

Daily Update

Your daily market news, moves
and outlook



Thursday, 8th of April

Markets Outlook

Equities: Equities in Europe are edging higher again on Thursday, in what has been another strong week for risk assets on the continent as vaccine supplies begin to pick up and attention shifts to Europe's inevitable reopening this summer. VIX is trading lower again this morning to \$17.15 after futures in the US moved higher overnight following the release of the Federal Reserve's March meeting minutes yesterday.

Currencies: The Dollar was quiet yesterday amid the release of the Fed minutes, having lost some ground so far this week, EUR/USD briefly touched 1.19 yesterday before pulling back slightly and trading flat this morning. Renewed Fed dovishness along with yields recently moving slightly lower in the US are both contributing factors to USD's weakness. Meanwhile, EUR/GBP has moved higher as fears mount over AstraZeneca's vaccine causing blood clots, a vaccine which has been very widely used so far in the UK. EUR/GBP traded above 0.8650 yesterday for the first time since early March.

Safe-havens: Gold is flat to marginally higher on Thursday, trading at \$1,743 as we write, and at a resistance point for the metal. Dollar weakness this week along with Treasury yields pulling back off their highs have both helped support gold. Silver is on a similar path this morning, slightly higher to \$25.28. Bonds are quiet so far today, German Bund traders will look to the ECB minutes today for any forward guidance on policy.

Looking ahead: Today is set to be quiet in terms of economic data, at 12:30 however we are due to see the release of the ECB's minutes from their latest meeting. Fed Chair Powell will speak at 5pm Irish time. Tomorrow will also be fairly quiet, with no major releases to come from Europe or the US, we will see Canada's monthly unemployment rate at 1:30pm.

Key Events to Watch

- 08/04/2021 - Fed Chair Powell speaks
- 09/04/2021 - Canada Unemployment Rate
- 13/04/2021 - US CPI Inflation
- 15/04/2021 - US Retail Sales

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,079	0.15%	8.62%
DAX	151,776	-0.24%	11.02%
EuroStoxx	3,956	-0.34%	11.81%
ISEQ	8,131	-0.27%	10.05%
FTSE	6,885	0.91%	6.96%
Nikkei 225	29,708	-0.07%	8.25%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1870	-0.04%	-2.73%
EUR/GBP	0.8640	0.61%	-3.34%
GBP/USD	1.3734	-0.64%	0.67%
USD/CHF	0.9294	-0.15%	4.90%
USD/JPY	109.84	0.09%	6.18%
EUR/JPY	130.38	0.05%	3.28%

Fixed Income	Value	Daily Change
US 10yr	1.679	0.021
US 2yr	0.155	-0.007
Bund 10yr	-0.318	-0.003
Irish 10yr	0.039	-0.016
Gilt 10yr	0.775	-0.023
JGB 10yr	0.096	0.002

Financial News Round Up

Fed Meeting Minutes

On Wednesday we saw the release of the Federal Reserve's latest set of meeting minutes, with markets reacting pretty favourably as the US central bank kept its broadly accommodative stance. While some central bankers at the Fed are becoming more vocal about the real possibility that the pandemic and all the subsequent policy action may push prices higher on a global scale, most viewed inflation as stable.

The minutes indicated that while Fed officials saw the US economy recovering quickly, there is still much more progress needed before low interest rates and the pace of asset purchases are altered.

Policymakers at the Fed acknowledged that the risks of inflation are "broadly balanced", but there was a split on the fear that prices could spike. "Several remarked that supply disruptions and strong demand could push up price inflation more than anticipated" the minutes reads, but "several participants commented that the factors that had contributed to low inflation during the previous expansion could again exert more downward pressure on inflation than expected" the minutes added.

Traders will now begin to look to the release of the ECB's March meeting minutes at 12:30pm today, and then to Fed Chair Powell this evening when he speaks about the global economy at an IMF virtual seminar.

US Corporation Tax

News emerged yesterday that the Biden administration has proposed a new model for taxing multinational corporations. This new proposal includes plans for the world's largest companies to pay levies to national governments based on their revenues in each nation as part of a deal on a global minimum tax.

The US Treasury circulated documents to 135 countries at the OECD in Paris this week, negotiating international taxation by laying out this new plan that would apply to the global profits of the very largest firms around the world, regardless of their sector or industry. Importantly, this would apply to large American tech companies who have a presence in Ireland and indeed anywhere outside the US.

Earlier this week, Minister for Finance Paschal Donohoe stated that he has "reservations" about a possible minimum global corporation tax rate, which had been originally proposed by the US. The Minister told a press conference that the case would have to be made for small and medium-sized economies to be allowed to keep using their tax systems in order to support their competitiveness.

ASOS

British online fashion retailer ASOS has this morning reported a 275% increase in its financial-H1 profit, driven of course by pandemic-led restrictions and the subsequent popularity in e-commerce. Adjusted pre-tax profits came in at £112.9m for the six-month period up to February 28th, up from just £30.1m this time last year. Sales rose at constant-currency to £1.98b, active customer base was 1.5 million higher to 24.9m. ASOS' shares, which are 18.5% higher YTD to £56.67, gained almost 42% in 2020 as shoppers were forced online and physical stores faced closures.