



Markets Outlook

Tuesday, 26th of July

Equities: The main indices on the continent are about 0.3% weaker at the time of writing, after what was a mixed session yesterday. Individual European nations and sectors may see slight divergences in performance over the coming weeks as we work our way through the second-quarter earnings season.

Earnings have been mixed so far, for example we saw a generally positive report from Unilever this morning in which the consumer goods giant was able to pass on much of its increased costs to customers. Conversely, UBS Group did not provide much optimism, as the Swiss lender posted weaker than expected profit which has weighed on general sentiment around Europe.

Currencies: The Federal Reserve meeting which takes place today and tomorrow will be very important for the US dollar. The main release and rate decision comes tomorrow at 7pm Irish time, and will be followed by Jerome Powell's usual press conference. Powell does have a real chance of moving dollar pairs, EUR/USD currently at 1.018 and GBP/USD at 1.201.

Energy: Oil prices are higher for the second consecutive day, albeit still down roughly 7% so far this month and down 12-14% since the start of June. This recent small move higher comes on the back of increasing concerns about tightening European supply after Russia cut gas supply through a major pipeline.

The Russian firm 'Gazprom' yesterday said that supplies through the Nord Stream 1 pipeline to Germany would drop to just 20% of capacity.

Looking ahead: At 3pm today we are due to see US Consumer Confidence figures, these have of course taken a significant hit so far this year. Tomorrow evening's Federal Reserve release will be a huge focus for markets around the world, not just in the States. While the consensus view is for a 75bp rate increase (which would bring rates to 2.25-2.50%), some investors still believe we will see a 100bp hike.

Before market open in the US we will see Q2 results from McDonald's, Coca-Cola, 3M, and United Parcel Service. These will be followed tonight by Microsoft, Alphabet, and Visa. Tomorrow morning Credit Suisse, Daimler, Danone, Wizz Air, Smurfit Kappa, GSK, Airbus, and Rio Tinto will all report.

Key Events to Watch

26/07/2022 - US Consumer Confidence
27/07/2022 - Fed Rate Decision
28/07/2022 - US GDP
29/07/2022 - Eurozone CPI

Financial News Round Up

Unilever

British multinational consumer goods company Unilever has this morning raised its full-year sales guidance after beating H1 forecasts, as the maker of items such as Dove soap and Knorr stock cubes hiked prices to counter soaring costs.

Underlying sales increased by 8.1%, beating analysts' expectations for 7.2%, with the firm now stating that it expects to beat its previous forecast for full-year underlying sales growth of 4.5% - 6.5%. Its six-month turnover rose 14.9% to €29.6 billion even as sales volumes declined by 1.6%.

The shares are over 3% higher in both London and Amsterdam, as traders welcome the result. In terms of valuations, the stock trades on a trailing P/E of 19.4x and forward-looking P/E of 22.2x, this is against its peer average of 27.9x. After seeing a drawdown during the first quarter of about 17%, Unilever has rebounded to actually trade over 2% higher YTD, well-outperforming the broad market. This compares to competitors P&G (-12%), Nestle (-8.2%), PepsiCo (-2.2%), L'Oréal (-15.2%), and Colgate-Palmolive (-8.8%). With its dividend yield of 3.65% and strong outperformance, Unilever remains to be a key component of our European High Dividend portfolio at Seaspray.

Irish Mortgages

According to the latest figures from the Banking & Payments Federation Ireland (BPF), there has been a substantial increase in mortgage switching activity over recent months. The volume of approvals in this category was up over 150% y/y last month to 1,789 mortgages, according to the BPF.

Boosted by this increased switching activity across the country, the number of mortgage approvals in the year to the end of June hit over 55,400. This is the highest level recorded since the data series began 11 years ago.

The main reason for the pickup in switching activity is due to the fact that expectations have increased over ECB rate increases this year, with borrowers now looking to lock in a fixed rate at current levels while they still can. If you would like to speak to one of our trusted mortgage advisors please contact john.finnamore@seasprayfs.ie or call 01 7070 000

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,966	0.13%	-16.77%
DAX	13,210	-0.33%	-16.84%
EuroStoxx	3,604	0.21%	-16.15%
ISEQ	6,570	-0.86%	-22.19%
FTSE	7,306	0.41%	-1.06%
Nikkei 225	27,631	-0.24%	-4.03%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0220	0.20%	-10.04%
EUR/GBP	0.8484	-0.31%	0.94%
GBP/USD	1.2042	0.47%	-10.84%
USD/CHF	0.9644	0.11%	5.71%
USD/JPY	136.66	0.23%	18.75%
EUR/JPY	139.67	0.43%	6.84%

Fixed Income	Value	Daily Change
US 10yr	2.807	0.022
US 2yr	3.018	0.015
German 10yr	1.030	0.007
Irish 10yr	1.656	-0.002
UK 10yr	1.948	0.007
Japanese 10yr	0.207	0.005