

Daily Update

Your daily market news, moves
and outlook



Monday, 14th of June

Markets Outlook

Equities: Stock markets have opened higher across the continent this morning, Germany's DAX 30 index opening at its all-time high. Investors continue to bet on global central banks sticking to an accommodative stance on monetary policy even as the post-pandemic economic recovery gathers pace. Futures in the US are flat to marginally higher on Monday morning as the VIX trades around \$16.10. We expect low volatility ahead of the Federal Reserve's release this Wednesday evening.

Currencies: Traders are showing caution with regard to the Dollar ahead of the Fed meeting tomorrow and on Wednesday, after the greenback saw some gains last week on the back of 5% y/y CPI inflation results out of the United States. Sterling is on the back foot this morning, down 0.15% against USD to 1.4085, EUR/GBP a quarter of a percent stronger to 0.86.

Safe-havens: Gold has pulled back somewhat over the past couple of weeks, down 1% this morning to below \$1,860. One possible accelerator of this move was Bitcoin's +10% move yesterday on the back of an Elon Musk tweet, potentially drawing some capital and attention away from precious metals, for now. Looking at bonds, yields are moving lower again this morning in Europe, the region's benchmark 10yr German Bund yielding -0.27% after the bond itself last week saw its highest levels since late April.

Key Events to Watch

15/06/2021 - US Retail Sales
15/06/2021 - US PPI
16/06/2021 - UK CPI
16/06/2021 - Fed Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,247	0.19%	13.08%
DAX	15,693	0.78%	14.94%
EuroStoxx	4,126	0.75%	16.75%
ISEQ	8,335	0.44%	13.11%
FTSE	7,134	0.65%	10.98%
Nikkei 225	29,161	0.74%	6.26%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2106	-0.52%	-0.79%
EUR/GBP	0.8580	-0.02%	-3.72%
GBP/USD	1.4106	-0.47%	3.09%
USD/CHF	0.8979	0.40%	1.56%
USD/JPY	109.65	0.31%	6.25%
EUR/JPY	132.74	-0.21%	5.41%

Fixed Income	Value	Daily Change
US 10yr	1.454	0.017
US 2yr	0.149	0.021
Bund 10yr	-0.269	-0.022
Irish 10yr	0.139	-0.017
Gilt 10yr	0.710	-0.038
JGB 10yr	0.034	0.000

Financial News Round Up

The Week Ahead

In terms of data, we expect the week to be dominated by the Federal Reserve's release due on Wednesday evening, the central bank's statement and Jerome Powell's press conference are set to help clarify the path forward for monetary policy as investors contemplate the chances of sustained higher inflation.

Monday is set to be very quiet on the data front, at 1:30pm on Tuesday we will see the release of monthly retail sales and Producer Price Index (PPI) inflation data from the United States, followed by US industrial production later that afternoon. On Wednesday we will get the UK's latest Consumer Price Index (CPI) reading, expected to come in at 1.8% y/y for the period up to the end of May, followed by the same from Canada during the afternoon.

At 7pm Irish time on Wednesday the Federal Reserve will release their rate decision and monetary policy statement after what will have been a two-day meeting for the policymakers in the US. Between the statement itself and Chairman Powell's press conference the focal points for investors will likely be around commentary about the strength of the US' economic recovery, along with any remarks that may hint at the tapering of QE somewhere down the line this year or next. At present, the central bank is conducting asset purchases at a rate of \$120 billion per month.

On Thursday the Swiss National Bank will release their latest rate decision, with no changes expected at a main interest rate of -0.75%. The Bank of Japan will do the same in the early hours of Friday morning, Japan's main policy rate sitting at -0.10% currently. We will also see monthly UK retail sales due on Friday morning.

Construction in Ireland

According to Ulster Bank's latest Purchasing Managers' Index (PMI) reading, activity in Ireland's construction sector expanded last month for the first time in 2021. The reading came in at a robust 66.4, after April's contractionary 49.3 result, indicating the fastest pace of recovery in activity since around this time 5 years ago. Looking closer, all three of the metric's subsectors saw strong gains: housing, civil engineering, and commercial projects.

"A new survey high was also registered in the New Orders index, with firms reporting that rapid growth in new business was underpinned by the lifting of restrictions and the associated release of pent-up demand" said Simon Barry, chief economist at the bank, "In turn, the much-improved prospects for demand are leading firms to increase their hiring activity, with the survey's employment index pointing to the fastest pace of job creation in over two years." he went on to add.