

# Daily Update

Your daily market news, moves  
and outlook



## Markets Outlook

**Equities:** The Eurozone's stock markets saw a mixed session on Wednesday, and are slightly weaker across the board today - led lower by consumer staples and technology. Energy and financials are in the green. We expect to continue to see sector divergence over the coming weeks within equity indices, as investors digest corporate earnings results. Focus will begin to shift to the ECB next week, who will meet on Wednesday and Thursday.

There is focus once again on the UK government after a chaotic vote on fracking in parliament last night. The country's home secretary, Suella Braverman, also resigned from her role yesterday. FTSE100 is actually marginally stronger today.

**Currencies:** The US dollar is holding up near its highs from September, the world's reserve currency having traded flat so far this week - around 111 to 113 on the dollar index. The bond sell-off yesterday likely spooked investors somewhat, and also added to the greenback's allure at present, with US Treasury yields on the short-end now above 4.5%.

## Thursday, 20th of October

**Energy:** EU leaders, including the Taoiseach, will attend a two-day summit in Brussels which will be dominated by Ukraine and the associated energy crisis. Today we expect to see the European Commission unveil proposals on joint gas purchasing, an alternative price benchmark for gas, and better sharing of stored gas in case of future shortages.

European natural gas futures actually fell to as low as €108 per megawatt-hour on Wednesday, which left them down by 68% from the €342 August peak but still up almost 67% y/y. Europe's gas storage sites are now over 92% full, with Germany's stockpile rate reaching 96% by the end of last week. On top of that, measures from the EU as well as forecasts for a milder winter in terms of temperature are helping ease gas prices on the continent.

**Fixed income:** Government bond yields, excluding the UK's, surged once again on Wednesday, with the benchmark US 10yr yield reaching a new 14-year high of 4.17% this morning.

The German Bund yield curve flattened as the bonds sold off, following some hawkish rhetoric from the ECB. Markets are currently pricing in for a 75bp rate hike from the central bank when they release in one week.

## Key Events to Watch

21/10/2022 - UK Retail Sales  
24/10/2022 - European & US PMIs  
25/10/2022 - US Consumer Confidence  
27/10/2022 - ECB Rate Decision

## Financial News Round Up

### Tesla

The world's largest electric vehicle company, and indeed the largest car-maker by market cap (\$690.76 billion), reported its Q3 earnings results last night after market close in New York. The firm missed expectations on revenue, but slightly beat on earnings.

Q3 revenue came in at \$21.45 billion versus the consensus \$22.09b forecast, while adjusted EPS was \$1.05 vs the \$1.01 expected. Tesla said it still expects to see 50% average annual growth rate on vehicle deliveries for the year as a whole. It also stated that it believes it has sufficient liquidity to continue to hold out its roadmap. Tesla produced over 365,000 vehicles in the July-September period and delivered 343,000, up from the c.258,000 it produced and 254,000 it delivered in the second quarter.

The shares are set to open around 6% lower this afternoon at \$208.50, just below an important support level and at their lowest price since June 2021. Tesla stock has struggled YTD, having traded down 37% at the close last night, after what had been gains of nearly 50% in 2021 - a time when speculative assets and many non-profitable companies were rallying strongly on the back of ultra-easy monetary policies.

### UK Update

Liz Truss' leadership looks close to imploding after she fired one minister over a security breach and two others were heard resigning amid the fallout from a chaotic parliamentary vote before agreeing to stay in their posts, according to Bloomberg last night. While much is still unclear, Conservative MPs were reportedly told that last night's vote on fracking, tabled by Labour, was being regarded as a vote of confidence in the PM.

The question facing Conservative MPs is whether to remove Truss, with the next general election due by the beginning of 2025. There is clearly a growing consensus that she shouldn't be allowed to lead the party into that vote, but deep divisions remain over who MPs want to take over.

### Irish Consumer Sentiment

Consumer sentiment improved slightly in October as Irish consumers took some comfort over government measures introduced in the 2023 budget to support household spending. The Credit Union Consumer Sentiment index rallied from the previous 42.1, to 46.1 - recovering part of an 11.3-point decline from August. The index has fallen from January's 81.9.

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,695	-0.67%	-22.47%
DAX	12,741	-0.19%	-19.79%
EuroStoxx	3,471	0.21%	-19.24%
ISEQ	6,676	-1.12%	-20.94%
FTSE	6,924	-0.17%	-6.22%
Nikkei 225	27,009	-0.91%	-6.20%

FX	Value	Daily Change	YTD Change
EUR/USD	0.9771	-0.82%	-13.91%
EUR/GBP	0.8706	0.02%	3.83%
GBP/USD	1.1214	-0.92%	-17.06%
USD/CHF	1.0041	1.01%	10.22%
USD/JPY	149.89	0.42%	30.30%
EUR/JPY	146.46	-0.46%	12.18%

Fixed Income	Value	Daily Change
US 10yr	4.142	0.135
US 2yr	4.567	0.137
German 10yr	2.376	0.098
Irish 10yr	2.915	0.099
UK 10yr	3.871	-0.072
Japanese 10yr	0.251	0.001