

## Financial News Round Up

### Kerry Group

Irish food technology and ingredients business Kerry Group released a trading update this morning before market open, in which CEO Edmond Scanlon said annual group revenue came to about €7b vs 2019's €7.2b. The chief executive also alluded to the fact that Kerry will undertake a strategic review of its dairy business in the UK and Ireland, which could lead to a transaction in the coming months.

Trading profits at Kerry Group were lower in 2020 to €797.2m, down from €902.7m the previous year, as the group declared a final dividend per share of 60.6 cent. This brings the total dividend for last year to 86.5 cent, a 10% increase y/y.

"While uncertainty from Covid-19 continues to impact our customers, consumers and industry, we will continue to co-create with our customers to meet accelerating consumer demands, and look forward to a year of strong recovery and good growth" Scanlon said.

The shares, which are over 2% higher this morning following this latest release, did see heightened volatility last week as a piece emerged from Ontake Research which questioned Kerry's acquisition policy and its methods of accounting for those acquisitions. This was countered by Kerry Group who pointed to the fact that the report had errors and inaccuracies, causing the shares to recover some of their lost ground. Kerry Group stock has depreciated by over 6% YTD 2021, nearly undoing all of 2020's gains. With its dividend yield of 0.75% at current levels and P/E of over 30 times, we remain neutral with regard to this particular name for now.

### Banks in Ireland

We saw the release of a report from the Banking and Payments Federation Ireland (BPF), in which the organisation claims that Irish banks are forced to hold three times the amount of capital as their counterparts across Europe, which of course has been adding to the cost of lending in the Republic.

When a bank sells a new mortgage, it must retain a certain amount of cash reserves to fall back on in the event that the loans are not paid back, these levels being set by regulators like the Central Bank. BPF, who included over 600,000 Irish mortgages in this latest study, say that the levels of capital reserves its members must keep are "trapped at levels of the financial crisis". Ireland currently has the second highest mortgage rates on the continent, behind only Greece.

### BHP

Anglo-Australian multinational mining, metals, and petroleum company BHP announced a record \$5.1b interim dividend as its half-year profits reached multi-year highs on the back of a strong rally in the price of its most relevant commodity: iron ore. BHP has a dividend yield of over 3.3% at current share prices, and will pay out \$1.01 per share up from \$0.65 one year ago. This compares to competitor Rio Tinto's c.5% yield.

While we do see further upside in BHP over the coming months, our preferred stock in the mining space remains to be Rio Tinto at present with its stronger payout ratio and slightly more competitive P/E ratio.