

# Daily Update

Your daily market news, moves  
and outlook



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## Markets Outlook

Thursday, 22nd of December

**Equities:** Stocks in Europe have seen a firmer open on Thursday morning amidst mainly higher Asian indices and after a strong session yesterday across the board. At the time of writing, the EuroStoxx50 and 600 equity indices are roughly 0.20% stronger, and are broadly expected to have a quiet session. Britain's FTSE100 index is 0.5% higher this morning after UK GDP for the third quarter was revised down from -0.2% q/q to -0.3%.

Stocks in America were boosted on Wednesday afternoon by a stronger-than-expected US Consumer Confidence figure. This move pushed the S&P 500 up by 1.5% and helped the VIX down to \$20.10.

**Currencies:** The US Dollar is under further pressure on Thursday with the Euro, Aussie Dollar and Japanese Yen all notably gaining. Sterling is also marginally stronger against USD today despite worse GDP data. The Dollar index is down by 0.25% to 103.60 and is approaching last week's lows once again.

**Safe-havens:** Gold is sitting at a 6-month high of about \$1,825 today, and is expected to remain very quiet over the break, in line with currencies. Metals have benefited from dollar weakness following the surprise move from the BOJ this week. Other precious metals such as silver and platinum are mixed this morning but have had a strong couple of months.

**Looking ahead:** Markets are all expected to quieten down and see fairly muted trade over the Christmas break, with the last potential source of volatility coming from tomorrow's US Core PCE inflation release. Most investors will return to work on Tuesday January 3rd, which will kick off a relatively busy week as we enter 2023.

That Tuesday we will see December CPI figures from Germany, along with the US 'ISM Manufacturing PMI' reading. Wednesday the 4th will bring a Swiss CPI reading, as well as some employment data from the States and the release of the Fed December meeting minutes. Towards the end of the week we will see further individual Euro nations release their CPIs, followed by the full Eurozone figure and also the US Non-Farm Payrolls.

## Key Events to Watch

22/12/2022 - US 'Final GDP'  
23/12/2022 - Canadian GDP  
23/12/2022 - US Core PCE  
03/01/2023 - German CPI

## Financial News Round Up

### Zelenskyy in Washington

Ukrainian President Volodymyr Zelenskyy pressed the US Congress for tanks, planes and more funding to help repel Russia's invasion, during his speech in Washington DC yesterday. Reportedly, he portrayed the war as a battle of democracy against tyranny as he sought to win support from some skeptical Republican lawmakers.

The 44-year old president was in Washington for just a few hours yesterday, but the event was significant as he had not left his country since Russia's invasion in late February. The timing of Zelenskyy's visit was particularly important because Congress was preparing to vote on an additional \$45 billion in military, economic and humanitarian aid for Ukraine this week. It was important not only for the president to help secure this round of funding, but also to make sure this aid will continue after Republicans take control of the House in January.

"Your support is crucial, not just to stand in such a fight, but to get to the turning point to win on the battlefield" he said during his 27-minute speech, "Your money is not charity, it is investment in the global security and democracy that we handle in the most responsible way".

While Zelenskyy was on American soil, Biden announced that an additional \$1.85b in additional military assistance would be provided.

### ECB

Vice President of the European Central Bank Luis de Guindos has this morning stated that the bank may increase rates at its current pace for a "period of time", in order to curb inflation. "We have no choice but to act... Increases of 50 basis points may become the new norm in the near term. If we do nothing, the situation would be worse because inflation is one of the factors behind the current recession" he said.

De Guindos also said he was somewhat concerned that markets could underestimate the persistence of inflation and that they might consider fiscal policy to be incompatible with monetary policy. He stated that banks in the Eurozone have a solid capital position and would be able to withstand a shock - adding that he had more doubts about non-bank market participants such as hedge funds, which have highly illiquid assets and accumulated risky assets.

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,878	1.49%	-18.63%
DAX	14,097	1.54%	-11.25%
EuroStoxx	3,872	1.83%	-9.92%
ISEQ	7,246	1.97%	-14.19%
FTSE	7,497	1.72%	1.53%
Nikkei 225	26,507	0.46%	-7.93%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0603	-0.17%	-6.43%
EUR/GBP	0.8773	0.65%	4.48%
GBP/USD	1.2083	-0.80%	-10.41%
USD/CHF	0.9266	0.06%	1.36%
USD/JPY	132.47	0.58%	14.62%
EUR/JPY	140.46	0.41%	7.25%

Fixed Income	Value	Daily Change
US 10yr	3.673	-0.019
US 2yr	4.223	-0.042
German 10yr	2.303	0.002
Irish 10yr	2.803	-0.017
UK 10yr	3.592	-0.005
Japanese 10yr	0.394	-0.056