

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL
Wealth & Investment Management

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Markets Outlook

Equities: Markets are flat to slightly higher across the continent to round off the week on Friday, airlines are notably gaining some ground after Joe Biden announced that his administration was reviewing when it can lift restrictions between the US and Europe. The Nikkei index underperformed (-1%) in Japan overnight after the BOJ left policy settings unchanged while downgrading their GDP forecasts in light of the nation's state of emergency declarations. Equity investors will continue to keep a close eye on Covid case numbers along with corporate earnings results. VIX lower to 16.70 as we write.

Currencies: The Dollar has grinded higher once again this week, Dollar Index trading at 92.56 while the Euro reached its lowest point vs the greenback this week in over 3 months at 1.77. The world's reserve currency is underpinned by expectations of a more hawkish Fed than other global central banks, after the region's high inflation figure this week.

Safe-havens: Gold had another positive week, on the back of higher inflation results in the States, the metal pulling back somewhat today however to \$1,824. Silver has remained range-bound over the past number of weeks since the Fed's more hawkish than expected announcement in June, sitting at \$26.23 at present.

Looking ahead: This afternoon we are due to get monthly Retail Sales results out of the US for the month of June, followed by US Consumer Sentiment data also.

Looking ahead to next week, the highlights will likely come from the ECB release on Thursday the 22nd, and then from the Services and Manufacturing PMI readings to come from both sides of the Atlantic next Friday 23rd.

Key Events to Watch

16/07/2021 - US Retail Sales

22/07/2021 - ECB Rate Decision

23/07/2021 - UK Retail Sales

23/07/2021 - European & US PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,360	-0.33%	16.08%
DAX	15,629	-1.01%	14.21%
EuroStoxx	4,056	-1.05%	14.53%
ISEQ	8,078	-0.47%	10.01%
FTSE	7,012	-1.12%	9.12%
Nikkei 225	28,003	-0.98%	2.04%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1812	-0.19%	-3.36%
EUR/GBP	0.8540	0.02%	-4.24%
GBP/USD	1.3828	-0.20%	0.95%
USD/CHF	0.9176	0.30%	3.91%
USD/JPY	109.86	-0.12%	6.73%
EUR/JPY	129.77	-0.28%	3.15%

Fixed Income	Value	Daily Change
US 10yr	1.301	-0.048
US 2yr	0.227	0.002
Bund 10yr	-0.334	-0.014
Irish 10yr	0.052	-0.022
Gilt 10yr	0.671	0.041
JGB 10yr	0.016	0.009

Financial News Round Up

Bank of Japan

Japan's benchmark Nikkei 225 equity index lost about 1% of its value overnight, now up just 2% YTD after the Bank of Japan released their latest monetary policy statement and rate decision.

The central bank opted to leave policy unchanged this month, its main interest rate remaining at -0.10%. The BOJ did however make changes to its economic projections for the region, downgrading its GDP forecast to 3.8% for the current fiscal year to March 2022, down from its 4% estimate back in April. Growth for the following fiscal year is now seen at 2.7%, up from previous 2.4% forecasts.

"Japan's economy is likely to improve...as the pandemic's impact gradually subsides due to progress in vaccinations" the BOJ statement read, "But the outlook is highly uncertain as domestic and overseas economies could be swayed by developments regarding the pandemic" it went on to say.

It also revised higher its consumer inflation expectation, from 0.1% to 0.6% this year, on the back of increased energy costs and commodities prices.

DCC

Irish international sales, marketing, and support services group DCC plc has reported robust growth for its fiscal first quarter, the three months to June. Operating profit has reportedly come in "well ahead" of the firm's results this time last year, and "modestly ahead of expectations", driven mostly by strong organic profit growth in the company's Healthcare and Technology divisions.

"As anticipated, volumes recovered relative to the first quarter of the prior year due to increased demand from commercial and industrial customers, particularly in Britain" the trading update stated.

The firm also announced a new acquisition within its statement, of a primary care supply business providing medical products to GPs and specialist medical clinics in Germany. This new purchase should add roughly €5m onto DCC's revenues.

DCC stock is over 2.7% higher on the back of this release, trading up to £60.50 and now 16.8% higher so far this year. DCC has an attractive dividend yield of 2.7% (at last night's closing price), and rates favourably in terms of its core valuation metrics. The stock has a forward-looking 12-month P/E ratio of just over 14 times, and a TTM P/E of 19.8 versus its industry 22.8.

We would like to reiterate our £85 price target for this name, which if reached would equate to 40.5% of upside from this morning's levels.