Daily Update

Your daily market news, moves and outlook

SEASPRAY FINANCIAL

Wealth & Investment Management

Markets Outlook

Friday, 20th of January

Equities: European stock markets are bouncing by roughly 0.50% this morning, broadly in line with US futures and Asian equities overnight. Equity investors are attempting to maintain January's positive tone, amid concerns about slowing economic growth and tight monetary policy. Markets however have been led lower over the course of this week, with an underperformance seen in the consumer discretionary, utilities, and real estate sectors.
European markets reacted to Lagarde's comments yesterday that inflation in the region remains "way too high" and that the ECB will likely tighten into restrictive territory. Earnings next week will be largely in focus, as the Q4 reporting season really starts to kick off. VIX is at a subdued $20.45 at the time of writing on Friday.

Currencies: The US dollar is flat to marginally stronger on Friday morning, with the dollar index remaining near its multi-month lows of around 101.90.
Sterling is retreating after weaker Retail Sales data from the UK today, EUR/GBP is 0.4% higher on the session to 0.8775, while GBP/USD (aka cable) is down 0.25% to 1.235.

Commodities: Oil prices have edged slightly higher this week, with Brent currently trading at $86.90 and WTI Crude at $81.30. This move has been underpinned by an improving demand outlook from China and also supply concerns stemming from tightening sanctions on Russian flows.
Metals are mixed but quiet on Friday, gold continues to provide a decent inflation hedge so far this month and is up 5.6% YTD vs the dollar.

Looking ahead: ECB's Lagarde will speak again at Davos this morning - that speech is due to take place at 10am after she made some relatively hawkish comments at the event yesterday. Before market open this morning we got weaker than expected UK Retail Sales data and slightly stronger than expected German PPI - these will be followed by the Canadian Retail Sales figure in what is set to be an otherwise quiet day for economic data. We will also hear from a couple of Fed speakers over the course of the afternoon.
Oil services firm Schlumberger and investment bank State Street will both report Q4 numbers before market open today in the US at 2:30pm. Next week will include releases from the likes of Microsoft, J&J, Verizon, GE, 3M, Associated British Foods, Tesla, ASML, Boeing, Diageo, EasyJet, Visa, Mastercard, SAP, Intel, Chevron and American Express.

Key Events to Watch

20 & 23/01/2023 - ECB's Lagarde speaks
24/01/2023 - European & US PMIs
26/01/2023 - US GDP
27/01/2023 - US Core PCE

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,898	-0.76%	1.55%
DAX	14,920	-1.72%	7.16%
EuroStoxx	4,094	-1.92%	7.93%
ISEQ	7,764	-0.76%	9.22%
FTSE	7,747	-1.07%	3.97%
Nikkei 225	26,553	0.56%	1.76%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0827	0.32%	1.23%
EUR/GBP	0.8738	0.00%	-0.87%
GBP/USD	1.2389	0.35%	2.15%
USD/CHF	0.9162	0.02%	-0.82%
USD/JPY	128.42	-0.36%	-1.53%
EUR/JPY	139.04	-0.04%	-0.33%

Fixed Income	Value	Daily Change
US 10yr	3.399	0.026
US 2yr	4.128	0.044
German 10yr	2.052	0.041
Irish 10yr	2.441	0.024
UK 10yr	3.284	-0.034
Japanese 10yr	0.399	-0.002

Financial News Round Up

Netflix

US streaming giant Netflix reported its fourth quarter earnings results after market close on Wall Street last night, while chief executive and co-founder Reed Hastings has also announced he will step down from the position. He will now serve as Netflix's executive chairman.
Results were mixed for the October-December period, with headline earnings missing analysts' forecasts but subscriber growth surging. 7.66 million subscribers were registered over the period, compared with the expected figure of 4.5 million. Revenues of $7.85 billion were seen, just marginally below forecasts, while adjusted earnings per share was $0.12 vs the $0.58 expected.
The shares have jumped by over 7% in after-hours trade and are set to open on Friday at $338.25. This would leave Netflix up 14.5% YTD so far after losing a substantial 51% last year. The stock is now trading at a trailing P/E of 27.9x and 12-month forward-P/E of 33.8x, at a slight discount to its direct competitors. This forward P/E is also well below its 5 and 10 year averages of 63.4x and 110x. The company is expected to see average earnings growth of 16.8% over the next 3 years, below the industry's 28.4% but ahead of the broad market's 13.7%.

Irish Jobs Market

The latest IrishJobs.ie Job Index this week has found that vacancies were down by 11% y/y during the fourth quarter, and down 13% when compared to Q3. The study describes the labour market as "cooling", albeit with the volume of vacancies still almost a third higher than pre-Covid levels.
There has reportedly been an increase in jobs in construction, insurance, law, media, and customer services. "The high number of jobs available combined with the current 20-year low in unemployment means the competitive recruitment landscape is set to continue in the year ahead... While remote working opportunities continue to be significantly higher than pre-Covid times, the trajectory for these roles appears downward as the remote working opportunities adjust to the evolving working environment".