

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Thursday, 4th of March

## Markets Outlook

**Equities:** Markets are about half a percent lower across the continent on Thursday as bond yields rise once more and inflation fears grab headlines again. Markets sold off in the US last evening and in Asia overnight, the move lower led by large tech names as fears over rising bond yields knock some froth off equity valuations. VIX climbing higher to \$27.35 this morning.

**Currencies:** The Dollar is stronger again on Thursday, pushing EUR/USD to the lower end of its 6-week range, heading down to the 1.20 mark. This latest move in the greenback has been helped by rising sovereign bond yields in the US, as traders now look to Powell's speech today which will come at 5pm Irish time. Sterling is broadly flat this week, having shown some slight strength yesterday following the release of the UK's annual budget.

**Safe-havens:** All eyes are on bond yields again this week, especially in the US where the 10yr Treasury Note almost reached 1.5% again yesterday. German Bund yields are marginally lower today after reaching the -0.280% mark yesterday. Gold and silver are in the red again this morning, having seen fairly steady declines for most of 2021 so far, gold trading around \$1,710 while silver has traded as low as \$25.60 on Thursday.

**Looking ahead:** In terms of data, Thursday looks set to be very quiet, we will see the Fed Chair Powell speaking this afternoon which will be closely watched, OPEC nations will also meet to discuss oil price and supply throughout the day. The main release of the week will come from the US tomorrow in the form of Non-Farm Payrolls monthly employment. Tomorrow we will get Q4 earnings results from AIB.

## Key Events to Watch

04/03/2021 - Fed Chair Powell speaks

05/03/2021 - US Non-Farm Payrolls

10/03/2021 - US CPI

11/03/2021 - ECB Rate Decision

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,819	-1.31%	1.69%
DAX	14,080	0.29%	2.27%
EuroStoxx	3,712	0.14%	4.19%
ISEQ	7,751	2.83%	4.66%
FTSE	6,675	0.93%	2.59%
Nikkei 225	28,930	-2.13%	5.41%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2062	-0.22%	-1.42%
EUR/GBP	0.8642	-0.23%	-3.26%
GBP/USD	1.3953	0.00%	1.95%
USD/CHF	0.9197	0.56%	4.24%
USD/JPY	106.99	0.30%	3.95%
EUR/JPY	129.05	0.08%	2.48%

Fixed Income	Value	Daily Change
US 10yr	1.484	0.086
US 2yr	0.143	0.020
Bund 10yr	-0.297	0.051
Irish 10yr	0.075	0.077
Gilt 10yr	0.781	0.092
JGB 10yr	0.130	0.004

## Financial News Round Up

### Cairn Homes

Irish house-builder and developer Cairn Homes has announced its 2020 earnings result this morning, during which time it experienced site closures due to Covid-19 but said it remained "very positive and ambitious" for its future growth prospects.

The developer saw a decline in revenues for the 12-month period from €435.3m in 2019 to €261.9m. This included €246.9m from 743 closed sales, down from over 1,000 sales the prior year. Cairn's net profits fell from €51.2m to a sluggish €12.7m, resulting in an EPS for the firm of 1.7 cent, down significantly from 6.5 cent.

In its statement the company pointed to the fact that the housing market in the Republic is defined by continuing structural undersupply and strong, mortgage-backed demand boosted by increased savings during the pandemic. We note that Cairn's average selling price last year came to €332,000, a small decrease from 2019's €372,000.

"As an appropriate response to any crisis, key stakeholders, whether in the private or public sector, urgently need to respond and be encouraged to deliver homes for the over 500,000 people in Ireland today who have little or no prospect of affordable home ownership" said co-founder and CEO Michael Stanley. "All delivery platforms working in parallel can resolve this problem" he went on to add.

### CRH

Irish international buildings materials group CRH plc has reported earnings results for 2020, seeing a 2% drop in its overall sales from \$28.1b to \$27.6b in 2019. Net profit was 18% higher from \$1.7b to \$2b. We note that cash generation has been robust: net debt coming in at \$5.9b with a strong working capital performance. This brings group net debt/EBITDA to 1.3x.

Looking at CRH's payouts, its recommendation for a final dividend of 93 cent per share for 2020 means a 25% increase y/y, and a remarkable 37 consecutive years of dividend delivery.

CRH have made plans to restart their share buyback scheme after a pause in response to higher market volatility last year, now due to complete another tranche of up to \$0.3 billion by June. "In addition, our significant balance sheet capacity offers flexibility to capitalise on our strong acquisition pipeline and deliver further value to shareholders as visibility improves" the firm stated.

With CRH's P/E of just over 21 times, and EV/EBITDA of circa 11 at present, we would like to reiterate our 'buy' rating on this name, upgrading our target price for the stock to €50. If reached, this would represent roughly 30% in upside from current levels, likely to play out over the next 12-24 months, in our view. The stock is also underpinned by a strong dividend payout reputation, its dividend yield currently sitting at 1.92%.

"Although the near-term outlook remains uncertain, our unique portfolio of businesses together with the strength of our balance sheet leaves us well positioned to capitalise on the growth opportunities that lie ahead" said CEO Albert Manifold.