

Daily Update

Your daily market news, moves
and outlook



Friday, 16th of April

Markets Outlook

Equities: The main indices on the continent are between 0.40% and 0.80% higher on Friday morning, following a mixed session in Asia overnight and a broadly positive close on Wall Street last evening. The first few days of the Q1 earnings season have shown relatively strong results, next week will see large firms from all sectors report on both sides of the Atlantic. The VIX index is lower again today to \$16.65 in the States as futures trade flat this morning.

Currencies: Currency markets have seen quiet trade over recent days, EUR/USD resting at a key resistance point just below the 1.1980 mark after we've seen a slightly weaker Dollar over the past two weeks on the back of lower Treasury yields. EUR/GBP was marginally stronger this week and is currently just below 0.87.

Safe-havens: Gold is trading its highest prices since late February this morning, after gaining almost 2% on Thursday as real yields fell and hopes for higher inflation remain in the background. Silver has rallied this week on similar sentiment, up 0.30% today to \$26.04. The benchmark US 10yr saw a relatively strong bid yesterday, bringing yields as low as 1.528% on an intra-day basis for the first time in over a month as institutions look to close out some of their bond short positions.

Looking ahead: This afternoon looks set to be fairly quiet from an economic data point of view, the only release to note is the US' consumer sentiment figure at 3pm Irish time. Next week we will look to the ECB release on Thursday and monthly European PMI results on Friday. For earnings: later today we will see results from the likes of Bank of New York Mellon, Morgan Stanley, and State Street.

Key Events to Watch

21/04/2021 - UK CPI Inflation
21/04/2021 - BOC Rate Decision
22/04/2021 - ECB Rate Decision
23/04/2021 - European PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,170	1.11%	11.03%
DAX	15,255	0.30%	11.76%
EuroStoxx	3,993	0.43%	12.76%
ISEQ	8,028	-0.14%	9.50%
FTSE	6,983	0.63%	8.64%
Nikkei 225	29,683	0.14%	8.16%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1965	-0.11%	-1.93%
EUR/GBP	0.8677	-0.15%	-2.39%
GBP/USD	1.3786	0.06%	0.51%
USD/CHF	0.9226	0.02%	3.92%
USD/JPY	108.74	-0.16%	5.56%
EUR/JPY	130.11	-0.26%	3.50%

Fixed Income	Value	Daily Change
US 10yr	1.575	-0.060
US 2yr	0.161	-0.002
Bund 10yr	-0.293	-0.030
Irish 10yr	0.088	-0.048
Gilt 10yr	0.738	-0.068
JGB 10yr	0.086	0.007

Financial News Round Up

Chinese GDP

Overnight we saw the release of China's GDP result for the first quarter of the year, rising a whopping 18.3%, in line with analysts' expectations, versus the same period last year when the region faced widespread pandemic-related closures. This follows last quarter's 6.5% result and Q3's 4.9% for China, with the recent surge being driven by stronger demand both domestically and overseas, along with continued government support for smaller firms.

This 18.3% result is the highest reading for the data point since records began in 1992. China also saw robust retail sales results, increasing by over 34% year-on-year in March, coming in ahead of forecasts for just 28%. Factory output was 14% higher during last month, slowing from a 35% rally in the first two months of 2021 and lagging expectations for 17%.

Today's results come after China's economy grew by just 2.3% last year, its weakest expansion in 44 years although they were the only major global economy to remain in expansionary territory throughout the pandemic year.

KBC Ireland

News has emerged this morning that KBC Bank Ireland will leave the Irish market sometime in the near future, which also comes shortly after NatWest's decision to withdraw Ulster Bank from the Republic.

The bank is now reportedly in talks with Bank of Ireland about the possible sale of its performing loan assets and liabilities. We note that this potential deal of course remains subject to customary due diligence, further negotiation, and agreement of final terms as well as obtaining regulatory approvals.

"The decision announced by KBC is a very significant event for the Irish banking sector, its staff and customers. Our thoughts immediately turn to KBC's staff and the impact of this decision for them" said the Finance Minister Paschal Donohoe. "The news that discussions have commenced with Bank of Ireland regarding substantially all of the performing loan assets and liabilities is welcome" he added.

KBC, who first came to Ireland in 1978, currently have 1,260 employees and roughly 320,000 customers.

Grafton Group

Building materials trader Grafton Group has announced plans to appoint Rothschild & Co to review some of its traditional merchanting businesses in the UK. This review will focus on six of its businesses, the firm noting that it may or may not result in the sale of some or all of these businesses. Analysts have estimated these businesses to have revenue of about £1 billion and that a sale might bring in around £300 - £400m, with private equity a more likely buyer.

The London-listed shares, with their dividend yield of 1.3% at current levels and forward P/E of 18 times, are almost 2% lower today to £10.79 after gaining 6.4% last year and a further 17% YTD.