

Daily Update

Your daily market news, moves
and outlook



Friday, 4th of June

Markets Outlook

Equities: Stock markets are flat to marginally lower on Friday morning in Europe, as traders sit on the sidelines ahead of the important data releases to come from the States this afternoon. Asia saw a mixed session overnight, with futures in the US broadly flat this morning, the VIX trades steady at 18.12 at the time of writing. Many growth names have lagged again over the past month, the tech-heavy Nasdaq index just 5% higher YTD vs the more value-oriented Dow Jones (+13% YTD) and the benchmark S&P 500 (+11.6%).

Currencies: The Dollar was on the rise yesterday and into this morning, after strong data from the States yesterday as the region's Services PMI came in better than expected as did some smaller employment data. EUR/USD and EUR/GBP weaker on Friday to 1.211 and 0.8575. Focus will shift to the data this afternoon and then to the ECB and Fed over the next couple of weeks.

Safe-havens: Gold sold off by almost 2% on Thursday, in what was its biggest daily loss for months. A pullback of some sort was always going to come in the metal at some point, which has traded consistently higher for over 2 months straight. Gold rests at \$1,872 this morning. Looking at bonds, Treasuries are flat on Friday morning, broadly in line with other asset class prices, with both US and European government bonds having seen sideways trade this week.

Looking ahead: All eyes will be on the Non-Farms Payroll data and the US Unemployment Rate to come at 1:30pm Irish time this afternoon, a significant beat or miss of expectations could end up being the talking point of the ECB and Fed meetings over the next couple of weeks. Quiet start to next week in terms of data releases, ECB rate decision next Thursday 10th along with the monthly US CPI inflation figure.

Key Events to Watch

04/06/2021 - ECB President Lagarde speaks

04/06/2021 - Fed Chair Powell speaks

04/06/2021 - US Non-Farm Payrolls

10/06/2021 - ECB Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,192	-0.36%	11.63%
DAX	15,632	0.19%	14.13%
EuroStoxx	4,079	-0.23%	14.96%
ISEQ	8,286	-0.26%	12.07%
FTSE	7,064	-0.61%	9.34%
Nikkei 225	28,941	-0.40%	5.46%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2124	-0.70%	-0.85%
EUR/GBP	0.8594	-0.24%	-3.84%
GBP/USD	1.4103	-0.46%	3.15%
USD/CHF	0.9034	0.65%	2.24%
USD/JPY	110.28	0.68%	6.72%
EUR/JPY	133.70	-0.03%	5.81%

Fixed Income	Value	Daily Change
US 10yr	1.625	0.036
US 2yr	0.158	0.012
Bund 10yr	-0.183	0.013
Irish 10yr	0.224	0.018
Gilt 10yr	0.832	0.031
JGB 10yr	0.083	0.001

Financial News Round Up

Datalex

Dublin-headquartered software developer Datalex has announced that it plans to raise €25 million (net €23.7m) by way of an equity offering at last night's closing price of €0.50. This new plan will see existing shareholders such as businessman Dermot Desmond buy back nearly €15 million of the firm's share, with an open offer among existing shareholders along with a share placing for outside investors.

The funds raised will be used to strengthen Datalex's balance sheet, and will replace their existing debt of roughly €16m with equity. Datalex will also now have the opportunity to raise working capital and improve its new suite of cloud-based products, which should lead to new revenue for the firm down the line. Datalex in addition has also secured a new €10m debt facility from its existing lender, which will of course give further flexibility and room for growth if required.

Economic Data Today

Markets in general have seen very quiet trade in recent sessions as investors turn towards the data releases which are due from the United States this afternoon, followed next week by the ECB rate statement and then the same from the Fed the following week.

Traders are awaiting the monthly Non-Farm Payrolls release and US unemployment rate, both due at 1:30pm Irish time today. For the NFP, 674,000 jobs are expected to be added versus 266,000 in April, and in terms of unemployment 5.9% is expected for the region vs the previous 6.1%. In addition, and of slightly less importance, average hourly earnings in the US is forecast to increase by 0.2% m/m vs April's 0.7% result, and by 1.6% y/y vs April's 0.3%.

This jobs report today may suggest whether the US economy has rebounded to an extent that might warrant a shift in monetary policy by the Federal Reserve. With their dual mandate of 2% inflation and low unemployment, central bankers will be watching today's data very closely.

Smurfit Kappa

Packaging group Smurfit Kappa has acquired Cartonones del Pacifico, a paper-based packaging firm in Peru, a move which will expand the group's reach across the Americas to 13 countries.

"The acquisition of Cartonones del Pacifico further expands our strategic reach and underscores our growing regional capability in Latin America" said CEO Tony Smurfit. "With a population of over 30 million, we are delighted to expand our footprint into Peru to help drive future growth".

News has also emerged this morning that the packaging entrepreneurs Dermot and Michael Smurfit have led the takeover of a New Zealand paper mill for an undisclosed price, saving the plant from closure and the loss of up to 170 jobs in the region.

According to the Irish Times, Dermot Smurfit, the main investor in a consortium that involves parties from New Zealand and elsewhere, stated that they plan to significantly increase production at Whakatane mill's two other lines of business: folding box board (a grade of packaging used for food) and carrier board (often used for beer packaging).