

Daily Update

Your daily market news, moves
and outlook



Tuesday, 22nd of June

Markets Outlook

Equities: European indices are roughly 0.4% to 0.5% lower on Tuesday morning, after yesterday making up much of Friday's losses as investors seemingly focused on prospects for post-pandemic economic growth rather than worry more about the Fed's move last week. Futures are slightly lower on Wall Street this morning, bringing the VIX marginally higher on the session to \$18.30.

Currencies: The Dollar has stabilized this morning, after handing back a small portion of the previous week's gains yesterday, as traders await Powell's testimony this evening. EUR/USD sits around the 1.19 mark on Tuesday morning, having moved down from 1.2150 last week on the back of Federal Reserve hawkishness after a relatively dovish and accommodative ECB the prior week.

Safe-havens: Gold markets are slightly lower on Tuesday, having recovered some of last week's losses yesterday, the metal is trading around \$1,780 this morning. Silver is trading at the middle of its 10-month range after last week's sell-off, at \$25.93. Looking at yields, the main bond markets are broadly unchanged, as investors await further clarity from Powell tonight and PMI figures tomorrow. German 10yr at -0.173%, US 10yr at 1.48%.

Looking ahead: This afternoon will be quiet in terms of actual economic data points. We will however hear from Fed Chair Jerome Powell at 7pm Irish time, while Powell may not give any hints with regard to monetary policy and the Fed's forward guidance, market participants will no doubt watch his speech closely. Tomorrow we will get the release of June's Services and Manufacturing PMIs from Europe and then the US in the afternoon.

Key Events to Watch

22/06/2021 - Fed Chair Powell speaks

23/06/2021 - European & US PMIs

24/06/2021 - BOE Rate Decision

25/06/2021 - US PCE inflation index

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,224	1.40%	12.48%
DAX	15,603	1.00%	13.60%
EuroStoxx	4,112	0.71%	15.59%
ISEQ	8,162	0.91%	10.87%
FTSE	7,062	0.64%	9.65%
Nikkei 225	28,884	3.12%	5.25%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1912	0.35%	-2.51%
EUR/GBP	0.8554	-0.44%	-4.02%
GBP/USD	1.3924	0.78%	1.59%
USD/CHF	0.9187	-0.42%	3.84%
USD/JPY	110.38	0.15%	6.95%
EUR/JPY	131.47	0.50%	4.27%

Fixed Income	Value	Daily Change
US 10yr	1.495	0.054
US 2yr	0.256	-0.008
Bund 10yr	-0.173	0.029
Irish 10yr	0.197	0.006
Gilt 10yr	0.765	0.008
JGB 10yr	0.052	0.001

Financial News Round Up

Fed Comments

Ahead of Jerome Powell's testimony tonight in front of the House Select Subcommittee on the Coronavirus Crisis, the Fed Chair has written in his pre-speech statement that while inflation has picked up it should move back toward the central bank's 2% target once supply imbalances resolve. "As these transitory supply effects abate, inflation is expected to drop back toward our longer-run goal" he said. "Job gains should pick up in coming months as vaccinations rise, easing some of the pandemic-related factors currently weighing them down" Powell went on to add.

Markets have been quick to react to comments from Federal Reserve officials since last Wednesday's monetary policy release, with risk assets across the globe selling off relatively sharply on Friday after the St Louis Fed President James Bullard said interest rates may need to rise next year to dampen down possible heightened inflation. These comments of course coming after the Fed last week updated its median forecast for its first rate hikes to come in 2023.

Yesterday we saw stock markets rebound somewhat and make up much of last week's losses as John Williams, President of the Federal Reserve Bank of New York, said that the US economy was not yet ready for the central bank to start pulling back its massive monetary support, despite the general outlook recently becoming rosier.

"It's clear that the economy is improving at a rapid rate, and the medium-term outlook is very good" Williams said, "But the data and conditions have not progressed enough for the Federal Open Market Committee to shift its monetary policy stance of strong support for the economic recovery."

Irish Consumer Confidence

According to KBC Ireland's consumer sentiment index, confidence is at a two-year high in the nation, with the monthly figure coming in at 87.2 for June. This is slightly stronger than May's 85.8 result, and brings Ireland back above its 25-year average of 86.8 - "It could be argued that sentiment has now normalised" said Austin Hughes, chief economist at KBC Ireland.

"This is further suggested by the fact that June marks the fifth successive monthly increase in the KBC Bank consumer sentiment index - the first time that has happened since the beginning of 2007" he went on to add.

Kingspan

Kingspan shares have jumped by 4.5% this morning to €80.52 in Dublin after the release of the building materials company's latest trading update. Kingspan now expects €2.9 billion in revenue for the first 6 months of the year, up from €2.07 this time last year. Trading profit is also expected to increase, up to roughly €315m from €200m one year prior. Kingspan also confirmed today that it has completed its purchase of Logstor International Holding for €253m, with no major changes to the terms originally announced back in March.