

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

## Markets Outlook

**Equities:** European stock markets have gapped lower on Thursday morning's open, the EuroStoxx50 and 600 indices are between 4% and 5% lower at the time of writing. Both indices have breached a significant support level, and are this morning seeing their lowest levels since March and May 2021, respectively. This risk-off sentiment has hit global markets after it became clear that Russia has declared war on Ukraine, with air strikes having hit major cities in the region this morning and Russian troops crossing the border in many areas.

In the US, the conflict creates an added headwind for investors already grappling with a hawkish shift in Fed policy. VIX currently at \$37.25 as futures in the States sell off.

**Currencies:** Many strategists have made the argument that while the Dollar will see some sort of a safe-haven bid from acts of war in Eastern Europe, traders' focus remains primarily on concerns about rate hikes in the US. The Fed is due to meet in under 3 weeks, and many Dollar traders will wait until after we get further clarity from the central bank before committing capital. The Dollar index is 0.7% stronger to 96.85 today, the Russian Ruble hit a record low last night, when USD/RUB briefly traded at 87.99.

## Key Events to Watch

24/02/2022 - US GDP

25/02/2022 - US Core PCE inflation

01/03/2022 - RBA Rate Decision

02/03/2022 - BOC Rate Decision

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,225	-1.84%	-11.34%
DAX	14,631	-0.42%	-7.89%
EuroStoxx	3,973	-0.30%	-7.56%
ISEQ	7,953	-1.03%	-5.82%
FTSE	7,498	0.05%	1.54%
Nikkei 225	25,970	-1.81%	-9.80%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1309	-0.14%	-1.05%
EUR/GBP	0.8349	0.19%	-0.64%
GBP/USD	1.3542	-0.29%	-0.38%
USD/CHF	0.9181	-0.36%	0.81%
USD/JPY	114.97	-0.10%	-0.42%
EUR/JPY	130.02	-0.24%	-1.45%

Fixed Income	Value	Daily Change
US 10yr	1.998	0.054
US 2yr	1.605	0.044
German 10yr	0.219	-0.024
Irish 10yr	0.866	0.009
UK 10yr	1.472	-0.002
Japanese 10yr	0.199	0.008

## Thursday, 24th of February

**Safe-havens:** Gold is 3% higher to \$1,970 on Thursday and climbing - the metal's highest prices in over a full year. Investors will continue to seek safe-haven assets if things escalate further in Ukraine and outside nations such as the US become involved.

Bond markets too will be dominated by Ukraine-related news, sovereign bonds on both sides of the Atlantic have caught a bid regardless of duration as war-concerns mount. The benchmark US 10yr bond yield has fallen to 1.86% today, German 10yr to 0.11%, and UK 10yr to 1.37%.

**Looking ahead:** Markets participants will of course now mostly focus on any and all developments in Ukraine. We see the potential for earnings results and economic data points to take somewhat of a backseat for the time being. The main economic release on Thursday will be the US' Q4 GDP, the figure expected to come in at 7.0% q/q. Tomorrow afternoon we are also due to get US Core PCE inflation for January, forecast at 5.1% y/y.

Next week the RBA and BOC will release rate decisions, and Jerome Powell will be testifying before the House Financial Services Committee in Washington DC. Next Friday we will also see the release of US Non-Farm Payrolls figures for February.

## Financial News Round Up

### Russia-Ukraine

This morning we have woken up to alarming headlines and stories, outlining what now seems to be a full-scale invasion of Ukraine by Russian forces. The Ukrainian President Volodymyr Zelenskyy has imposed martial law and urged his people to stay home after these latest developments. In an address on state television early this morning, Putin stated that Moscow will seek to "de-Nazify" Ukraine and defend victims of "genocide", despite there being no signs of such crimes being carried out by Ukraine.

European nations have come together in an attempt to reprimand Russian aggression. Germany has suspended approval of the Nord Stream 2 natural gas pipeline that would have deepened western Europe's energy link to Russia (the world's largest natural gas exporter).

In terms of market reactions, stocks in Europe are selling off relatively sharply on Thursday, with the same expected from North America during the afternoon session. The Russian Ruble saw an all-time low last night against the Dollar, while other commodity-linked currencies such as the Australian and Canadian Dollars have also suffered against the greenback. At the time of writing Brent Crude oil futures are almost 8% higher on the session to \$101.40, their highest price since 2014 - the attack has exacerbated concerns about disruptions to global energy supplies.

Despite the emergence of worrying newspaper headlines this morning and the potential for further conflict in Ukraine, we would urge clients to remain calm and instead focus on longer-term market trends, which will of course ultimately prevail.

### Grafton Group

Ireland and UK-based builders merchanting business Grafton Group plc has this morning reported large increases in profits and revenues for 2021 as it saw a record contribution from its divisions in Ireland. Full-year sales came in at £2.11b, over 25% higher than that of 2020, while adjusted profit before tax jumped by 83.5% to £268.6m.

The shares are currently flat in London around £10.70, having initially opened lower after the release. Grafton has a forward P/E of c.13x and trailing P/E of 12.8x (vs industry 20.2x). The stock yields a dividend of 1.6%, and is well covered by earnings with a current payout ratio of just 27%.