

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

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## Markets Outlook

**Equities:** European equities continue their rebound on Tuesday morning, after a flat to slightly higher move yesterday. The main indices on the continent are between 0.80% and 1% stronger so far this morning, while London's FTSE 100 is up about 0.65%, focus this week is remaining on earnings results. Futures in the US have continued to grind higher overnight after Tesla reached a \$1 trillion valuation and Facebook announced a \$50b buyback, bringing the VIX down to \$15 in the process.

**Currencies:** The Dollar index is flat on Tuesday morning after seeing some gains yesterday, with EUR/USD now at 1.161 and GBP/USD at 1.378. Currency traders await a range of important economic data points later this week along with next week's key Federal Reserve meeting. The Fed has now gone into a blackout period ahead of next week's meeting, meaning we will not hear from the central bank for the rest of the week. We expect the Fed to confirm the beginning of the withdrawal of its bond-buying stimulus at this upcoming November meeting.

**Safe-havens:** Gold moved back above \$1,800 on Monday, the metal having grinded slowly higher in recent weeks as inflation expectations remain high. Gold traders will likely look to this Friday's US Core PCE inflation release and then to next week's Fed meeting for the metal's next significant move.

Bond yields have taken a break from their recent move higher, US 10yr pulling back to 1.62% and German 10yr to -0.139%. We note that during October the US 2yr yield increased from 0.26% to its current 0.44% as markets look to price in two rate hikes next year in the region.

## Key Events to Watch

26/10/2021 - US Consumer Confidence

28/10/2021 - ECB Rate Decision

28/10/2021 - US GDP

29/10/2021 - US Core PCE

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,566	0.47%	21.58%
DAX	15,599	0.36%	14.31%
EuroStoxx	4,188	-0.01%	18.34%
ISEQ	8,496	0.50%	15.22%
FTSE	7,222	0.25%	12.05%
Nikkei 225	29,106	1.77%	6.06%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1606	-0.29%	-5.00%
EUR/GBP	0.8428	-0.35%	-5.61%
GBP/USD	1.3768	0.04%	0.68%
USD/CHF	0.9198	0.34%	4.10%
USD/JPY	113.70	0.02%	10.46%
EUR/JPY	131.96	-0.27%	4.94%

Fixed Income	Value	Daily Change
US 10yr	1.633	-0.015
US 2yr	0.435	-0.024
German 10yr	-0.118	-0.015
Irish 10yr	0.266	-0.005
UK 10yr	1.141	-0.027
Japanese 10yr	0.101	0.004

## Financial News Round Up

### The Week Ahead

Risk assets edged higher for the most-part around the world yesterday, Irish individuals returning to work this morning in what is a very busy week for financial markets on both the earnings and economic data fronts. Central banks will potentially play a big part for any market moves over the rest of this week and into next, as investors pay close attention to any inflation rhetoric from the rate-setting organisations. Many central banks could begin to face some difficult choices over the coming months should inflation remain at current levels. Central bankers have been hesitant to increase rates or even hint at the idea, in the fear that inflation-induced rate hikes would hinder what is an already-slowing global growth.

Looking at data points, this afternoon we will see a US consumer confidence reading, in what is set to be an otherwise quiet session. Tomorrow the Bank of Canada will set its interest rate and release a monetary policy statement, which will then be followed by the same from the Bank of Japan overnight. Traders this side of the Atlantic will be closely watching the European Central Bank's release, due on Thursday at 12:45pm, which will be followed by the usual press conference from the ECB President Christine Lagarde at 13:30. The bank are not widely expected to make any changes this time around, rather, focus will remain on the press conference and any updated views from the ECB on inflation, along with any hints on the path of asset purchase withdrawals.

We are also due to see an initial Q3 GDP release from the United States on Thursday afternoon. This will be followed by GDP results from Eurozone nations on Friday morning and then the US Core PCE inflation reading that afternoon.

Taking a quick look at the earnings calendar for the day ahead: later today we will hear from Microsoft, Alphabet, Visa, Eli Lilly, GE, 3M, followed on Wednesday by Coca-Cola, McDonald's, Boeing, GSK, and GM. Thursday will see results from Apple, Amazon, Samsung, MasterCard, Merck, Shell, and Linde, while Friday will have Berkshire Hathaway, ExxonMobil, Chevron, and AbbVie.

### Tesla

Tesla shares surged by over 12% on Monday as it also became the first carmaker to be valued at \$1 trillion, dwarfing its next largest competitors (Toyota: market cap of \$279b, and Volkswagen: market cap of \$146b). The move comes after Hertz announced an order of Tesla model 3's to the tune of 100,000 units in an effort to electrify its fleet. This follows the 241,3000 vehicles delivered by Tesla during July - September, a record for the firm.

Tesla, who reported last week, has now shown net income for nine consecutive quarters, having previously struggled at times. Net profits were up an incredible 380% vs Q3 2020 to \$1.62b, as vehicle production rose by 72% at a time when its peers have struggled with the global chip shortage.

The stock is now up a whopping 45% so far this year, despite having witnessed a near 40% pullback from peak to trough during Q1.