



Friday, 20th of August

Markets Outlook

Equities: European markets are slightly lower this morning, looking to finish out the week in the red (DAX circa -1.8% on the week, EuroStoxx50 -2.6%), as the VIX in the States rises to its highest levels in a month (\$23.40 currently). Concerns over global Covid trends, vaccine efficacy versus delta, and the Fed tapering off their massive QE programme are all concerns in the minds of equity investors at present. FTSE100 is 0.30% lower on Friday after a miss of expectations for the region's monthly retail sales figure before market open.

Currencies: EUR/USD is flirting with 9-month lows on Friday morning, at 1.1670 as we write, on the back of Dollar strength, GBP/USD similarly down to 1.3615. The safe-haven greenback is seeing a bid as concerns grow about Covid stunting global growth this quarter and next, just as the Federal Reserve looks at cutting back its pandemic-era stimulus.

Safe-havens: Gold has seen broadly sideways trade over the last week, the metal of course acts as a safe-haven yet is inversely correlated to the currently strengthening Dollar. Volatility will likely remain low until Powell's speech next Friday, gold sitting at \$1,784 this morning. Bond yields were mixed on Thursday, bonds on both sides of the Atlantic edging lower today so far, US 10yr yielding 1.235%, German 10yr -0.495%.

Looking ahead: This afternoon should be relatively quiet on the data front, Canada will release monthly retail sales result at 1:30pm however. The highlight of next week will likely come from the Jackson Hole Symposium, which is due to take place between Thursday and Saturday. Powell will speak at 3pm Irish time next Friday at the event and may give us more clarity over Fed asset-purchase tapering, markets may be subdued in the days leading up to this.

Key Events to Watch

23/08/2021 - European & US PMIs

26/08/2021 - US GDP

26/08/2021 - Jackson Hole Symposium begins

27/08/2021 - US Core PCE Inflation

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,405	0.13%	17.30%
DAX	15,765	-1.25%	14.39%
EuroStoxx	4,124	-1.54%	15.88%
ISEQ	8,588	-1.40%	16.94%
FTSE	7,058	-1.54%	9.24%
Nikkei 225	27,013	-0.98%	-1.57%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1674	-0.31%	-4.34%
EUR/GBP	0.8557	0.54%	-3.92%
GBP/USD	1.3638	-0.85%	-0.39%
USD/CHF	0.9187	0.21%	3.55%
USD/JPY	109.72	-0.02%	6.21%
EUR/JPY	128.09	-0.33%	1.61%

Fixed Income	Value	Daily Change
US 10yr	1.243	-0.017
US 2yr	0.221	0.004
Bund 10yr	-0.487	-0.006
Irish 10yr	-0.078	0.014
Gilt 10yr	0.541	-0.026
JGB 10yr	0.007	-0.004

Financial News Round Up

Kingspan

Irish-based building materials company Kingspan Group plc have this morning released earnings results for the six-month period up to June-end, reporting record profits during the time. Trading profits at Kingspan increased by an impressive 65% vs one year prior, from €200.1m to €328.9m, driven by high levels of demand and a general global recovery in the construction industry.

Revenues at the firm came in 41% stronger at €2.92 billion, up from the previous €2.072b, while EPS climbed a robust 66% from 79.8 cent to the current 132.4 cent.

Chief executive Gene Murtagh has stated that growth in the first half of the year for the firm has been "remarkably strong", as many of their financial metrics stand at record highs. "Despite inflation in our input costs, effective price management has helped increase trading margins, with a stand out performance in our largest division - insulated panels" Murtagh went on to add.

The CEO alluded to the fact that Kingspan's plan of expanding through acquisition and diversifying geographically has continued, 10 acquisitions were successfully made during the mentioned period across four continents.

The shares are over 3% higher on the session as we write, following this morning's positive release, now 68.2% higher in 2021 so far. With a forward-looking P/E of 34.7x, and a TTM P/E of 45.5x vs the industry 22.8x, our focus remains on some of Kingspan's peers for now. In addition, Kingspan's dividend yield sits at just 0.2% versus its industry average of 1.4%. For more information on our preferred stocks for each sector, please contact info@seasprayfs.ie

UK Retail Sales

Before market open this morning in London we saw the release of the United Kingdom's m/m retail sales, with regard to data from July. The result came in at -2.5%, vs forecasts for 0.2% and the previous 0.2%, and is the region's worst result since February.

The Office for National Statistics (ONS) pointed to the possibility that the Euro 2020 football tournament caused some individuals to skip shopping, the bad weather, and also the rise in delta variant cases across the nation were all factors leading to the miss of expectations. Sales were still 5.8% above pre-pandemic levels from back in February 2020, while food store sales were 1.5% lower, non-food stores 4.4% lower. Online sales during July rose to 27.9% of total spending, which would back up the bad weather and delta variant theories, after the figure had hit a pandemic-low the previous month. These latest figures, along with a softer inflation reading earlier this week, have undoubtedly eased pressure on the Bank of England to start tapering its QE programme sometime soon. The central bank had previously warned that UK inflation may surge to double its 2% target by the end of 2021, but now a slower pace of spending reduces that risk, in our opinion.