

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Markets Outlook

Wednesday, 3rd of August

Equities: The EuroStoxx 50 and 600 indices are between 0.1% and 0.4% stronger at the time of writing on Wednesday, as investors digest a fresh round of earnings results along with raised geopolitical tensions.

There was actually a distinct lack of market reaction yesterday to Nancy Pelosi's visit to Taiwan and the heightened tension between the US and China as a result. The S&P500 was down just 0.7%, having undone most of that move already in the futures market this morning.

The UK's FTSE100 equity index is trading flat today in what has been a quiet week so far, as traders await tomorrow's release from the Bank of England.

VIX is slightly higher this week, at \$23.40 on Wednesday.

Currencies: EUR/USD has been range-bound for a couple of weeks now, around the 1.01 to 1.025 zone. The world's most popular currency pair was pushed about 1% lower yesterday on the back of hawkish Fed comments, which pointed to more rate hikes ahead in the US.

Safe-havens: Bond yields across the board increased on Tuesday, after Federal Reserve officials made comments that they are not close to done fighting inflation yet. US yields in particular saw jumps higher, with the benchmark 10yr increasing by as much as 18bp. Yields also rose as Nancy Pelosi's visit to Taiwan failed to further undermine risk sentiment in markets. Energy prices remain close to their recent trading levels ahead of the OPEC+ meetings that will take place throughout Wednesday. Brent Crude trades at \$99.50 this morning, moving lower so far this week.

Looking ahead: Later today we will hear Q2 earnings results from Moderna, CVS Health Corp, Regeneron Pharmaceuticals, MGM Resorts, and Ford. These will be followed tomorrow by the likes of Lufthansa, Glencore, Adidas, CBRE, Credit Agricole, Alibaba, Eli Lilly, Lyft, Warner Bros, and Amgen. From an economic data point of view: this afternoon will see the release of US Services PMI, expect to still remain expansionary albeit at its lowest level since mid-2020. The focus on Thursday will be on the Bank of England, who are forecast to hike rates in the UK by 50bp to 1.75%. We will then see US jobs data come due on Friday.

Key Events to Watch

03/08/2022 - US Services PMI

04/08/2022 - BOE Rate Decision

05/08/2022 - US Non-Farm Payrolls

10/08/2022 - US CPI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,091	-0.67%	-14.16%
DAX	13,449	-0.23%	-15.66%
EuroStoxx	3,684	-0.59%	-14.24%
ISEQ	6,789	-0.62%	-19.60%
FTSE	7,409	-0.06%	0.07%
Nikkei 225	27,741	0.53%	-3.65%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0157	-1.03%	-10.55%
EUR/GBP	0.8364	-0.10%	-0.64%
GBP/USD	1.2144	-0.93%	-9.93%
USD/CHF	0.9585	0.87%	5.03%
USD/JPY	133.35	1.46%	15.62%
EUR/JPY	135.44	0.42%	3.42%

Fixed Income	Value	Daily Change
US 10yr	2.747	0.179
US 2yr	3.063	0.189
German 10yr	0.806	0.032
Irish 10yr	1.434	0.021
UK 10yr	1.847	0.040
Japanese 10yr	0.186	0.003

Financial News Round Up

Pelosi Taiwan Visit

US House speaker Nancy Pelosi pledged an "ironclad" US commitment to Taiwan during her historic visit to the country overnight that has seemingly infuriated China and raised warnings that Chinese military drills around the island would amount to a blockade. The visit by Pelosi is part of a wider trip that will include stops in Singapore, Malaysia, Japan, and South Korea, comes at a time of escalating friction between Beijing and Washington, and tests how far China is prepared to go to deter foreign expressions of support for Taipei. Pelosi is the most senior US official in over 25 years to travel to Taiwan, over which China claims sovereignty. "America made a bedrock promise to always stand with Taiwan, and this visit is a reminder of that", she said at the presidential office in Taipei, "Today, our delegation came to Taiwan to make unequivocally clear we are not going to abandon Taiwan."

Bank of Ireland

BOI this morning reported weaker than expected first-half results, with an underlying profit before tax of €419m (down y/y from €465m). The bank recorded an impairment charge for expected bad loans of €47 million, reflecting what it has called an "uncertain environment". BOI's proportion of bad loans now stands at 5.4% of its total loan book.

Customer deposits increased by €1.3b over the six-month period to €94.1b, while new lending was 7% higher y/y. Customer loan volumes came in at €74.6b, down €1.7b from the end of last year.

The bank's total income and interest income were slightly higher during H1, but operating costs were also higher as a result of acquisitions. BOI said that had the purchase of Davy (completed in June) been made at the start of the year, an underlying profit of €12m would have arisen reflecting an income of €86m and costs of €74m.

Ryanair

Ryanair has carried 16.8 million passengers during the month of July, this is up from the 15.9m seen the prior month and up 81% on the 9.3m seen during the same period in 2021. The company's load factor (% of available seating capacity that has been filled with passengers) was a robust 96%. This compares to July of last year when Ryanair registered a load factor of circa 80%. The airline operated around 92,300 flights during the month.