

Daily Update

Your daily market news, moves
and outlook



Wednesday, 18th of August

Markets Outlook

Equities: European markets are marginally lower on Wednesday morning following a quiet session yesterday, and a broadly positive session in Asia overnight. Investors continue to weigh up risks from a rise in global Delta cases with signs of a steady economic recovery in Europe, as earnings seasons comes to a close. Focus will begin to shift to the Federal Reserve minutes release to come this evening, the VIX in the US is slightly higher so far this week to \$17.98 as we write, while US equity futures move slightly lower this morning in line with Europe.

Currencies: The safe-haven Dollar strengthened yesterday as concerns grew over tensions in Afghanistan, bringing EUR/USD and GBP/USD as low as 1.708 and 1.3726 on the session. Covid concerns and a potentially sooner than expected tapering of Fed asset purchases have also underpinned the greenback, attention will now shift to tonight's minutes release for further clarity.

Safe-havens: Yesterday was another fairly subdued day for bond markets, the benchmark US 10yr remaining around 1.27% while Germany's equivalent currently sits at -0.485%. After last week's spike lower in prices and subsequent rebound, gold markets are trading flat to slightly stronger this morning at a resistance point just below the \$1,800 mark. Traders will not commit heavily to either side until after tonight.

Looking ahead: This afternoon we will see monthly CPI inflation figures out of Canada, with the highlight of the day likely to come in the form of the FOMC meeting minutes this evening at 7pm Irish time. Thursday and Friday look set to be quieter, with no major data points to be released. Looking at earnings releases, Estee Lauder and Applied Materials will report tomorrow, followed on Friday by Kingspan Group and Deere & Co.

Key Events to Watch

18/08/2021 - Fed Meeting Minutes
20/08/2021 - UK Retail Sales
23/08/2021 - European & US PMIs
26/08/2021 - Jackson Hole Symposium

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,448	-0.70%	18.42%
DAX	15,921	-0.02%	16.19%
EuroStoxx	4,196	-0.14%	18.04%
ISEQ	8,659	-0.56%	17.83%
FTSE	7,181	0.38%	11.20%
Nikkei 225	27,585	0.59%	0.52%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1708	-0.59%	-3.98%
EUR/GBP	0.8521	0.24%	-4.48%
GBP/USD	1.3739	-0.80%	0.56%
USD/CHF	0.9144	0.26%	3.16%
USD/JPY	109.57	0.31%	6.11%
EUR/JPY	128.30	-0.26%	1.90%

Fixed Income	Value	Daily Change
US 10yr	1.267	-0.001
US 2yr	0.217	0.004
Bund 10yr	-0.467	-0.001
Irish 10yr	-0.072	-0.015
Gilt 10yr	0.562	-0.014
JGB 10yr	0.012	0.005

Financial News Round Up

Walmart

American multinational retail firm Walmart Inc has upgraded its full-year outlook for the second time in the last three months, despite the recent spread of the Delta variant in the States dampening consumer confidence somewhat.

Adjusted EPS came in at \$1.78 vs analysts' forecasts for just \$1.57, while revenue came in at a robust \$141 billion (2.4% increase y/y) versus \$136.88b expectations. These strong figures were helped by market share gains in groceries and a jump in demand for travel-related items. The company's comparable sales (at US stores) also beat expectations, coming in 5.2% higher vs forecasts for a 3.7% increase. Net income for the retailer fell from \$6.48b to \$4.28b.

Walmart, who have benefitted from recent back-to-school sales, have updated their in-house forecast for the year, now estimating they will see EPS in the range of \$6.20 to \$6.35.

These readings follow Home Depot's record quarterly revenue post earlier this week, despite the firm's sales actually slowing as the pandemic-driven demand for DIY products subsided.

Walmart, whose shares are trading flat in pre-market trade, have gained 4.5% YTD so far. The name has a forward-looking P/E of 24.7x and a TTM P/E of 34.8x versus the industry 18.9x. Walmart has a steady pay-out history, and offers a dividend yield of 1.46% at current levels, well covered by its reasonable payout ratio of 50%.

Kenmare Resources

Dublin-headquartered mining company Kenmare Resources have reported record half-year revenues and profits after production increases and higher sales volumes were seen during H1.

The company saw a 51% jump in revenue for the six-month period to \$178.2m, while sales volumes rose by a robust 44% and sales prices by 5%. Net profit came in at \$48m, up from the \$12.7m seen during the same period one year prior.

These strong results allowed the group to increase its dividend to 7.29 US cents per share, more than tripling last year's interim dividend.

"We remain confident in the outlook for annual production and re-iterate our guidance of 1.1 - 1.2 million tonnes of ilmenite in 2021" said managing director Michael Carvill, "Market conditions for titanium feedstocks remained strong in H1 2021, with pricing strengthening quarter on quarter. The outlook for zircon has also continued to improve, with price increases during the half and continuing into H2 2021" he went on to add.