

Daily Update

Your daily market news, moves
and outlook



Monday, 5th of July

Markets Outlook

Equities: European stock markets are continuing to rest below their all-time highs as some virus concerns persist around the continent, the benchmark EuroStoxx50 sitting 2.5% below its record high to start off the week. London's FTSE100 index is marginally lower this morning, trading roughly 10% higher YTD vs Europe's 14%, as the UK's 7-day Covid case average hits 24k for the first time since late January. US markets will remain shut today for the 4th of July bank holiday long weekend. The VIX trades around \$15.10 on Monday.

Currencies: FX markets are seeing very quiet trade on this morning's open and will likely see very low volatility as the day goes on, as American traders are away from their desks until Tuesday. Dollar traders will begin to look to Wednesday's FOMC meeting minutes release for any information that was not released during the official Fed statement last month. The greenback strengthened last week, bringing EUR/USD as low as 1.18 and GBP/USD as low as 1.373 temporarily, on rising expectations of an early move by the Fed to normalize monetary policy given surging inflation and reasonably strong US employment data.

Safe-havens: Gold is climbing again on Monday, up about half a percent to \$1,793 at the time of writing and approaching its highest prices since mid-June. We expect gold markets to remain quiet today as the Dollar stays in its tight range and volumes are majorly reduced in the US this afternoon. Silver is trading at the middle of its year-long range at \$26.73, moving higher along with gold today. Bond yields are remaining subdued to start the week off, the MOVE bond volatility index traded lower last week to \$52.41.

Key Events to Watch

06/07/2021 - RBA Rate Decision
06/07/2021 - US 'ISM Services PMI'
07/07/2021 - EU Economic Forecasts
07/07/2021 - Fed Meeting Minutes

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,352	0.75%	15.87%
DAX	15,650	0.30%	13.80%
EuroStoxx50	4,084	0.13%	14.72%
ISEQ	8,317	0.32%	12.56%
FTSE	7,123	-0.03%	10.32%
Nikkei 225	28,598	-0.64%	4.20%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1864	0.14%	-2.94%
EUR/GBP	0.8582	-0.26%	-4.02%
GBP/USD	1.3821	0.39%	1.17%
USD/CHF	0.9206	-0.50%	4.29%
USD/JPY	111.04	-0.41%	7.56%
EUR/JPY	131.69	-0.33%	4.39%

Fixed Income	Value	Daily Change
US 10yr	1.431	-0.028
US 2yr	0.237	-0.017
Bund 10yr	-0.240	-0.040
Irish 10yr	0.139	-0.032
Gilt 10yr	0.704	-0.027
JGB 10yr	0.036	-0.007

Financial News Round Up

The Week Ahead

We are due for a fairly quiet start to the week as the US remains shut for its 4th of July bank holiday weekend, volumes and volatility will most likely remain subdued for the remainder of the day across all markets, barring any unexpected news. Today OPEC+ nations will continue their energy discussions from last week.

In the early hours of Tuesday morning the Reserve Bank of Australia will release their latest rate decision and monetary policy statement, with no changes expected at all. We are also due to get the release of Eurozone economic sentiment data tomorrow morning and some Services PMI data from the United States in the afternoon, the sector has seen robust expansion over recent months.

Moving forward, there will be new EU quarterly economic forecasts due on Wednesday, followed in the evening by the Fed's June meeting minutes and then on Thursday by the ECB's meeting minutes. Both of these central bank releases will be in focus for market participants on all time frames.

Friday will see the UK's monthly GDP result before market open in London, ECB President Christine Lagarde will be speaking throughout Friday morning, and Canada will then release its unemployment rate after lunch.

OPEC Meetings

Oil prices move higher yet again on Monday morning as investors await crucial talks today by OPEC+ nations (Organisation of the Petroleum Exporting Countries plus their allies) following disagreements over output which could potentially lead to major producers increasing volumes in attempts to grab market share. WTI Crude is roughly half a percent higher to \$75.45 as we write, Brent Crude trading at \$76.50.

The group voted last week to up its production levels by about 2 million barrels per day from August to December of this year and to extend remaining output cuts to the end of 2022, but objections from the United Arab Emirates prevented an agreement. National interests have been increasingly diverging as of late, which is of course impacting OPEC+ policy as oil importers look for more crude as their economies recover from the pandemic.

Irish Services

According to AIB's Services PMI reading for Ireland, activity increased last month but cost pressures continued to intensify for firms as input price inflation reached its highest point in 13 years. The June Services PMI came in at 63.1, up from May's 62.1 and marking its highest level for the last 5 years.

"Cost pressures continue to intensify, with input price inflation hitting its highest level since 2008 on a broad range of price rises. prices charged to customers increased at a more moderate pace, pointing to a continuing margin squeeze in the sector" said AIB's chief economist Oliver Mangan. He went on to add that firms in each of the four sub-sectors are optimistic on their 12-month outlooks, as the Future Activity Index hits its highest level since September 2017.