

Wednesday, 7th of April

Markets Outlook

Equities: Equities on the continent are mixed but quiet this morning, likely to continue with fairly muted rangebound trade for the rest of the day. While tonight's Fed meeting minutes are unlikely to provide any clear signals on their next policy steps, traders around the globe will be watching this release closely, and we could potentially see a small move higher in volatility on the back of this release. VIX at \$17.82 as S&P500 futures move marginally higher on Wednesday morning.

Currencies: The Dollar edged lower against most currencies last night and into this morning, bringing EUR/USD back above 1.1885 on Wednesday for the first time in over a fortnight. This move comes as Treasury yields in the US move off their highs despite further signs of a robust US economic recovery over the past week. We note that Q1 saw the greenback's strongest rally in years as it bounced after depreciating by almost 9% vs the Euro in 2020.

Safe-havens: Gold has stabilized in recent weeks, probing lower below 1,700 last week and finding buyers almost immediately, the metal is now trading just below the \$1,750 mark and has been supported by yields pulling back in the US this week and last. The benchmark US 10yr is seeing a slight bid this morning, bringing its yield lower to 1.645%, German 10yr Bunds on a similar trajectory today as traders look forward to a recovery in Europe, the bond yielding -0.033%.

Looking ahead: The key data point of the day will come at 19:00 Irish time when the Federal Reserve release the minutes from their March meeting. Wednesday is set to be otherwise relatively quiet. Thursday will be similar, with no large data points of any note, the ECB will however release their minutes tomorrow at 12:30pm, and Fed Chair Powell will speak at 5pm.

Key Events to Watch

- 07/04/2021 - Fed Meeting Minutes
- 08/04/2021 - Fed Chair Powell speaks
- 09/04/2021 - Canada Unemployment Rate
- 13/04/2021 - US CPI Inflation

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,073	-0.10%	8.46%
DAX	15,212	0.70%	11.03%
EuroStoxx	3,970	0.62%	11.69%
ISEQ	8,153	0.62%	10.06%
FTSE	6,823	1.28%	6.46%
Nikkei 225	29,730	0.12%	8.33%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1875	0.54%	-2.75%
EUR/GBP	0.8588	1.07%	-3.66%
GBP/USD	1.3823	-0.53%	0.99%
USD/CHF	0.9308	-0.60%	5.03%
USD/JPY	109.74	-0.39%	6.40%
EUR/JPY	130.32	0.15%	3.47%

Fixed Income	Value	Daily Change
US 10yr	1.658	-0.049
US 2yr	0.162	-0.008
Bund 10yr	-0.315	0.014
Irish 10yr	0.037	0.017
Gilt 10yr	0.798	0.000
JGB 10yr	0.093	-0.007

Financial News Round Up

IMF Forecasts

Last evening we saw a release from the International Monetary Fund in which the organisation updated its growth forecasts for the global economy this year. In the latest version of its 'World Economic Outlook', the IMF upgraded its expectation for global growth to 6% in 2021, up from its 5.5% forecast back in January, while also expecting 4.4% in 2022. These new forecasts follow what the organisation has called an "historic contraction" of 3.3% last year.

In this latest release, the IMF cited the now global rollout of vaccines, the adaption of new ways of working, and huge fiscal stimulus by governments, stating that "a way out of this health and economic crisis is increasingly visible".

In terms of a regional breakdown, the IMF now expects the US to be the only large economy to show a higher GDP level next year compared to pre-pandemic forecasts, expected to grow by 6.4% this year. The Euro area is now expected to expand by 4.4% this year, up from previous estimates for just 4.2%. The United Kingdom has been upgraded to 5.3% this year, Japan to 3.3%, and China to a robust 8.4%, while emerging market and developing economies are now forecasted to grow by 6.7% in 2021.

Irish Services PMI

According to AIB's Purchasing Managers' Index (PMI) reading for March, Ireland's services sector saw a strong result of 54.6, up from February's 41.2 and above the 50.0 expansion/contraction border for the month, with the survey suggesting that the rise was driven by renewed growth in new business and exports.

This positive result for Ireland signals our first expansion in services activity since December, and the strongest rate of growth since February 2020.

"This signals improved business conditions in the sector rather than activity returning to more normal levels" said AIB's chief economist, Oliver Mangan. "Much of the services sector remains in lockdown, but the data suggest some businesses are now better able to cope with Covid restrictions" he went on to add.

Ryanair

European budget airline Ryanair has announced it expects losses for its financial year 2021 to come in slightly lower than originally thought. Net losses are estimated by the airline to be between €800m - €850m, compared to previous guidance for between €850m - €950m.

Ryanair has stated that it does not expect traffic to fully recover this financial year, with passenger numbers forecast to be at the lower end of its previous range of between 80 and 120 million. 27.5m individuals flew with the airline in the 12 months to March 31st 2021, compared to the previous year's 149m.

"Easter travel restrictions and a delayed traffic recovery into the peak (summer) season, due to the slow rollout in the EU of Covid-19 vaccines, means that traffic is likely to be towards the lower end of our previously guided range" the company said.