

Welcome to the New Age

Global Matters Weekly

10 October 2022

– Matt Connor – *Investment Analyst*

Like it or not, there is no doubt that social media is now an integral part of our lives, with our online presence an extension of who we are, and for many, who they aspire to be. There were almost three billion monthly active users on Facebook in the second quarter of this year¹, some 37% of the global population. For a business, social media offers a treasure trove of potential customers, but still so many seem to get it wrong when advertising through these channels.

The genesis of the large US internet companies, such as Facebook, Google, and Snapchat are well known and in the case of Facebook, immortalised on the silver screen with the 2010 film *The Social Network*. The early days of LBG Media, a UK-listed digital publisher, were similar, with co-founders Solly Solomou and Arian Kalantari forming the business whilst studying at university in 2012. LBG Media operates multiple brands across social media to a global audience of over 315 million², predominantly made up of millennials and Gen Z – one of the most valuable segments to advertisers.

LBG Media's business segment, LBG Direct, works closely with brands in launching successful advertising campaigns across the likes of Instagram and TikTok, harnessing its insights and expertise to successfully target the right audiences. LBG can also help clients by tapping into LADNation – its own youth panel with over 50,000 members to offer valuable feedback from a notoriously difficult group to reach.

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forms of advertising such as TV. Young people now spend more time watching TikTok videos than they do watching broadcast TV³, spending almost an hour a day scrolling through the TikTok app. TikTok are notably reaping their newfound riches, with European revenues increasing six-fold last year⁴.

LBG Media offers investors the opportunity to capitalise on this change in how media is consumed and thus monetised. As more businesses look to develop effective marketing strategies, they will seek to partner up with companies, such as LBG, in order to target the right audience and not waste precious marketing dollars on a dud campaign; and who better to approach than the biggest publisher on TikTok, LBG⁵. That is certainly what Vodafone have done, partnering with LBG to create content for its VOXI mobile network.

With LBG's share price falling significantly since Initial Public Offering last year, much like US social media giants Meta and Snapchat, the company now trades on a price-to-earnings ratio of just over 10 times⁶. With bright prospects such as expanding into the US where they reach around one third of the population, LBG could be an attractive investment for investors wanting exposure to the new age of advertising.

The Marketplace

- Global equities returned 1.7% last week
- World indices and commodities saw positive returns
- Brent crude rose 11% last week to \$97.9 a barrel after The Organization of the Petroleum Exporting Countries

- Plus announced a two million-barrel per day cut in target production
- Gold rose 2.1% to 1694.8 per ounce

Market Focus

US

- US equities returned 1.5% last week after losing earlier gains
- Nonfarm payrolls increased 263k in September, close to the 255k consensus, while the unemployment rate fell to 3.5% from 3.7%, with a decline in labour force participation to 62.3% from 62.4%

Europe

- European equities returned 1.0% last week
- Europe's natural gas futures rose by 6.9% to €205 per megawatt-hour, which is their highest level since early March. German power prices for 2023 rose a further 4.84% to €427 per megawatt-hour

UK

- UK equities returned 1.5% last week
- The average five-year fixed mortgage rate is now above 6%. That puts it at its highest level since February 2010 and follows last Thursday's news that the two-year fixed rate had also passed the 6% milestone
- The government is mulling a cap on renewable electricity generator revenues. Those briefed on last week's meeting reported prices of about £50 to £60 per megawatt hour mentioned as a starting point for the cap, well below current prices of about £490/MWh

Asia/Rest of The World

- Global emerging market equities returned 2.5% last week
- Japanese equities returned 3.9%
- Chinese equities returned 1.5%
- The war in Ukraine saw another landmark event after the Kerch Strait Bridge in Crimea was partially destroyed by an explosion, disrupting the most crucial supply line for Russian troops fighting in southern Ukraine

