

Daily Update

Your daily market news, moves
and outlook



Markets Outlook

Equities: Stock markets have been mixed this week, seeing relatively quiet trade. The main European indices are about half a percent weaker on Friday morning. Recession concerns are still lingering for Europe, after the region's natural gas prices hit another record high on Thursday, stoking fears about persistently high inflation and a more aggressive ECB that would slow growth.

In this recent bounce in prices, the S&P 500 has moved up 17% off its mid-June low, now down just 10% YTD. The EuroStoxx50 has bounced by 12% from its early-July low point and is now down roughly 12.5% YTD.

Equity markets will look towards any guidance from central bankers at next week's Jackson Hole Symposium, as well as key PMI and inflation data due next week.

Currencies: USD has rallied this week, the Dollar index is now trading at a one-month high of 107.82 and is approaching its 20-year high made back in July. This comes as Fed officials hint at further aggressive rate hikes to come.

Friday, 19th of August

Safe-havens: Gold and silver have suffered this week as real yields in the US grind higher, the precious metals currently at \$1,764 (-3.5% YTD) and \$19.13 (-18.1%) respectively. Oil prices for the past couple of weeks have been sitting down near their 6-month lows, as many traders are away from their desks and the commodity awaits its next catalyst for a significant move in price. Brent Crude is at \$94.80 and WTI Crude is trading at \$88.85. Looking at the bond market, things were mixed on Thursday. Yields have taken a small step higher this week, with the German 10yr up to a 4-week high of 1.19% and US 10yr similarly up to 2.9%.

Looking ahead: This afternoon will be relatively quiet, Canada will release monthly Retail Sales results after the UK did the same this morning.

In terms of economic data, the highlights of next week will include Services and Manufacturing PMIs out of Europe and the US, US Q2 GDP (second of three GDP releases), and the US Core PCE inflation figure.

The annual Jackson Hole Symposium will take place between Thursday and Saturday, and will be attended by central bank leaders, finance ministers, and financial market participants from around the globe.

Key Events to Watch

23/08/2022 - European & US PMIs

25/08/2022 - US GDP

25/08/2022 - Jackson Hole Symposium begins

26/08/2022 - US Core PCE

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,283	0.23%	-10.12%
DAX	13,697	0.52%	-13.77%
EuroStoxx	3,777	0.57%	-12.12%
ISEQ	7,215	0.02%	-14.56%
FTSE	7,541	0.35%	2.13%
Nikkei 225	28,921	-0.07%	0.48%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0088	-0.90%	-11.30%
EUR/GBP	0.8453	0.06%	0.76%
GBP/USD	1.1930	-0.97%	-11.94%
USD/CHF	0.9568	0.55%	5.03%
USD/JPY	135.88	0.64%	18.43%
EUR/JPY	137.08	-0.26%	5.08%

Fixed Income	Value	Daily Change
US 10yr	2.886	-0.016
US 2yr	3.207	-0.077
German 10yr	1.109	0.031
Irish 10yr	1.714	0.010
UK 10yr	2.303	0.014
Japanese 10yr	0.197	0.007

Financial News Round Up

Kingspan

Irish-based multinational building materials company Kingspan Group plc has this morning reported a 32% increase in its H1 trading profits to €434.2 million. This comes after the firm issued an unscheduled trading update in June, indicating that it would see strong first-half results.

Revenue also came in ahead of forecasts, up an impressive 42% y/y to €4.15b. This performance came despite an 80bp decrease in the group's trading profit over the period, dropping to 10.5%.

"Despite a challenging trading environment Kingspan delivered record half year results, with revenues over €4b for the first time" said Kingspan CEO Eugene Murtagh in his statement, "We have been able to navigate large input cost increases with only modest margin impact". Mr. Murtagh also highlighted that the firm has invested €522m in new businesses and cap-ex during the six month period, and also have plans to build 25 new production lines in the next five years, including a €200m facility in Ukraine. The shares are over 7.5% higher at the time of writing, trading up to roughly €61.50, but still down over 41% from its all-time high which was traded on the final day of 2021. At closing price yesterday, Kingspan was trading at a trailing P/E of 18.9 times and a forward-looking P/E of 16.4 times. This compares to its peer average of 13.4. Likely one of the main reasons for this valuation is the market's expectations for Kingspan to grow annual earnings by 7.0% over the next three years, vs an average of 3.3% for its closest competitors.

The Irish Consumer

According to the latest survey from AIB, consumer spending in Ireland dropped last month for the first time since January. The bank's latest 'Spend Trend' saw a 0.5% fall in consumer spending during July, following strong growth in the months prior.

Despite the decrease, consumers still spent around €87 million per day. Spending on airline travel was down 8.5%, while industries such as restaurants (+5%) and hotels (+13%) saw boosts.

"As is typical in the later summer months when fewer holidays are being booked, consumers spent less on airline travel, but spending in the sector is much higher than last year when Covid-19 travel restrictions were still prominent" said John Brennan, AIB's head of SME banking.