

Daily Update

Your daily market news, moves
and outlook



Wednesday, 30th of June

Markets Outlook

Equities: European stock markets have seen a lower start to the last session of the first half of the year, after a quiet finish to trade on Wall Street and then in Asia overnight. The benchmark EuroStoxx50 index is roughly 1% lower on Wednesday as it heads for last week's lows, as concerns remain over the Delta variant spreading across the continent. We note that the tech-heavy Nasdaq traded through another record high on Tuesday, rallying as the Delta variant creates a déjà vu feeling of pandemic related economic uncertainty. VIX is slightly higher to \$16.85 today.

Currencies: A generally quiet macro schedule has meant that FX volatility has remained low so far this week, the Dollar slowly grinding higher again this morning bringing EUR/USD and GBP/USD to 1.1885 and 1.3835 respectively. This move has come as Covid cases pick up in certain parts of Asia once again, along with the UK. This Friday's NFP reading from the US could be a risk event for the Dollar.

Safe-havens: Bond yields are grinding lower on Wednesday after a mixed session yesterday, bond volatility remains very subdued however as no real catalysts affect trade for now. Similar to other markets, we could see some bond movement following this Friday's data.

Looking ahead: This afternoon will be relatively quiet on the data front, Canada are due to release their monthly GDP result, we will also see the US' weekly crude oil inventory numbers. Looking ahead, tomorrow morning we will see Christine Lagarde speaking, the ECB President then due to speak again on Friday afternoon. Thursday will see Manufacturing PMI readings come from Germany and the US, with the likely highlight for markets coming from the US on Friday in the form of Non-Farm Payrolls monthly results.

Key Events to Watch

01 & 02/06/2021 - ECB President Lagarde speaks
01/06/2021 - BOE Governor Bailey speaks
01/06/2021 - US ISM Manufacturing PMI
02/07/2021 - US Non-Farm Payrolls

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,291	0.03%	14.26%
DAX	15,690	0.88%	14.07%
EuroStoxx	4,107	0.43%	15.35%
ISEQ	8,234	0.55%	11.51%
FTSE	7,087	0.21%	9.50%
Nikkei 225	28,791	-0.07%	4.91%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1901	-0.20%	-2.60%
EUR/GBP	0.8598	0.15%	-3.62%
GBP/USD	1.3841	-0.31%	1.10%
USD/CHF	0.9209	0.18%	4.19%
USD/JPY	110.54	-0.08%	7.06%
EUR/JPY	131.54	-0.27%	4.27%

Fixed Income	Value	Daily Change
US 10yr	1.475	-0.007
US 2yr	0.254	-0.002
Bund 10yr	-0.173	0.013
Irish 10yr	0.197	-0.005
Gilt 10yr	0.734	0.011
JGB 10yr	0.052	-0.011

Financial News Round Up

US Jobs Data

Market participants seemingly have one eye on this Friday's jobs data to come from the United States, as volatility remains low across multiple asset classes over recent trading sessions. On Friday at 1:30pm Irish time we are due to get the release of the US' monthly Non-Farm Payroll (NFP) reading, which records the change in the number of employed Americans during the previous month excluding the farming industry, along with the US monthly Unemployment Rate. These figures are usually released on the first Friday of the new month.

The NFP for June is expected to come in at 700k, versus the previous 559k which came in below its 645k expectations. Looking to the region's unemployment rate, 5.6% is expected for June vs May's 5.8%. While this would be another small step in the right direction, we note that the Bureau of Labor Statistics in the States recently reported 9.3 million unemployed Americans at the end of May. That figure is still almost double the rate that we saw pre-pandemic for the world's largest economy.

We will be paying close attention to Friday's figures, as the Federal Reserve has a dual mandate of low unemployment along with an average of 2% inflation. One possible outcome over the next few months could be that the US experiences sustained higher levels of inflation above 2% along with a still slack labour market. This scenario may back the Fed into a corner with increased inflation on one side and lingering high levels of unemployment on the other.

We will be constantly monitoring situations like these and communicating to clients via our daily and larger monthly publications.

Provident

Personal loan provider Provident Financial has announced it plans to write off its debts to all remaining Irish borrowers, as it withdraws from the market here. This is thought to be the first wholesale writing-off of the debts of all its customers by a financial institution in the country, and in fact comes from one of the largest moneylenders in Ireland.

In the unprecedented move Provident have also stated that it will update customers' credit records to show that their balances have been cleared.

"We stopped collecting payments at 9:30am on June 28th. Any remaining balance you have after that date is now paid off. There are no more repayments to make to your agent or Provident. This is because our loans business closes in Ireland on July 1st." the statement read.