

Daily Update

Your daily market news, moves
and outlook



Friday, 9th of April

Markets Outlook

Equities: The main equity indices in Europe are flat to marginally lower, after a week of solid gains during which time Germany's DAX30 and the continent's EuroStoxx600 indices traded through their all-time highs. The VIX has traded 14-month lows this week after the IMF upgraded their global GDP forecast to 6% for 2021, up from their previous 5.5% expectations a few months ago.

Currencies: The Dollar has moved lower this week, EUR/USD, trading back above the 1.19 mark yesterday as the Fed this week showed no signs of changing its ultra-easy monetary policy any time soon. A more steady US 10yr Treasury yield over recent weeks has also weighed on the greenback somewhat. EUR/GBP is higher for the fourth consecutive session (to 0.8680) as the Pound is hurt by growing concerns about Britain's reliance on AstraZeneca's vaccine to continue its vaccination programme.

Safe-havens: Gold prices have been slightly stronger this week, the metal at \$1,744 this morning. We believe that gold will look to Treasury yields in the US for its near-term direction, the benchmark US 10yr has seen fairly steady sideways trade for a few weeks now, after it recently touched a one-year yield high of 1.75%.

Looking ahead: We are set for a quiet finish to the week in terms of economic data, Canada to release their monthly unemployment rate this afternoon. Looking to next week, the US will release their CPI inflation results next Tuesday, RBNZ rate decision will come on Wednesday, followed by US retail sales on Thursday and Chinese quarterly GDP in the early hours of Friday morning.

Key Events to Watch

09/04/2021 - Canada Unemployment Rate

13/04/2021 - US CPI Inflation

15/04/2021 - US Retail Sales

16/04/2021 - Chinese GDP

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,097	0.42%	9.08%
DAX	15,202	0.17%	10.82%
EuroStoxx	3,977	0.53%	11.97%
ISEQ	8,127	-0.05%	10.18%
FTSE	6,942	0.83%	7.46%
Nikkei 225	29,768	0.20%	8.47%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1912	0.35%	-2.60%
EUR/GBP	0.8672	0.37%	-2.60%
GBP/USD	1.3733	-0.01%	0.04%
USD/CHF	0.9247	-0.51%	4.42%
USD/JPY	109.24	-0.55%	6.05%
EUR/JPY	130.13	-0.19%	3.29%

Fixed Income	Value	Daily Change
US 10yr	1.626	-0.053
US 2yr	0.151	-0.004
Bund 10yr	-0.334	-0.016
Irish 10yr	0.030	-0.006
Gilt 10yr	0.750	-0.025
JGB 10yr	0.090	-0.005

Financial News Round Up

European House Prices

Over the past decade Irish house prices have risen in line with the European Union's average of 28.9%, according to figures published by Eurostat yesterday. These figures measured both rent and house price changes from 2010 up to the fourth quarter of last year, with rents in Ireland increasing by an alarming 61.8% over the same period. Ireland saw the third highest jump in rents out of 27 EU member states during this time, with the average rent increase coming in at just 14.9%.

Chinese Inflation

Overnight we saw China release its monthly Consumer Price Index (CPI) and Producer Price Index (PPI) for March, both of these inflation readings coming in above expectations for the region.

China's CPI, which measured activity for the 12-month period up until March-end vs one year prior, came in at 0.4% versus consensus 0.3% forecasts, while the PPI result, recording data over the same time period, was a robust 4.4% vs 3.6% forecasts and February's 1.7% result. This PPI result was the highest since August 2018, while the CPI is now at its highest level since back in November, after China last year fell from its February high of an elevated 5.4% CPI.

As the rollout of vaccines gathers some pace in major markets such as the US, demand for China's goods continues to rise, naturally placing upward pressure on prices for the world's biggest exporter.

We note that the IMF increased its growth forecast for China to 8.4% for 2021 this week, after the world's second largest economy became the only major one to expand during 2020.

Airbus

Airbus, the world's largest aircraft manufacturer, have this morning reported higher deliveries for the first quarter with 125 aircraft in total sold to airlines after a sharp increase in activity in March. The company also posted 39 gross orders, which includes a new deal for 20 of its A220 model to an undisclosed buyer.

Airbus' net orders, which are adjusted for cancellations, remain in negative territory for the first quarter. A total of minus 61 net orders was dictated by a Norwegian cancellation unveiled in the previous month.

Airbus' shares, with their forward P/E of 49 times, lost over 31% of their value during 2020 as restrictions were introduced and passenger numbers plummeted, followed by its 15% rally YTD to €103.46 in Paris. We remain on the sidelines with regard to Airbus stock and maintain Ryanair as our house view pick for the airline industry.