

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: Markets have opened higher in Europe on Thursday morning after a broadly positive session yesterday, the main indices about 1% stronger at the time of writing. Investors seem to be more optimistic on Q3 earnings season this week, however inflation concerns are still lingering as oil prices soar. Last night we saw the Fed minutes reaffirm the Q4 taper timeline, US markets took the news well and moved higher on the session, with nothing unexpected coming from the Fed. VIX lower to \$17.80 on Thursday morning.

Currencies: The Dollar has been on the back foot for two sessions in a row now, with EUR/USD and GBP/USD rising to 1.1625 and 1.372 respectively. This move interestingly comes after the higher than expected inflation result from the United States yesterday, along with the Fed meeting minutes last night which confirmed tapering in the near future, however also showed that some officials see a low interest rate in the US for several years.

Safe-havens: Gold moved higher yesterday and into this morning on the back of higher inflation in the US, followed by indications from the FOMC minutes that some Fed members fear inflation could last longer than was originally thought. The metal is fast approaching the \$1,800 round figure, last seen about 4 weeks ago.

Looking ahead: Thursday afternoon will see the release of US PPI (Producer Price Index), expected at a m/m reading of 0.6% for September, while the core figure is forecast at 0.5%. Tomorrow we will get monthly US Retail Sales and Consumer Sentiment data, which will round off the week. Before market open in the US today we are due to hear Q3 earnings results from Citigroup, Wells Fargo, Morgan Stanley, UnitedHealth Group, and Bank of America. These releases will be followed by the same from Goldman Sachs tomorrow.

Key Events to Watch

15/10/2021 - US Retail Sales

18/10/2021 - Chinese GDP

20/10/2021 - UK CPI

22/10/2021 - European PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,363	0.30%	16.18%
DAX	15,249	0.68%	11.64%
EuroStoxx	4,083	0.70%	15.76%
ISEQ	8,404	0.71%	13.94%
FTSE	7,141	0.16%	11.07%
Nikkei 225	28,550	1.46%	4.03%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1596	0.60%	-4.97%
EUR/GBP	0.8484	0.04%	-5.07%
GBP/USD	1.3669	0.61%	0.15%
USD/CHF	0.9241	-0.69%	4.01%
USD/JPY	113.31	-0.26%	9.80%
EUR/JPY	131.40	0.34%	4.35%

Fixed Income	Value	Daily Change
US 10yr	1.547	-0.025
US 2yr	0.364	0.025
German 10yr	-0.134	-0.040
Irish 10yr	0.251	-0.037
UK 10yr	1.092	-0.056
Japanese 10yr	0.077	-0.002

Financial News Round Up

Earnings Season

Q3 earnings season has kicked off this week, with some large US banks leading the way yesterday and today. This series of corporate releases comes at an interesting time, with many equity markets having just come out of their worst month since March 2020, and of course the potential for further volatility lies in the weeks ahead as major corporations release data and give their updated guidance on the fourth quarter.

Names in the S&P 500 index are expected to report quarterly earnings that are about 27% higher than in the same period last year, which is more than double the five-year average earnings growth rate of 11.8%. For the EuroStoxx 600, third quarter earnings are expected to increase by an impressive 47%. Excluding the energy sector, Europe is estimated to see just 32% growth.

With just 11 weeks remaining in 2021, market participants will be keen to hear from firms about their outlooks for next year. We expect inflation to be a big theme during this earnings season, with many executives likely to refer to the continued impact from supply chain disruptions over the past three months.

Next week we will see releases from the likes of Tesla, Johnson & Johnson, Procter & Gamble, ASML, PayPal, Netflix, and many more. This will be followed by a big week (beginning October 24th) for the tech sector, with releases from Apple, Microsoft, Google, Amazon, and Facebook.

LVMH

The world's largest luxury goods group LVMH (Louis Vuitton Moët Hennessy) reported strong revenue results for the third quarter yesterday, with overall growth coming in roughly in line with the analyst consensus of 21%. Q3 revenues came in 30% higher y/y at €15.5 billion, with organic sales growth 20% stronger.

The shares are roughly half a percent higher in Paris this morning following the quarterly release, and are now trading about 8% off their August highs but still over 28% higher year-to-date. The stock trades on a forward-P/E of 29.4x at present, and a TTM P/E of 34.8x versus its peer-average of 27 times. LVMH offers a dividend yield of 0.9% at current levels, with analysts forecasting a 35% increase in the firm's dividend per share by the end of the year and a 56% jump by the end of next year.

AIB

The Irish bank has decided on a consortium including Morgan Stanley and the US-based Ellington Financial as its preferred bidders for a portfolio of its non-performing loans. The portfolio is mostly made up of mortgages and was originally worth €500 million, according to the Irish Times this morning.

Mars Capital Finance Ireland are expected to manage the loans day-to-day, with a deal on track to be announced over the next few weeks.