

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Markets Outlook

Monday, 23rd of January

Equities: European markets have opened marginally higher to kick off the week this morning, after the EuroStoxx600 finished last week flat. With no market moving developments coming out over the weekend, and with no large data points to be released today, we could be in for a relatively quiet trading session.

Equity investors will be closely watching Q4 earnings results this week, along with important growth and inflation data due over the coming days. Next week will be the same, with a list of crucial corporate releases due from tech firms as well as the Fed's latest rate decision. VIX is at \$20.20 at the time of writing, while the bond market's MOVE index is at \$114.75.

Fixed income: Yield curves remain heavily inverted on Monday morning, with 0.68 percentage points still the difference between the US 10yr and 2yr yields. The region's benchmark 10yr yield reached a four-month low of 3.32% last week, as fears continued to grow around a sharper-than-expected economic downturn in the US this year.

Currencies: FX markets may see heightened volatility over the course of this week, after seeing relatively quiet trade over the past couple of weeks. The dollar weakness continues to be in focus, EUR/USD has this morning touched yet another nine-month high, now trading above 1.09 and becoming somewhat overbought in the short-term. Similarly, sterling is up to \$1.239 for the first time since December and is flirting with a significant resistance point.

Commodities: Energy markets are mixed on Monday, the main oil contracts are seeing a slight rally - with Brent and WTI Crude up to \$88.10 and \$82, respectively. Last week we saw both OPEC and the IEA offer a bullish outlook on prices for the year ahead, pointing mostly to the Chinese reopening which will boost demand. European natural gas futures are 6% lower this morning, and have lost over 31% over the last month alone.

Precious metals are also mixed today - gold currently flat at \$1,927 after gaining a notable 17.5% since the beginning of November. Agricultural futures are mostly lower on Monday.

Key Events to Watch

23/01/2023 - ECB's Lagarde speaks

24/01/2023 - European & US PMIs

26/01/2023 - US GDP

27/01/2023 - US Core PCE

Financial News Round Up

The Week Ahead

Today will be on the quieter side, in what is set to be an otherwise busy week for investors with the continuation of the corporate earnings season and a list of meaningful economic data points. It must also be noted that Chinese markets will remain closed all week due to the nation's New Year holidays.

Firstly, on Monday, ECB President Christine Lagarde is due to speak at an event in Germany. Aside from this the macro calendar is fairly sparse today. Tomorrow morning the January Services and Manufacturing PMIs (Purchasing Managers' Index) will be released by European nations, and will be followed that afternoon by the US release. These PMIs should give us a clearer insight into these regions' ongoing economic contractions as we make our way through the first quarter.

Data on Wednesday will include CPI inflation from Australia, business sentiment from Germany, and the Bank of Canada's latest rate decision (expected to hike by 25bp to 4.50%). On to Thursday, and one of the highlights of the week coming in the form of a Q4 GDP reading for the United States. This is forecast at an annualised 2.6%, down from Q3's 3.2%. Finally, on Friday the US Core PCE inflation figure will come out and is expected at a reduced 4.4% y/y.

This week and next week will see the bulk of the volume of the companies reporting for Q4, especially with regard to the US. In terms of market cap weighting, over 50% of the S&P 500 index will be issuing results over the next two weeks. Later today we are due to hear from Baker Hughes and Logitech, followed on Tuesday by Microsoft, J&J, Danaher Corp, Verizon, General Electric, 3M, Raytheon, and Texas Instruments. Midweek on Wednesday we will then hear from Tesla, ASML, AT&T, Abbot Laboratories, IBM, Boeing, EasyJet, Tullow Oil, and Quilter. Thursday will include numbers from Visa, Mastercard, Comcast, SAP, Intel, Northrop Grumman, Diageo, and Wizz Air, while Friday will have Chevron, American Express, and Colgate-Palmolive.

Citadel

Citadel, which manages \$54 billion in assets, made an impressive 38.1% return last year in its main hedge fund along with strong gains in other products. This has equated to a \$16b profit for investors after fees - the best dollar gain by a hedge fund in history. This gain means that Ken Griffin's Citadel has now replaced Ray Dalio's Bridgewater, which for seven years had been the all-time most successful hedge fund, as the world's top performer.

Citadel achieved records in four of its five business units in 2022, with its fixed income strategy making 32.6%, ahead of many specialist macro funds.

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,972	1.89%	3.47%
DAX	15,033	0.76%	7.97%
EuroStoxx	4,119	0.63%	8.60%
ISEQ	7,815	0.66%	9.94%
FTSE	7,770	0.30%	4.28%
Nikkei 225	26,906	1.33%	3.11%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0855	0.26%	1.81%
EUR/GBP	0.8753	0.17%	-0.68%
GBP/USD	1.2393	0.03%	2.54%
USD/CHF	0.9204	0.46%	-0.61%
USD/JPY	129.57	0.90%	-0.69%
EUR/JPY	140.64	1.15%	1.11%

Fixed Income	Value	Daily Change
US 10yr	3.482	0.083
US 2yr	4.176	0.048
German 10yr	2.169	0.119
Irish 10yr	2.586	0.097
UK 10yr	3.377	0.093
Japanese 10yr	0.384	-0.007