Daily Update

Your daily market news, moves and outlook

SEASPRAY PRIVATE
Wealth Management Solutions

Thursday, 27th of May

Markets Outlook

Equities: Stock markets in Europe are mixed but fairly quiet on Thursday morning, the main indices resting at the higher end of their month-long ranges. In Germany the DAX index is sitting just below its all-time high this morning despite trading 0.25% lower on the session so far. Similarly in the US, markets have been supported this week as Fed officials have hammered home their dovish stance and views that elevated inflation is temporary, S&P futures just 1.25% off all-time highs this morning. VIX at $17.88 at the time of writing.

Currencies: FX markets have remained quiet so far this week, we expect Dollar traders to look towards the data points due from the US today and tomorrow for some short term direction. EUR/USD has grinded higher in recent weeks as traders continue to sell the greenback as Fed officials have maintained their views on monetary policy. The world's most traded currency pairing is at 1.2215 on Thursday morning, and flirting with major resistance on higher time frames having not traded above 1.235 since 2018.

Safe-havens: Gold took a breather yesterday, after trading above the $1,900 mark, the metal is in its fourth consecutive week of gains as year-on-year inflation readings begin to spike and meanwhile central banks commit to pinning rates to zero for some time yet. Government bond yields on both sides of the Atlantic have moved lower this week on the back of dovish ECB and Fed comments, with rates in general unlikely to rise any time soon.

Looking ahead: The highlight of the day will come from the US at 1:30pm Irish time when they release quarterly GDP results, followed tomorrow by 'PCE' inflation data also from the States. This figure is the Federal Reserve's preferred measure of inflationary pressures and will be watched closely by traders. Looking to next week we will see Manufacturing PMIs from China, Germany, and the US, along with the US' Non-Farm Payrolls next Friday.

Key Events to Watch

27/05/2021 - US GDP
28/05/2021 - US PCE Inflation
31/05/2021 - Chinese Manufacturing PMI
01/06/2021 - US Manufacturing PMI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,195	0.19%	11.71%
DAX	15,450	-0.09%	12.25%
EuroStoxx	4,031	-0.11%	13.35%
ISEQ	8,244	0.58%	11.70%
FTSE	7,026	-0.04%	8.87%
Nikkei 225	28,549	-0.33%	4.03%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2190	-0.49%	-0.06%
EUR/GBP	0.8632	-0.25%	-3.20%
GBP/USD	1.4118	-0.23%	3.28%
USD/CHF	0.8979	0.29%	1.34%
USD/JPY	109.14	0.35%	5.67%
EUR/JPY	133.04	-0.14%	5.61%

Fixed Income	Value	Daily Change
US 10yr	1.581	0.021
US 2yr	0.148	0.003
Bund 10yr	-0.203	0.039
Irish 10yr	0.191	-0.049
Gilt 10yr	0.751	-0.039
JGB 10yr	0.072	0.005

Financial News Round Up

Glenveagh Properties

Irish house-builder Glenveagh has today announced that it is on track to deliver on its target of 1,150 homes this year, with all now having been sold, signed, or reserved. In our view, this is further evidence of the country's robust housing market, despite the uncertainties and volatility in risk assets over the past year.

"Our path to building 3,000 homes per year by 2024 is clear and we remain focused on delivering quality, sustainable homes that represent value for money for our customers" said chief executive Stephen Garvey.

In this latest update from the company, it confirmed that its construction activity fully resumed on April 12th after months of closures as a result of restrictions. Glenveagh stated that as a direct result of the catch-up in activity levels after construction has returned, it is now seeing inflation of roughly 5% on current tenders, which we believe will likely mostly impact its 2022 deliveries.

We note that Glenveagh also announced that it has added to its development land portfolio with eight new sites for €48 million and with the capacity for 1,900 new units.

Permanent TSB

News has emerged this morning that Permanent TSB will create 180 new jobs in Ireland as it looks to support its growth in a number of key areas. This news comes as the Irish bank starts to introduce new hybrid working arrangements for up to half of its existing workforce, allowing employees to work from home up to three days per week.

Permanent will open new offices in Greystones, Dundalk, Maynooth, and Douglas as part of this plan, with the firm's St Stephen's Green headquarters also seeing new revised working arrangements put in place.

We note that just six months ago, Permanent were announcing a redundancy programme which aimed to reduce its workforce by about 300 in an effort to cut costs.

The bank is currently in talks with Ulster Bank owner NatWest over the potential purchase of a significant portion of the Republic of Ireland business of the departing bank.

Vaccine News

Sanofi and GlaxoSmithKline have begun late-stage human trials for their Covid-19 vaccine candidate today, which the pharma giants are hoping to get approved before the end of the year. This is one of the first late stage trials which will combine tests for boosters and also new variants.

The firms were forced to restart their trials back in December when their original candidate showed a low immune response in older adults.

The Indian government has had several discussions with American vaccine-makers Pfizer, J&J, and Moderna, but unfortunately there are currently no applications for approval pending with its regulators.