

Daily Update

Your daily market news, moves
and outlook



Thursday, 10th of June

Markets Outlook

Equities: European equities are between 0.20% and 0.30% lower this morning following a mixed session on Wednesday, as focus remains on the ECB announcement later today along with the US inflation data, consensus is for a moderation of inflationary pressures in the region. The VIX is marginally higher, trading up to \$17.90 as we write.

Currencies: The Dollar is marginally higher this morning, trading flat on the week so far in what has been a very quiet few days for FX markets as investors await further clarity from the ECB this week and then the Federal Reserve next Wednesday evening. For the Pound, tomorrow morning's monthly GDP result from the UK (expected at 2.4% vs last month's 2.1%) could potentially cause some intra-day volatility.

Safe-havens: Gold and silver are each roughly 0.70% lower on the session so far as traders take profit and wait for the data releases, the metals sitting at \$1,882 and \$27.79 respectively. The US 10yr bond traded its highest prices in a month yesterday, bringing its yield below the 1.5% round figure. Looking at European bonds, France and Germany's main 10-year bonds saw their lowest yields since late April as the overextended move to the upside in yields from February - April sees a pullback.

Looking ahead: This afternoon there will be two possible risk events for markets, many investors have been sitting on the sidelines all week in preparation for this afternoon's releases. At 12:45pm we will see the ECB's monetary policy statement with its quarterly economic projections. This will be followed at 1:30pm by ECB President Lagarde's press conference, at the same time we will also get the monthly US CPI inflation result.

Key Events to Watch

10/06/2021 - ECB Rate Decision

10/06/2021 - US CPI

11/06/2021 - UK GDP

11/06/2021 - US Consumer Sentiment

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,219	-0.18%	12.34%
DAX	15,581	-0.38%	13.23%
EuroStoxx	4,096	0.02%	15.15%
ISEQ	8,309	-0.35%	12.34%
FTSE	7,081	-0.20%	9.77%
Nikkei 225	28,958	0.34%	5.52%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2178	0.06%	-0.43%
EUR/GBP	0.8623	0.31%	-3.26%
GBP/USD	1.4118	-0.26%	2.95%
USD/CHF	0.8956	-0.11%	1.32%
USD/JPY	109.61	0.11%	6.11%
EUR/JPY	133.48	0.17%	5.64%

Fixed Income	Value	Daily Change
US 10yr	1.492	-0.046
US 2yr	0.156	0.002
Bund 10yr	-0.249	-0.025
Irish 10yr	0.164	-0.026
Gilt 10yr	0.731	-0.042
JGB 10yr	0.047	-0.007

Financial News Round Up

ECB Today

The European Central Bank, who are due to release their latest rate decision and monetary policy statement today at 12:45pm Irish time, are widely expected to maintain their generous flow of stimulus for the time being. We expect that policymakers in the region will continue to err on the side of caution even as growth surges across the EU and as each economy fully reopens. The 19-nation Eurozone has just emerged from a double-dip recession during 2020 and the beginning of 2021, and has of course relied heavily on central bank stimulus to endure during these unprecedented times.

We have seen comments from ECB officials recently that would suggest that a cut in bond purchases is almost completely off the cards at the bank's June meeting, even though policymakers will likely acknowledge an improvement in growth prospects for the region.

ECB policymakers have continuously alluded to the fact that the Eurozone will most likely require another full year to grow back to its pre-pandemic level and this quarter's inflation rises are due to a reversal of the energy price drop this time last year.

Biden-Johnson Talks

US President Joe Biden is set to meet UK Prime Minister Boris Johnson today in person for the first time, ahead of the G7 Summit which is due to occur this weekend in England. Hopes for a new US-UK 'Atlantic Charter', a document that originally set out post-war goals for democracy, trade, and opportunity and was first signed in 1941, have been undermined by deep concerns over the post-Brexit situation in Northern Ireland.

The Biden administration have expressed their concerns over the matter, with the US' most senior diplomat in Britain a number of weeks ago warning the UK to stop inflaming tensions in the North, with regard to new Brexit trading rules.

The EU is reportedly threatening trade sanctions, according to the Financial Times, if Johnson decides to unilaterally break promises he made regarding Northern Ireland. The G7 Summit this weekend will potentially have some difficult encounters, as leaders from France, Italy, Germany, and the European Union itself will be present. Pressure on the UK has been building from both sides, as the US "strongly urged" Johnson to come to a "negotiated settlement", even if it has to make "unpopular compromises" in the process of doing so.

Irish Housing

The Banking and Payments Federation of Ireland (BPFi) has stated that a shortage of housing supply in the Republic along with increasing construction costs is likely to worsen property affordability issues even more in the coming years. The Federation said that while supply is beginning to pick up slightly, it will still be at least 2024 before it comes close to meeting demand.

"Recent supply shortages in construction materials due to the pandemic as well as Brexit have caused significant increases in input prices" said Brian Hayes, chief executive of the BPFi.