

Daily Update

Your daily market news, moves
and outlook



Friday, 11th of June

Markets Outlook

Equities: Stock markets in Europe are looking to finish the week in a mixed fashion, seeing very low volatility throughout the week despite yesterday's elevated inflation reading in the United States. DAX and EuroStoxx50 indices are slightly higher this morning, as inflation fears subside and bond yields fell yesterday in the US and across Europe. The upgraded ECB economic projections yesterday helped risk sentiment, the central bank now expecting 4.6% GDP this year and an average of 1.9% inflation, while also pledging a steady flow of stimulus for now. VIX is well under control around the \$16 mark this morning in the States.

Currencies: The Dollar is looking to finish the week flat, broadly in line with most of the main asset classes, as volatility and volumes remain low. The next risk event for the currency will likely come from the Federal Reserve next Wednesday. EUR/USD at 1.216 and GBP/USD at 1.415 this morning.

Safe-havens: Gold markets have been broadly flat this week, in line with FX, the precious metal taking a breather just below \$1,900 after a stellar couple of months. Bond yields across the board were driven lower by a dovish ECB yesterday, which said it will continue the current pace of asset purchases during the summer. US 10yr at 1.44%, German 10yr at -0.28%.

Looking ahead: This afternoon will be quieter in terms of data releases, US consumer sentiment the only figure to note. Today is also day 1 of 3 for the G7 meetings in England. Looking to next week, US PPI inflation release will come on Tuesday along with monthly retail sales results from the region. The UK and Canada will see CPI inflation readings come on Wednesday, with the highlight of the week to come in the form of the Fed monetary policy decision on Wednesday evening.

Key Events to Watch

11/06/2021 - US Consumer Sentiment

11/06/2021 - G7 Meetings

15/06/2021 - US Retail Sales

16/06/2021 - Fed Rate Decision

Market Moves

| Equity Indices | Value | Daily Change | YTD Change |
|----------------|--------|--------------|------------|
| S&P 500 | 4,239 | 0.47% | 12.86% |
| DAX | 15,571 | -0.06% | 13.37% |
| EuroStoxx | 4,096 | -0.02% | 15.39% |
| ISEQ | 8,299 | -0.13% | 12.81% |
| FTSE | 7,088 | 0.10% | 10.15% |
| Nikkei 225 | 28,948 | -0.03% | 5.48% |

| FX | Value | Daily Change | YTD Change |
|---------|--------|--------------|------------|
| EUR/USD | 1.2169 | -0.07% | -0.26% |
| EUR/GBP | 0.8582 | -0.48% | -3.70% |
| GBP/USD | 1.4173 | 0.39% | 3.58% |
| USD/CHF | 0.8943 | -0.15% | 1.04% |
| USD/JPY | 109.31 | -0.27% | 6.04% |
| EUR/JPY | 133.02 | -0.34% | 5.76% |

| Fixed Income | Value | Daily Change |
|--------------|--------|--------------|
| US 10yr | 1.437 | -0.055 |
| US 2yr | 0.147 | -0.010 |
| Bund 10yr | -0.259 | -0.010 |
| Irish 10yr | 0.156 | -0.008 |
| Gilt 10yr | 0.754 | 0.020 |
| JGB 10yr | 0.037 | 0.000 |

Financial News Round Up

G7 This Weekend

Leaders of the G7 nations have kicked off proceedings this morning in southern England in what is set to be a three-day summit. A pledge to provide 1 billion vaccine doses to poorer countries is expected to be announced over the weekend, as part of a larger plan to "vaccinate the world" by the end of 2022. This move is likely also in an attempt to counter the "vaccine diplomacy" by China and Russia, who have been quick to sell their doses to developing countries.

It follows a move by US President Joe Biden yesterday, when he pledged to provide 500 million doses from the United States to developing nations. This will involve 200m doses this year followed by the rest in early 2022. Britain is now set to donate 100 million doses, with the European Union due to make its offer later today, along with plans to build vaccine factories in Africa.

ECB Yesterday

On Thursday we saw the release of the European Central Bank's latest monetary policy statement, with markets reacting well and volatility remaining very low as no surprises came about during either the initial release or the press conference held by ECB President Christine Lagarde.

The bank disappointed some market participants when it made no changes to its language with regard to asset purchasing, stating that purchases will be conducted "at a significantly higher pace than during the first months of the year", fearing that any retreat in its currently elevated flow of stimulus would accelerate an already worrisome rise in borrowing costs and choke off the still-early-stage recovery.

Importantly, the ECB upgraded its main economic projections for the second time this year, as vaccine rollouts speed up across the continent and individual economies look to reopen. The central bank is now forecasting Eurozone GDP to expand by 4.6% this year and 4.7% next year, versus its March expectations for 4% and 4.1%. Inflation is now estimated to come in at an average of 1.9% this year, versus previous 1.5% expectations, and 1.5% in 2022 versus 1.2% previous forecasts.

UK GDP

UK GDP for the month of April came in this morning at a 2.3% result versus forecasts for 2.4% and March's 2.1%. This is the region's strongest result since last July, according to the Office for National Statistics.

Output was a record 27.6% higher than one year prior in the UK, with today's results showing rapid growth in the nation's services sector as non-essential retail and hospitality reopened for the first time in months.