

# Daily Update

Your daily market news, moves  
and outlook



Tuesday, 15th of June

## Markets Outlook

**Equities:** Stock markets across the continent have opened higher again on Tuesday morning after a mixed session in Asia overnight. The DAX and EuroStoxx50 indices are roughly half a percent higher as optimism around a speedy economic recovery in Europe this summer lifts industrial stocks, tech shares in Europe are tracking an overnight jump in their US peers. Markets will likely show low volatility this evening and into tomorrow as traders sit on the sideline ahead of the Fed release. VIX at \$16.37 at the time of writing.

**Currencies:** The Dollar is marginally lower on the week so far, ahead of the latest two-day meeting of the Fed. Tomorrow's US central bank release could well set the tone for the Dollar over the next few weeks. We expect Fed caution will likely prevail and the greenback may lose some support. EUR/USD at 1.213. Dollar Index trading at 90.42.

**Safe-havens:** Gold markets recovered some of their early losses yesterday during the US session, closing -0.7% lower and trading flat this morning at \$1,865. Looking at yields, US 10yr moves higher yesterday to touch the 1.5% mark before pulling back slightly. Similarly, bond yields in Europe have moved higher on the week so far, Germany and France's main 10yr's at -0.26% and 0.12% respectively.

**Looking ahead:** This afternoon we will see the Bank of England Governor Andrew Bailey speaking at 1:15pm, followed at 1:30pm by the release of monthly US retail sales and Producer Price Index (PPI) data. Attention will begin to shift towards tomorrow evening's Federal Reserve release, due to come at 7pm Irish time.

## 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	4,255	0.18%	13.29%
DAX	15,673	-0.13%	14.91%
EuroStoxx	4,132	0.14%	16.95%
ISEQ	8,257	-0.93%	11.72%
FTSE	7,146	0.18%	10.95%
Nikkei 225	29,441	0.96%	7.28%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2118	0.07%	-0.59%
EUR/GBP	0.8586	0.10%	-3.65%
GBP/USD	1.4112	-0.04%	3.20%
USD/CHF	0.8998	0.22%	1.43%
USD/JPY	110.06	0.32%	6.59%
EUR/JPY	133.36	0.39%	5.95%

Fixed Income	Value	Daily Change
US 10yr	1.497	0.037
US 2yr	0.161	0.011
Bund 10yr	-0.250	0.019
Irish 10yr	0.172	0.033
Gilt 10yr	0.734	0.028
JGB 10yr	0.042	0.001

## Financial News Round Up

### Airbus-Boeing Trade Dispute

News has emerged that the EU and US are poised to resolve the 17-year dispute that has occurred over aircraft subsidies, alleviating the threat of billions of dollars of potential further tariffs on their respective economies. A new deal would either end or at least pause the world's largest corporate trade dispute, and would give relief to a number of other smaller industries that have been affected by the recent tariff wars, which were suspended in March.

Officials and diplomats reported yesterday that the G7 negotiations over the weekend had left the European Union and the Biden administration on the brink of announcing a deal on subsidy rules for Airbus and Boeing. The breakthrough is likely to be finalised today, sources have said, at Joe Biden's first EU-US Summit meeting in Brussels.

The deal, which is reportedly likely to take the form of a multi-year pact on subsidy limits, would undoubtedly lift a cloud of uncertainty hanging over the already struggling airline industry while also removing the threat that US and EU consumer goods could once again be hit with fresh tariffs as a result of the dispute.

### Federal Reserve Preview

At 19:00 Irish time tomorrow we will see the release of the Federal Reserve's June rate decision and monetary policy statement, after what will have been a two-day meeting for officials at the US central bank. This will of course be followed by the Fed Chair Jerome Powell's usual press conference at 19:30, investors will be paying close attention to any hints Powell may give on whether the central bank is beginning to acknowledge that inflation may not be as transitory as it once thought.

No change is expected tomorrow to the Federal funds target rate range of 0% - 0.25%, nor the \$120 billion per month of asset purchases, which is currently split between \$80b worth of Treasuries and \$40b of agency mortgage-backed securities. What are more likely to change at this meeting are the Fed's updated economic projections (released quarterly), including the so-called dot-plot chart which will indicate where policymakers see the fed funds rate in the years ahead. With US inflation readings at multi-year highs and in some cases multi-decade highs, the central bank may be a little more balanced on their assessment surrounding inflation risks as they were at the March and April meetings.

### Emirates

State-owned airline Emirates has stated that Dubai is committed to supporting it through the ongoing pandemic, after the firm announced its first annual loss in over 30 years. The Government of Dubai has placed \$3.1b into the airline since the start of the pandemic.

Emirates made an equivalent \$5.52b loss for its fiscal year, as revenues fell by over 66% and passenger traffic was a concerning 88% lower.

"No one knows when the pandemic will be over, but we know recovery will be patchy" said Emirates Chairman Ahmed bin Saeed Al Maktoum in a statement today.