

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Tuesday, 19th of October

Markets Outlook

Equities: Stock markets across Europe are flat to slightly higher on Tuesday morning, after closing yesterday's session lower. Tech, utilities, and energy are leading the move higher this morning within the EuroStoxx 50, investors will continue to pay close attention to earnings releases as the week goes on. Asian equities advanced overnight for the most-part. VIX lower today to \$16.05, after what has been a broadly positive start to Q3 earnings season.

Currencies: The Dollar index is half a percent lower on Tuesday, reaching an important support zone at 93.50. Similarly, the Euro is approaching strong resistance at 1.67 this morning. These greenback losses come after yesterday's slight move lower for the currency, after the US saw weaker than expected monthly Industrial Production results. A robust start to this earnings season has also caused a risk-on tone for markets in general, likely pulling some money out of the Dollar.

Safe-havens: Precious metals are rallying this morning on the back of a weaker Dollar, gold and silver up 0.8% and 2.3% respectively. Energy prices are advancing after yesterday's slight pullback, Brent Crude and WTI Crude approaching multi-year highs once again. US Treasuries are mostly flat on Tuesday, Germany's 10yr yield higher to -0.134%.

Looking ahead: Tuesday looks set to be quiet in terms of economic data releases, we will however hear from a few Fed officials this evening. Tomorrow the UK and Canada will release inflation data, which will be closely watched. Earnings continues today with releases to come from Netflix, Jnj, Procter & Gamble, Philip Morris, Bank of New York Mellon, United Airlines, and Deutsche Holdings. Tomorrow will be another busy session, with earnings results due from ASML, Akzo Nobel, Nasdaq, Verizon, IBM, Tesla, and many more.

Key Events to Watch

19/10/2021 - UK CPI

20/10/2021 - Canadian CPI

22/10/2021 - European PMIs

22/10/2021 - US PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,486	0.34%	19.45%
DAX	15,474	-0.72%	12.72%
EuroStoxx	4,151	-0.75%	16.92%
ISEQ	8,447	-1.15%	14.33%
FTSE	7,203	-0.42%	11.49%
Nikkei 225	29,215	0.65%	6.45%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1609	0.11%	-4.65%
EUR/GBP	0.8456	0.35%	-5.32%
GBP/USD	1.3725	-0.27%	0.76%
USD/CHF	0.9237	0.01%	4.02%
USD/JPY	114.31	-0.02%	10.42%
EUR/JPY	132.70	0.08%	5.29%

Fixed Income	Value	Daily Change
US 10yr	1.591	0.002
US 2yr	0.421	0.010
German 10yr	-0.148	0.023
Irish 10yr	0.250	0.028
UK 10yr	1.130	0.036
Japanese 10yr	0.087	0.001

Financial News Round Up

US Industrial Production

Yesterday afternoon we got the release of monthly industrial production data from the United States, the result for September coming in at -1.3% m/m versus analysts' forecasts for +0.3%, and vs the prior month's revised -0.1% reading. This is the region's first preliminary negative result since February of this year, and comes as supply chain shortages continue to harm manufacturers with an increasing range of sectors now struggling.

We believe this result will likely depress Q3 GDP expectations slightly for the US. In addition, we can now see that demand in the region remains robust as order books continue to grow, and customers become more and more desperate. We see this as yet another signal that inflation will be slow to decrease next year.

Philips

Dutch multinational health technology corporation Philips has reported its third quarter earnings results this morning, in which the firm has lowered its outlook for revenue and profit growth in 2021. Philips has cited an extensive recall of its respiratory devices along with a global shortage of electronic components.

Net profit from continuing operations came in at €2.98 billion, up massively from the €340m seen in the same period during 2020. Quarterly sales decreased from the prior €4.98b to €4.16b, slightly below forecasts for €4.18b. Comparable sales were 7.6% lower, the firm said.

The shares, which initially opened lower after the release, are currently 0.4% higher to €37.38. Philips, which trades on a forward-P/E of 18.4x and a TTM P/E of over 33x versus its industry average of 37.5x, have lost 14.5% of their value so far this year. The stock yields a dividend at these levels of 2.3%, having re-introduced its payout earlier this year after a Covid-related break.

Goldman Sachs

The American multinational investment bank and financial services firm reported a 66% jump in Q3 earnings, as EPS came in at \$14.93 (vs \$10.11 expectations) and up from \$8.98 one year earlier. New York's largest bank saw similar results to some of its peers from earlier last week, as it saw a record wave in M&A activity.

Net earnings applicable to common shareholders increased to \$5.28 billion over the three-month period, and impressively up from €3.23b a year ago. Total revenue was 26% higher to \$13.61b, while Goldman's investment banking revenue almost doubled to \$3.55 billion.

The shares benefited on Monday, rallying by nearly 1.9% to \$413.69, and are a further 0.5% higher in pre-market trade today as we write. Goldman Sachs has seen gains in excess of 56% YTD, as financials in general have rallied across the US.