

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Tuesday, 20th of April

## Markets Outlook

**Equities:** The main equity indices were all lower yesterday and overnight in Asia, led lower by the large tech names ahead of their earnings releases next week and as the benchmark US 10yr Treasury yield crept back above 1.6%. DAX and EuroStoxx are slightly lower again this morning as we face into a big couple of weeks for earnings results, as well as the ECB release in two days. The CBOE VIX index is trading at \$17.56 on Tuesday.

**Currencies:** The Dollar is trading through its lowest levels since early March as EUR/USD reached 1.2080 this morning on the back of a brightening outlook for Europe's vaccination programme. Support for the Euro has also likely come as the region recently secured an additional 100 million doses of Pfizer's vaccine - we believe Europe to be the region that will see accelerating vaccinations this quarter, after similar developments from the US and UK over recent months, with emerging markets to see the same during H2. GBP/USD is flirting with 2-month highs this morning around the 1.40 mark on the back of Dollar weakness.

**Safe-havens:** Gold and silver are trading flat to slightly lower this morning, after a couple of weeks of gains for the precious metals, at \$1,767 and \$25.85 respectively. Bond yields in Europe are rising amid growing optimism over the region's vaccine rollout and subsequent recovery, Germany's and France's 10yr yields are approaching yearly highs.

**Looking ahead:** For economic data: this afternoon will be very quiet with no large releases due. Tomorrow morning we will see a monthly CPI inflation release from the UK, followed by a speech from the BOE Governor Andrew Bailey during the afternoon and a rate decision from the BOC at 3pm Irish time. For corporate earnings: today we will see Q1 results from Rio Tinto, Danone, Johnson & Johnson, Netflix, Procter & Gamble, and many more.

## Key Events to Watch

21/04/2021 - UK CPI Inflation  
21/04/2021 - BOC Rate Decision  
22/04/2021 - ECB Rate Decision  
23/04/2021 - European PMIs

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,163	-0.53%	10.84%
DAX	15,368	-0.59%	12.13%
EuroStoxx	4,019	-0.32%	12.89%
ISEQ	8,148	-0.06%	10.38%
FTSE	7,000	-0.28%	8.05%
Nikkei 225	29,100	-1.97%	6.03%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2033	0.54%	-1.17%
EUR/GBP	0.8601	-0.70%	-3.43%
GBP/USD	1.3983	1.20%	2.38%
USD/CHF	0.9150	-0.61%	3.23%
USD/JPY	108.15	-0.53%	4.99%
EUR/JPY	130.14	0.01%	3.77%

Fixed Income	Value	Daily Change
US 10yr	1.610	0.020
US 2yr	0.161	-0.002
Bund 10yr	-0.236	0.026
Irish 10yr	0.143	0.022
Gilt 10yr	0.756	-0.010
JGB 10yr	0.079	-0.007

## Financial News Round Up

### UK Jobless Rate

The United Kingdom's unemployment rate was released this morning before market open in London, coming in at 4.9% versus market expectations for 5.0%. This figure, which records the percentage of the total workforce that is unemployed and actively seeking employment during the past three months, recorded data up to the end of February. This comes after last month's 5.0% and the previous 5.1%.

While we note that the unemployment rate is seen as a lagging indicator and does not usually have a large effect on market moves, we did also see the region's 'Claimant Count Change' figure. This was reporting on the change in the number of individuals claiming unemployment-related benefits during March, and came in at a positive 10.1k vs analysts forecasts for 24.5k.

The number of jobs lost in the UK since the beginning of the pandemic over a year ago now stands at roughly 813,000 people, more than half of which are under the age of 25.

For the UK, attention will now shift towards tomorrow morning's CPI inflation release, expected to come in at 0.8% for the year up to March-end vs the previous month's 0.4% reading.

### Associated British Foods

British multinational food processing and retailing company AB Foods has this morning reported a significantly weaker first-half profit after harsh restrictions meant the closure of its Primark stores (Penneys in Ireland). Adjusted profit before tax came in at £319m for the six-month period to February 27th, down from £636m one year prior.

Group revenue was 17% lower to £6.3 billion, mostly driven by the loss of retail sales as most of Primark's (who does not trade online) stores were closed for over half of the period.

The shares, which have traded over 6% higher YTD having lost 13% of their value last year, are trading at a relatively expensive forward-looking P/E of 30 times following today's release. Primark itself saw a hefty 90% drop in its adjusted operating profit to £43m.

"Looking ahead, with stores reopening and Primark once again becoming cash generative, our confidence is reflected in our decisions to repay (to government) the job retention scheme monies in respect of this financial year and to declare an interim dividend" said CEO George Weston.

### IBM

American multinational tech firm International Business Machines Corporation (IBM) last night reported its highest quarterly sales growth in over 2 years, exceeding analysts' expectations.

Total revenue was 1% higher to \$17.73 billion for the period, vs forecasts for \$17.35b. Net income was lower to \$955m, equating to \$1.06 per share for Q1, down from \$1.31 per share one year earlier.

The shares, with their forward-looking P/E of 11x, have traded almost 6% higher so far in 2021 - lagging both the US tech sector and the broad American market in general this year.

The firm does boast a dividend yield of 4.9% at its current share price, with a strong payout history and consistently growing dividend.