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Asset Class/Region	Currency	Currency returns			
		Week ending 7 Oct. 2022	Month to date	YTD 2022	12 months
Developed Market Equities					
United States	USD	1.5%	1.5%	-23.0%	-16.4%
United Kingdom	GBP	1.5%	1.5%	0.2%	5.4%
Continental Europe	EUR	1.0%	1.0%	-19.9%	-14.5%
Japan	JPY	3.9%	3.9%	-1.9%	1.0%
Asia Pacific (ex Japan)	USD	2.3%	2.3%	-24.7%	-25.2%
Australia	AUD	4.5%	4.5%	-5.5%	-2.6%
Global	USD	1.7%	1.7%	-24.2%	-19.4%
Emerging markets equities					
Emerging Europe	USD	5.1%	5.1%	-78.8%	-81.2%
Emerging Asia	USD	1.8%	1.8%	-27.5%	-28.0%
Emerging Latin America	USD	7.5%	7.5%	10.7%	9.1%
BRICs	USD	2.0%	2.0%	-26.1%	-30.5%
China	USD	1.5%	1.5%	-30.2%	-35.0%
MENA countries	USD	2.8%	2.8%	0.3%	1.0%
South Africa	USD	2.9%	2.9%	-16.4%	-18.4%
India	USD	-0.2%	-0.2%	-9.0%	-10.6%
Global emerging markets	USD	2.5%	2.5%	-25.3%	-26.3%
Bonds					
US Treasuries	USD	-0.4%	-0.4%	-13.0%	-12.6%
US Treasuries (inflation protected)	USD	0.5%	0.5%	-14.0%	-12.1%
US Corporate (investment grade)	USD	0.2%	0.2%	-18.6%	-18.1%
US High Yield	USD	1.4%	1.4%	-13.5%	-12.7%
UK Gilts	GBP	-4.0%	-4.0%	-28.8%	-26.6%
UK Corporate (investment grade)	GBP	-1.5%	-1.5%	-25.6%	-24.7%
Euro Government Bonds	EUR	-0.6%	-0.6%	-17.2%	-17.6%
Euro Corporate (investment grade)	EUR	-0.1%	-0.1%	-14.7%	-15.2%
Euro High Yield	EUR	0.6%	0.6%	-14.1%	-14.0%
Japanese Government	JPY	0.3%	0.3%	-3.5%	-3.6%
Australian Government	AUD	0.5%	0.5%	-10.4%	-11.3%
Global Government Bonds	USD	-0.6%	-0.6%	-20.8%	-21.4%
Global Bonds	USD	-0.4%	-0.4%	-20.8%	-21.4%
Global Convertible Bonds	USD	2.0%	2.0%	-22.5%	-24.8%
Emerging Market Bonds	USD	0.3%	0.3%	-30.5%	-30.5%

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Property					
US Property Securities	USD	-3.0%	-3.0%	-31.0%	-21.7%
Australian Property Securities	AUD	3.2%	3.2%	-28.5%	-21.0%
Asia Property Securities	USD	2.0%	2.0%	-14.7%	-18.1%
Global Property Securities	USD	-1.5%	-1.5%	-29.8%	-24.5%
Currencies					
Euro	USD	-0.3%	-0.3%	-14.3%	-15.5%
UK Pound Sterling	USD	-0.3%	-0.3%	-18.0%	-18.5%
Japanese Yen	USD	-0.4%	-0.4%	-20.8%	-23.2%
Australian Dollar	USD	-0.7%	-0.7%	-12.3%	-12.7%
South African Rand	USD	-0.2%	-0.2%	-12.0%	-17.5%
Swiss Franc	USD	-0.9%	-0.9%	-8.2%	-6.5%
Chinese Yuan	USD	0.0%	0.0%	-10.7%	-9.4%
Commodities & Alternatives					
Commodities	USD	6.4%	6.4%	21.8%	22.9%
Agricultural Commodities	USD	0.5%	0.5%	7.2%	13.8%
Oil	USD	11.3%	11.3%	25.9%	19.5%
Gold	USD	2.1%	2.1%	-7.3%	-3.6%
Hedge funds	USD	0.0%	0.0%	-4.5%	-4.6%

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