

Daily Update

Your daily market news, moves
and outlook



SEASPRAY PRIVATE
Creating Investment Solutions

Markets Outlook

Equities: Stocks in Europe this morning are seeing some upside relief, the benchmark EuroStoxx50 up by 1.2% at the time of writing but still lower on the week so far. In London, the FSTE100 is similarly 0.85% stronger on the session, and still in positive territory for 2022. Strong corporate results in Europe are supporting prices on Tuesday, we have seen beats of expectations this morning from UBS, Santander, Maersk, and Novartis. However, Europe's largest bank HSBC did fall in early-morning trade as it warned more share buybacks were unlikely this year. Investors' focus will slowly begin to shift to the Federal Reserve's meeting next week, due to take place on Wednesday 4th of May. VIX at \$27.31 at the time of writing.

Currencies: The US Dollar is rallying again on Tuesday morning, dragging EUR/USD (1.068) and GBP/USD (1.271) to fresh 2-year and 1.5-year lows respectively. A risk averse tone for much of yesterday helped the Dollar push higher, driven in part by concerns about the worsening Covid situation in China.

Key Events to Watch

28/04/2022 - BOJ Rate Decision
28/04/2022 - US GDP
29/04/2022 - Eurozone CPI & GDP
29/04/2022 - US Core PCE

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,296	0.57%	-9.86%
DAX	13,924	-1.54%	-12.34%
EuroStoxx	3,757	-2.15%	-12.58%
ISEQ	7,251	-1.57%	-14.13%
FTSE	7,380	-1.88%	-0.05%
Nikkei 225	26,700	0.41%	-7.26%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0711	-0.92%	-5.77%
EUR/GBP	0.8410	-0.20%	0.10%
GBP/USD	1.2738	-0.71%	-5.82%
USD/CHF	0.9595	0.40%	5.11%
USD/JPY	127.78	-0.65%	11.04%
EUR/JPY	136.89	-1.54%	4.64%

Fixed Income	Value	Daily Change
US 10yr	2.818	-0.069
US 2yr	2.621	-0.039
German 10yr	0.850	-0.113
Irish 10yr	1.469	-0.083
UK 10yr	1.847	-0.123
Japanese 10yr	0.242	0.001

Tuesday, 26th of April

Safe-havens: The risk-off tone yesterday was reflected in the action on fixed income markets, with yields moving lower for the most-part. The US 10yr nominal yield is down to 2.79% and German 10yr to 0.82%, both having surged recently and seen multi-year highs. Gold is sitting at a fairly significant support line this morning around \$1,905, after losing 2% of its value on Monday on the back of a stronger Dollar and concerns over a more hawkish Fed.

Looking ahead: Before market open in the United States this afternoon we will get first-quarter results from UPS, PepsiCo, GE, and 3M, which will be followed after market close tonight by the likes of Microsoft, Alphabet, Visa, and GM. Large names scheduled to release on Wednesday include Meta (Facebook), PayPal, Ford, Boeing, Spotify, T-Mobile, and Qualcomm. In terms of the regular economic data points today and tomorrow will be fairly muted. Early on Thursday morning the Bank of Japan is set to make its latest monetary policy statement, forecast to leave rates unchanged at -0.10% again. The US Q1 GDP reading will also be due this Thursday, expected at a q/q result of 1.0%.

Financial News Round Up

Twitter

Last Friday we spoke about Elon Musk's new financing package and his takeover bid for American social media firm Twitter - Twitter at the time gave no formal response but simply said it would conduct a review. This morning we have confirmation that Musk will indeed take over the company, in a deal valued at \$44 billion. This is a dramatic shift from Twitter's board, who had originally maneuvered to block the billionaire entrepreneur from taking Twitter private.

Announcing the deal, Elon Musk said that "Free speech is the bedrock of a functioning democracy, and Twitter is the digital town square where matters vital to the future of humanity are debated... I also want to make Twitter better than ever by enhancing the product with new features, making the algorithms open source to increase trust, defeating the spam bots, and authenticating all humans."

Investors will receive \$54.20 in cash for each share of Twitter common stock upon the closing of the transaction. This represents a 38% premium to the company's closing price on April 1st, the day before Musk revealed he had built a 9% stake.

This deal, which could still fall apart if blocked by regulators or if Musk fails to deliver the equity component of the transaction, is set to end Twitter's run as a publicly traded company since its IPO back in 2013.

HSBC

British multinational banking and financial services giant HSBC this morning posted a 27% fall in its quarterly profit, down from Q1 2021's \$5.78b to the current \$4.2b. The bank cited increasing inflation and economic uncertainty for the drop, mainly due to the war in Ukraine. The result did however beat analysts' average expectation for just \$3.72b.

"While profits were down on last year's first quarter due to market impacts on wealth revenue and a more normalised level of ECL (expected credit losses), higher lending across all businesses and regions, and good business growth in personal banking, insurance and trade finance bode well for future quarters" said chief executive Noel Quinn.

The shares are almost 4% lower after the release this morning down to £4.819, albeit still over 7% higher YTD. HSBC has outperformed the FTSE100 in London in 2022 so far, and all other major British banks with the exception of Standard Chartered (+9.8% YTD).