



Markets Outlook

Equities: European equities are higher on Tuesday morning, looking to undo most of yesterday's losses. The EuroStoxx 50 index is currently 1.3% stronger to 3,617.

Chinese stock markets were slightly lower overnight despite authorities pledging to stimulate the world's second-biggest economy. China plans to increase measures to boost demand and stabilize employment and prices during H2 in order to optimize economic outcomes. This marks a contrast with the tightening monetary policies seen throughout most of the rest of the world.

Investors will be paying close attention to the Eurozone CPI and US jobs figures due this week. The VIX trades at \$25.35 today.

Safe-havens: Precious metals have been flat to lower over the past week, with gold currently at \$1,746 and silver at \$18.49. These commodities have suffered at the hands of a very strong dollar, while real yields have also risen in August, taking away some of gold's allure. US 10yr nominal yields is at 3.07% on Tuesday, UK 10yr at 2.72%, and German 10yr at 1.46%.

Tuesday, 30th of August

Currencies: Market positioning against the Euro has reached its highest level since the beginning of the pandemic, as the risk increases that record energy prices will drag the region into recession. Speculators have built up net short positions on the common currency of 44,100 contracts, according to the most recent data from the Commodity Futures Trading Commission on Friday.

The Euro has already fallen 15% against USD over the past year, and over 12% year-to-date. EUR/USD is at 1.002 on Tuesday morning.

Looking ahead: In terms of economic data, things will begin to pick up today and tomorrow, after a very quiet start to the week. Throughout the morning we are due to see certain individual Eurozone nations releasing August CPI figures. This will be followed tomorrow at 10am by the full Eurozone result, currently expected at 9.0% y/y vs the previous 8.9%.

At 3pm Irish time today the US will release its latest Consumer Confidence data point. Consumer confidence and sentiment figures have suffered significant pullbacks so far this year, as individuals contend with surging fuel and food prices, along with shrinking real wages.

Key Events to Watch

30/08/2022 - German CPI
30/08/2022 - US Consumer Confidence
31/08/2022 - Eurozone CPI
02/09/2022 - US Non-Farm Payrolls

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,030	-0.67%	-15.43%
DAX	12,892	-0.61%	-18.33%
EuroStoxx	3,570	-0.92%	-16.29%
ISEQ	6,950	-0.55%	-17.69%
FTSE	7,427	(Closed)	0.85%
Nikkei 225	28,195	1.14%	-2.07%

FX	Value	Daily Change	YTD Change
EUR/USD	0.9995	0.59%	-12.12%
EUR/GBP	0.8534	0.39%	1.52%
GBP/USD	1.1707	0.15%	-13.42%
USD/CHF	0.9681	-0.07%	6.29%
USD/JPY	138.69	0.38%	20.39%
EUR/JPY	138.62	0.98%	5.77%

Fixed Income	Value	Daily Change
US 10yr	3.114	0.043
US 2yr	3.431	-0.006
German 10yr	1.503	0.105
Irish 10yr	2.144	0.099
UK 10yr	2.611	-0.011
Japanese 10yr	0.226	-0.008

Financial News Round Up

Uniphar

Dublin-based healthcare services company Uniphar plc has this morning reported a stronger set of revenues, earnings, and operating profits for the first half of 2022, in line with its forecasts. H1 revenue came in 2.9% higher to €991.8m, while operating profit was 5.2% higher to €25m. EBITDA also increased by 9.2% y/y to €44.9m, which the firm said shows its resilience despite ongoing macroeconomic uncertainty and elevated inflation.

"The Group has leveraged its scale and diverse service offering to help mitigate inflationary pressures which continue to be a challenge across the globe" said CEO Ger Rabbette, "We remain confident and are on track to achieve our strategic objective of doubling 2018 pro-forma EBITDA within five years of IPO" he added.

Russian Gas

The Russian-state-controlled energy company Gazprom has reportedly informed Engie (French multinational utility firm) of a reduction in gas deliveries starting today because of disagreements over some contracts, signaling a further squeeze in Europe's energy supplies.

Governments across Europe are now scrambling to reduce their dependence on Russian energy and creating plans to potentially ration fuel over the coming months. They are also spending tens of billions of euros to partly shield businesses and households from soaring electricity and gas costs.

As of this week, gas reserves in the EU are ahead of schedule and filled up to 79%, versus their November 1st target of 80%. Engie is reportedly holding talks with the Algerian Sonatrach as part of its diversification plan, however these new contracts with the North African nation would not commence until after this winter.

Pakistan Bailout

The IMF has officially approved the disbursement of over \$1.1 billion to Pakistan, reviving a stalled \$7b assistance package expected to help prevent a default despite a severe economic crunch and devastating floods.

This decision from the IMF comes after Prime Minister Shehbaz Sharif's government introduced austerity measures, which include the sharp increasing of domestic fuel prices.