

# Daily Update

Your daily market news, moves  
and outlook



Thursday, 5th of August 2021

## Markets Outlook

**Equities:** European equity markets are set for a mixed start after Wednesday's gains. Asian equities were mixed with more China regulatory crackdown headlines with Securities Times saying gaming industry should be taxed like traditional industry. The BoE is widely expected to leave its key policy settings on hold at 12:00 including its Bank Rate at 0.10% and its asset purchase target of £895B. Currently, the UK interest rate market is fully priced for a 25 bp rate hike by August 2022 and there are thoughts that the BoE is unlikely to push back against market expectations.

**Currencies:** The dollar edged higher in early European trading Thursday, after hawkish comments from the Federal Reserve prompted traders to price in an earlier tightening of monetary policy. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher at 92.302, pulling away from the one month low of 91.775 seen last week. GBP/USD rose 0.1% to 1.3893 ahead of the latest policy-setting meeting of the Bank of England later Thursday. The central bank could move a step closer to tightening monetary policy while raising its growth and inflation forecasts.

**Safe-havens:** Gold was unchanged at \$1,813 as investors digest Fed official comments

**Looking ahead:** Another busy day for earnings/updates with a number of German heavyweights reporting including beats and raises for Merck KGaA, Bayer, Siemens and Symris. Macro data releases include Germany/UK Jul Construction PMI, Germany Jun Factory Orders, France Jun Industrial Production, Greece May Unemployment Rate, Netherlands July CPI

## Key Events to Watch

05/08/2021 - BOE Rate Decision  
05/08/2021 - ECB Economic Bulletin  
06/08/2021 - German industrial production  
06/08/2021 - US Jobs report

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,402	-0.92%	17.22%
DAX	15,702	0.08%	14.45%
EuroStoxx50	4,156	0.27%	17.00%
ISEQ	8,388	0.60%	11.38%
FTSE	7,118	-0.90%	10.21%
Nikkei 225	27,728	0.52%	1.03%

FX			
EUR/USD	1.1847	0.10%	-3.00%
EUR/GBP	0.8514	-0.06%	-4.65%
GBP/USD	1.3916	0.23%	1.77%
USD/CHF	0.9059	-0.11%	2.36%
USD/JPY	109.59	0.11%	6.17%
EUR/JPY	129.84	0.22%	2.98%

Fixed Income		
US 10yr	1.187	0.003
US 2yr	0.188	0.006
Bund 10yr	-0.501	-0.014
Irish 10yr	-0.104	-0.015
Gilt 10yr	0.513	-0.002
JGB 10yr	0.007	0.003

## Financial News Round Up

### ICS Mortgages

Mortgage lender ICS has announced a series of substantial rate cuts across fixed and variable rates – effective 09 August 2021, that will allow ICS Mortgages customers to avail of the lowest rates in the market. They have lowered all their variable, 3 year and 5 year fixed rates for first time buyers, movers and switchers. The new 3 and 5 year fixed rates starting at 1.95%, making their fixed rates match the most competitive rates in the market. Their variable rates now start at 2.45% (APRC 2.53%) which is the lowest variable rate on the Irish market. This move by ICS will be welcomed by the market as KBC and Ulster bank exit the market. If you have an interest in a mortgage or switching contact our mortgage team at [info@seasprayfs.ie](mailto:info@seasprayfs.ie)

### Frasers

Mike Ashley, one of Britain's best known and most outspoken business leaders, is set to step down as chief executive of the sportswear retail group he founded nearly 40 years ago, giving up the role to the partner of his daughter. Frasers Group, formerly called Sports Direct (LON:FRAS), said on Thursday its board was in talks with regards to "transitioning" the CEO role from Ashley to Michael Murray, the group's current "head of elevation", over the course of the 2021-22 financial year. Shares in Frasers were down 1%. The group reported a 29.4% rise in core earnings in the year to April 25 as a strong online performance offset a hit from store closures due to the COVID-19 pandemic.

### Robinhood Markets Inc

Shares of Robinhood Markets Inc rose more than 50% on Wednesday during a wild trading session as investors scooped up shares after its underwhelming stock market debut last week.

The online brokerage's shares closed at \$70.39, off the session high of \$85 when the stock was up nearly 82 per cent, with one analyst dubbing it "the meme of memes" in a reference to stocks popularised this year by retail investors congregating in online platforms such as Reddit's WallStreetBets. The stock has risen far above its initial public offering price of \$38 per share and has logged its fourth straight day of gains.

### US jobs report

The latest US jobs reports will be out on Friday. Economists are looking for 900,000 new jobs, up from 850,000 last month; for the unemployment rate to drop from 5.9 percent to 5.7 percent; and for wage growth to rise by 0.3 percent for the month and 3.9 percent (up from 3.6 percent) for the year. In short, after a very strong June, the expectation is that hiring has accelerated even further. If so, this will be a very strong report and will signal that the expansion continues unabated. Unfortunately, that outlook looks likely to be too optimistic. The major reason is the sudden resurgence of the pandemic, with the Delta variant taking case growth to five times the level at the end of June. The ADP employment report, which came out this morning, suggests that job growth may have slowed significantly in response to that medical news. It revealed 330,000 new jobs, less than half the expected 695,000. If we see a similar shortfall in the official report, it would signal that the job recovery has slowed, at a minimum.