



Thursday, 26th of August

### Markets Outlook

**Equities:** Equities have opened slightly lower in Europe on Thursday, ahead of the beginning of the Jackson Hole Symposium this afternoon in the US. Investors are remaining somewhat on edge ahead of Powell's speech tomorrow - in which he is likely to offer hints on plans to taper the Fed's stimulus programme. Futures in the States are quiet and mixed this morning, after the S&P 500 touched a new all-time high yesterday. The VIX is marginally higher this morning at \$17.19.

**Currencies:** FX markets saw another quiet session on Wednesday, as traders wait and do not commit heavily to either side until we have further clarity from the Fed and from important data points from the US over the next couple of days. EUR/USD has spent the week edging slowly higher towards the 1.18 handle, trading as high as 1.1775 overnight and meeting some resistance.

**Safe-havens:** Bond yields have risen on both sides of the Atlantic over recent days, US 10yr now yielding 1.35% and German 10yr now at -0.406%, as fears subside about the delta variant hindering growth, along with expectations for the Fed to soon begin easing back their bond purchases.

**Looking ahead:** This afternoon at 1:30pm we will see q/q GDP results from the States, 6.7% expected for the region versus Q1's 6.5%. This afternoon we will also see the Jackson Hole Symposium kicking off in Wyoming, albeit with many central bankers dialing in remotely over the next three days. Tomorrow after lunch the US will release its 'Core PCE' inflation index, expected at a m/m result of 0.3% vs the previous 0.4%. Jerome Powell will give his much anticipated speech at the Symposium tomorrow at 3pm Irish time.

### Key Events to Watch

- 26/08/2021 - US GDP
- 26/08/2021 - Jackson Hole Symposium begins
- 27/08/2021 - US Core PCE Inflation
- 27/08/2021 - Fed Chair Powell speaks

### Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,496	0.22%	19.70%
DAX	15,860	-0.28%	15.61%
EuroStoxx	4,181	0.07%	17.69%
ISEQ	8,814	1.29%	19.50%
FTSE	7,150	0.34%	10.67%
Nikkei 225	27,742	0.06%	1.09%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1770	0.14%	-3.66%
EUR/GBP	0.8552	-0.08%	-4.12%
GBP/USD	1.3759	0.23%	0.51%
USD/CHF	0.9136	0.15%	3.57%
USD/JPY	109.99	0.34%	6.68%
EUR/JPY	129.45	0.47%	2.78%

Fixed Income	Value	Daily Change
US 10yr	1.349	0.052
US 2yr	0.240	0.016
Bund 10yr	-0.420	0.057
Irish 10yr	-0.005	0.058
Gilt 10yr	0.596	0.057
JGB 10yr	0.016	-0.010

### Financial News Round Up

#### CRH

CRH, the Dublin-headquartered international group of diversified building materials businesses, has this morning reported strong H1 results, as trading benefited from a positive underlying backdrop in both Europe and North America.

Half-year revenue came in 15% higher than that of a year prior, at \$14 billion, while net profits were an impressive 101% stronger to \$0.8b. CRH were able to upgrade their interim dividend as a result, while also stating that it has the capacity for more acquisitions after H1 earnings surged 25% to \$2b. For context, CRH have already spent \$1.1b on acquisitions so far in 2021.

Taking a closer look, the company's Americas materials division saw like-for-like first-half sales rise 3% y/y to \$4.75b, while its European division was up 17%.

The stock is trading over 2% higher this morning on the back of this release, now up almost 32% YTD so far. With its forward P/E of 18.3 times, the firm is trading at a 30% discount to its North American competitors but notably a 50% premium to its European peers, and is broadly in line with its own 10-year average. CRH have lately been focusing more on the American market, and in our opinion should be compared more closely to their American peers than European in terms of valuations. CRH has a dividend yield at current levels of 2.2%, and since its formation back in 1970 has consistently paid a dividend out to its investors. This is reasonably well covered by the firm's 80% pay-out ratio.

#### Glenveagh Properties

Irish housebuilder Glenveagh Properties released its latest set of results earlier today, during which it was apparent that the firm completed 322 homes in the first half of the year despite the lockdown during Q1 which halted construction work. This equates to a 162% jump on the 123 houses that were built during the same period in 2020. Revenues for the six months came in 145% higher to €127.5m from €37m, with profits rising to €2.6m from a previous €27.3m loss.

"Despite the major headwinds caused by Covid-19, we have returned to profitability and increased our output" said CEO Stephen Garvey, "We have sold, signed or reserved the 1,150 homes that we expect to deliver this year with a further 300 homes already reserved for next year. We've seen growth across our three core business segments and have made major strides in building a strong platform for future growth".

#### ICG

Irish Continental Group has seen stronger revenues for the six months to the end of June, albeit with a fall in its EBIT as the pandemic continued to create an "exceptionally challenging" trading environment for the firm. The Irish Ferries owner reported an 8.3% increase in revenues to €141.6m, with an EBIT loss of €10.3m, €0.8m worse than in the same period last year.