

Daily Update

Your daily market news, moves
and outlook



Wednesday, 4th of August 2021

Markets Outlook

Equities: Most equity markets continued to rally yesterday, shrugging off COVID-19 and signs of slowing economic growth. Wall Street notched another record high and so did Europe on Tuesday, while in Asia, even COVID-battered India saw stock markets scale a lifetime peak. A bounce in Chinese tech stocks was another reason to cheer as the dust settled on the "spiritual opium" attack on the video game industry. European markets today are opening higher with a follow through from Asia.

Currencies: The dollar edged lower Wednesday, remaining near recent lows ahead of the release of key U.S. employment data which could guide monetary policy thinking at the Federal Reserve. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower at 91.990, just above last week's low of 91.775, the weakest since June 28. The dollar has struggled to make any headway since Federal Reserve Chairman Jerome Powell indicated last week that interest rate increases were still in the distance, stating that more progress was still needed, particularly in the labor market.

Safe-havens: Gold rose slightly to \$1,815 while oil prices stabilized Wednesday following consecutive down days on concerns that mounting Covid cases in both the U.S. and China, the two biggest consumers of crude in the world, will hit fuel demand

Looking ahead: In economic news, the main focus will be on the July services PMI data for the Eurozone, as well as retail sales for June. Earnings from the likes of Siemens Energy, Hugo Boss and Intesa Sanpaolo will also be in the spotlight today.

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	4,423	0.80%	17.76%
DAX	15,672	0.75%	14.19%
EuroStoxx50	4,144	0.64%	16.57%
ISEQ	8,404	0.85%	11.59%
FTSE	7,135	0.40%	10.37%
Nikkei 225	27,584	-0.21%	0.51%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1873	0.10%	-2.78%
EUR/GBP	0.8515	-0.08%	-4.64%
GBP/USD	1.3942	0.20%	1.98%
USD/CHF	0.9044	0.10%	2.15%
USD/JPY	109.11	0.06%	5.68%
EUR/JPY	129.52	-0.16%	2.74%

Fixed Income	Value	Daily Change
US 10yr	1.182	0.008
US 2yr	0.174	0.003
Bund 10yr	-0.491	-0.009
Irish 10yr	-0.103	-0.021
Gilt 10yr	0.517	-0.005
JGB 10yr	0.004	-0.005

Financial News Round Up

AIB

AIB this morning has reported a return to profit in its half year results. The group recorded profit after tax of €274m in the first half of the year and included a net credit impairment writeback of €103m. Operating profit at the bank was €375m. The Bank reported that performing loans were broadly stable at €54.9bn and new lending increased 3% to €4.5bn. Non performing exposures were 6.5% of gross loans. ie 12.5% lower at €3.8bn. The Bank reported that the 8% increase in customer deposits leaves it well positioned for growth. They said they are on track to deliver full year market expectations for income and costs, with a net credit impairment writeback expected. The bank has a number of acquisitions which are currently awaiting regulatory approval including the purchase of around €4.2bn Ulster Bank corporate and commercial loans; the acquisition of stockbrokers, Goodbody and the acquisition of Great-West Life Co.

Commerzbank

Germany's Commerzbank has announced this morning that it swung to a second-quarter loss as the lender undergoes a major restructuring and after a write-off to end an outsourcing project, pushing its shares to their lowest in three months.

Germany's No. 2 lender is trying to turn over a new leaf under new Chief Executive Manfred Knof. It is carrying out a €2 billion restructuring involving hundreds of branch closures and 10,000 job cuts to get back on a path to profit. The net loss of €527 million in the second quarter compares with a profit of €183 million a year earlier. Analysts had expected a net loss of €504 million, and shares traded down as much as 5.4% in Frankfurt. Commerzbank, which is still partially owned by the state after a bailout during the financial crisis more than a decade ago, is expected to post a loss for the full year as well, according to analysts.

Norish

The cold storage company, Norish has reported group operating profits increasing by 61% to £1.51m for the first half of 2021. The groups strategic review of its Cold Store operations is still ongoing while the Dairy division has announced a collaboration with Bright Dairy & Food Co Ltd and New Zealand Focus Group, jointly developing an A2-protein, grass-fed, pure milk UHT product for the Chinese market. Analysts don't see any material change to FY21 EPS forecasts.

Ryanair

With the European Digital cert in operation since 1st July, Ryanair this morning announced that they have seen passenger numbers double from 4.4 million in July last year to 9.3 million in July this year. The airline carried 5.3 million passengers in June. The airline has operated over 61,000 flights in July with an 80% load factor. The company expects the numbers to continue to increase as they move through the rest of the year. In recent days they have also announced the opening or resumption of a range of new routes across Europe.