

Daily Update

Your daily market news, moves
and outlook



Tuesday, 3rd of August 2021

Markets Outlook

Equities: European stock markets are opening slightly weaker with declines in technology stocks and worries over the global spread of the Delta variant of the coronavirus keeping European stocks under pressure on Tuesday, despite encouraging earnings update from companies, including oil major BP and carmaker Stellantis. Chinese stocks continue to underperform on the back of government interference in the market. The VIX is slightly lower this morning to \$19.00.

Currencies: The dollar was on the back foot against the safe-haven yen and Swiss franc on Tuesday after soft U.S. manufacturing data and rising concerns about the coronavirus Delta variant prompted traders to wind back bets on a strong economic recovery. The euro was subdued at \$1.1880, having lost a bit of momentum after hitting a one-month high of \$1.1909 on Friday while sterling slipped to \$1.3889 from Friday's one-month high of \$1.39835.

Safe-havens: Gold was down on Tuesday morning in Asia, with investors awaiting the latest U.S. jobs report to predict the U.S. Federal Reserve's next policy move. Gold futures were down 0.49% to \$1,813.35. Investors had been somewhat appeased by Fed Chairman Jerome Powell's insistence that interest rate hikes were a "ways away" as the Fed handed down its latest policy decision during the previous week, liftings the yellow metal to a two-week peak.

Looking ahead: The earnings reports continue this week with Soc Gen, Stan Chart, BP and Stellantis reporting and in the US UBER Tech, CVS health and Beyond Meat all reporting.

Key Events to Watch

4/08/2021- German/French final services PMI

04/08/2021- US Final services PMI

05/08/2021 - BOE Rate Decision

05/08/2021- ECB Economic Bulletin

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,387	-0.19%	16.80%
DAX	15,531	-0.22%	13.23%
EuroStoxx50	4,107	-0.18%	15.68%
ISEQ	8,354	0.00%	10.92%
FTSE	7,070	-0.13%	9.40%
Nikkei 225	27,641	-0.50%	0.72%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1875	0.07%	-2.78%
EUR/GBP	0.8542	-0.06%	-4.32%
GBP/USD	1.3902	0.17%	1.65%
USD/CHF	0.9052	-0.02%	2.28%
USD/JPY	109.12	-0.15%	5.71%
EUR/JPY	129.58	-0.08%	2.78%

Fixed Income	Value	Daily Change
US 10yr	1.181	0.008
US 2yr	0.178	0.002
Bund 10yr	-0.480	-0.002
Irish 10yr	-0.091	-0.006
Gilt 10yr	0.527	0.004
JGB 10yr	0.007	-0.008

Financial News Round Up

BOI

Bank of Ireland returned to making profits when it announced today a first half pre-tax profit of €465 million for the first half of this year, as its total income rose and loan loss charge fell. The bank's loan impairment charge for the period came to €1 million, down from €937 million for the same period last year, when the bank set aside money to cover expected loan losses from Covid-19. The lower charge for this year "reflects the improved economic outlook and muted loan loss experience in the period", it said as it reported interim results on Tuesday. Total income rose 14 per cent in the six months to June and the bank forecast that it will increase by 5 per cent in the second half on the back of higher interest and business income. The Bank also said its capital reserves are sufficient to support the purchase of KBC Bank Ireland's performing loans, amounting to almost €9 billion as well as the acquisition of most of the business of Davy in a deal that will cost it up to €480 million. In addition, the bank said that it will also have money for shareholder distributions to recommence "on a prudent a progressive basis based on performance and capital outlook". Analysts broadly expect the bank to return to paying dividends early next year after a two-year hiatus amid the Covid-19 crisis. The bank's capital reserves, or common equity Tier 1 capital (CET1) ratio stood at 14.1 per cent at the end of June, up 0.7 percentage points on the year.

BP

The global integrated Oil producer stock climbed 3.3% in early trade after the U.K. oil major followed its main rivals by increasing its dividend and boosting its share buybacks after higher crude prices allowed it to return to profit. The firms second-quarter profit rose to \$2.8 billion.

Sanofi

Sanofi stock rose 0.3% after the French drugmaker confirmed it had made a \$3.2 billion offer to buy U.S. biotech company Translate Bio (NASDAQ:TBIO) to strengthen its capability in messenger RNA, the technology underlying the Moderna (NASDAQ:MRNA) and Pfizer/BioNTech Covid-19 vaccines.

Societe Generale

Societe Generale stock climbed 3% as the French lender, the country's third largest, raised its forecast for the full year after it swung back to profit in the second quarter. The results were helped by a rebound in its French retail banking business.

Standard Chartered Bank

Standard Chartered stock rose 0.4% after the U.K.-based bank posted a better-than-expected 57% jump in its first-half pretax profit while also announcing a \$250 million share buyback and resuming interim dividend payments.