

# Daily Update

Your daily market news, moves  
and outlook



Friday, 30th of April

## Markets Outlook

**Equities:** The main indices in Europe are flat to slightly higher to finish out what was a generally quiet week for the risk assets. European assets have been supported recently by increasing optimism over the region's inevitable economic recovery fueled by a recent pick up in vaccine supply. On a global scale, it has been a positive earnings season so far, with each of the large US tech names releasing during the week. The CBOE VIX index has traded broadly sideways this week, sitting at \$17.87 as we write.

**Currencies:** The Dollar is edging higher this morning, following on from yesterday's move, however if we zoom out we can see the greenback is resting near multi-week lows. This USD weakness has been on the back of a dovish Federal Reserve this week, lower Treasury yields this month, and a general pick up in sentiment over a global economic recovery this summer. EUR/USD at 1.21, GBP/USD at 1.391.

**Safe-havens:** Gold is marginally lower on Friday, resting at somewhat of an inflection point around \$1,767, and has seen mostly quiet trade this week. Treasury yields have moved higher in the US this week, the 10yr at 1.684% yesterday for the first time since mid-April. We do note that the 10yr German Bund yield reached -0.177% yesterday as the bond itself traded its lowest levels in over a year.

**Looking ahead:** In terms of economic data we have a quieter afternoon ahead of us, with Canada releasing their monthly GDP result at 1:30pm Irish time. Next week Irish and UK markets will remain closed on Monday for the May Bank Holiday. This afternoon we will see earnings releases from Exxon Mobil, Siemens Gamesa, Colgate-Palmolive, Alibaba, and Chevron. Next week we are due to get releases from the likes of PayPal, Pfizer, Novo Nordisk, T-Mobile, Volkswagen, General Electric, and many more.

## Key Events to Watch

03/05/2021 - US Manufacturing PMI

05/05/2021 - EU Economic Forecasts

06/05/2021 - BOE Rate Decision

07/05/2021 - US Non-Farm Payrolls

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,211	0.68%	12.12%
DAX	15,154	-0.90%	11.05%
EuroStoxx	3,996	-0.45%	12.61%
ISEQ	8,172	-0.43%	10.85%
FTSE	6,961	-0.03%	8.08%
Nikkei 225	28,812	-0.83%	4.99%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2125	-0.09%	-0.97%
EUR/GBP	0.8691	-0.05%	-2.60%
GBP/USD	1.3951	-0.03%	1.71%
USD/CHF	0.9089	0.00%	2.73%
USD/JPY	108.90	0.37%	5.53%
EUR/JPY	132.05	0.29%	4.49%

Fixed Income	Value	Daily Change
US 10yr	1.643	0.030
US 2yr	0.164	-0.002
Bund 10yr	-0.192	0.039
Irish 10yr	0.169	0.046
Gilt 10yr	0.845	0.046
JGB 10yr	0.087	0.000

## Financial News Round Up

### European GDPs

This morning we saw some important quarterly GDP releases from key EU nations, with the Eurozone as a whole shrinking by less than expected during Q1 2021, the economy did however fall into a technical recession during the period.

- Eurozone GDP q/q: -0.6% vs -0.8% expectations.
- German GDP q/q: -1.7% vs -1.5%.
- Italian GDP q/q: -0.4% vs -0.5%.
- Spanish GDP q/q: -0.5% vs -0.5%.
- French GDP q/q: 0.4% vs 0.0%.

This data point has recorded the change in the inflation-adjusted value of all goods and services produced by each economy, and is the first and 'preliminary' version of two Q1 GDP releases for each region, thus it carries more weight for market participants.

The single currency area entered into a technical recession during the first quarter as it saw its second consecutive negative quarterly GDP result, following Q4 2020's 0.7% fall. According to EuroStat, GDP for the 19 Euro countries contracted by 1.8% year-on-year, and 0.6% on a quarterly basis (as shown above). This y/y reading did however come in ahead of analysts' estimates for a circa 2% drop.

We did also see CPI inflation results for the region this morning, coming in in line with forecasts. The Eurozone's y/y CPI reading came in at 1.6%, this simply measures the change in the price of goods and services purchased by consumers and applies to data up to the current month.

The area's 'Core CPI' result, which measures the same data as the regular CPI but excluding food, energy, alcohol, and tobacco, was 0.8% y/y as expected.

### Smurfit Kappa

Europe's leading corrugated packaging company Smurfit Kappa has this morning reported stronger than expected Q1 results, seeing revenue growth of 6% to €2.269 billion after what it called a "remarkable" three-month period. Group EBITDA came to €386 million, a 2% increase y/y and 7% ahead of analysts' expectations. Management have also noted that both demand and the price backdrop remain robust.

"Smurfit Kappa has, over the last number of years, through continuous investment and acquisitions, structurally improved the business for the benefit of all stakeholders" said group chief executive Tony Smurfit.

"Our strong first quarter performance has set the foundation for accelerated revenue and earnings growth as we move through 2021. This performance and these prospects reflect the strength and quality of Smurfit Kappa" added the CEO.

The shares, with their forward-looking P/E of 17.3x and TTM P/E of 18x versus the industry 17.9x, have traded roughly 12% higher YTD (almost 4% of this move coming this morning following the earnings release) to €42 in Dublin. Following this release, and with the shares' positive upward momentum and reinstated dividend last year (yield of 4.7%), we maintain our 'buy' rating on this name with a price target of €49 (16% upside from current levels). In addition, we believe Smurfit Kappa over the past 12+ months have displayed their ability to outperform their direct competitors in any market conditions.