

Daily Update

Your daily market news, moves
and outlook



Monday, 9th of August 2021

Markets Outlook

Equities: Equity markets are opening slightly mixed in Europe following on from positive Asian markets which reacted well to the US jobs data on Friday. The FTSE 100 is expected to trade a little weaker at the start but will be looking to second tier companies which will be reporting this week to drive direction. We are still in the middle of the summer lull and markets can move suddenly on light volumes if a story breaks. The Covid story continues to affect international markets but is easing in Europe as vaccination roll outs continue a pace.

Currencies: The dollar hit a four-month high against the euro on Monday, reversing a recent fall after strong labour market data encouraged investors to bring forward their bets on the Federal Reserve reducing its pandemic-era stimulus. The greenback strengthened as far as \$1.1742 to the single currency, extending a 0.6% pop from Friday, when a strong U.S. jobs report stoked bets that a reduction in asset purchases could start this year and higher interest rates could follow as soon as 2022. Against a basket of currencies, the dollar was down 0.1% on the day as European trading got underway but close to four-month highs.

Safe-havens: Markets were shaken early by a sudden dive in gold as a break of \$1,750 triggered stop loss sales to take it as low as \$1,684 an ounce. It is currently down 1.3% at \$1,740. Oil also sank 2% on concerns the spread of the Delta variant of the coronavirus would temper travel demand. These swings are classic summer moves in light volume.

Looking ahead: The following are due to report today PostNL, Hargreaves Lansdown and Wacker Neuson

Key Events to Watch

- 09/08/2021 - German Trade balance
- 10/08/2021 - German ZEW Economic Sentiment
- 11/08/2021 - US CPI m/m
- 12/08/2021 - UK CPI and Production numbers

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,436	0.17%	18.12%
DAX	15,761	0.11%	14.89%
EuroStoxx50	4,174	0.32%	17.51%
ISEQ	8,497	0.64%	12.82%
FTSE	7,123	0.04%	10.25%
Nikkei 225	27,820	0.33%	1.37%

FX			
EUR/USD	1.1760	-0.60%	-3.70%
EUR/GBP	0.8477	-0.16%	-5.04%
GBP/USD	1.3869	-0.41%	1.45%
USD/CHF	0.9144	0.79%	3.33%
USD/JPY	110.22	0.45%	6.78%
EUR/JPY	129.63	-0.14%	2.82%

Fixed Income		
US 10yr	1.305	0.017
US 2yr	0.212	0.004
Bund 10yr	-0.454	-0.001
Irish 10yr	-0.076	-0.002
Gilt 10yr	0.611	-0.003
JGB 10yr	0.024	0.009

Financial News Round Up

Philip Morris & Vectura Plc

Philip Morris, the tobacco company yesterday has raised its bid for British drugmaker Vectura to 165 pence (\$2.29) per share. The company has stayed that "The PMI (Philip Morris International (NYSE:PM)) increased offer values the entire issued and to be issued ordinary share capital of Vectura at approximately £1.02 billion (\$1.41 billion)," . The latest offer represents a premium of approximately 10 pence per share to a rival offer of 155 pence a share by U.S.-based Carlyle Group (NASDAQ:CG) announced on Friday. Carlyle offered to buy Vectura for about £958 million (\$1.3 billion). Vectura, which makes respiratory treatments, had said on Friday that it was backing Carlyle's offer and withdrawing its recommendation for Philip Morris' proposal, adding that it might be better positioned under Carlyle's ownership. "PMI intends to operate Vectura as an autonomous business unit that will form the backbone of its inhaled therapeutics business," Philip Morris said in the statement. The previously agreed deal with Philip Morris came as big tobacco companies are trying to alter their image after years of negative press and lawsuits for marketing and selling health-harming cigarettes, which health advocates and experts say continues to be a leading cause of preventable

Irish Economic forecasts

Analysts have revised up their forecast for Irish GDP growth to 10% in 2021 versus 4.8% previously. The revision is based on a buoyant multinational sector and strong exports which are expected to expand by 15% this year. At the same time the indigenous economy is performing better than expected. It is forecast now to grow by 5.2% in 2021 up from previous forecast of 2.7%. These revisions are on the basis that the contraction in early 2021 was shallower than feared, and a clear rapid bounce-back has taken place in Q3 as Ireland's successful COVID-19 vaccination programme has allowed business restrictions to be lifted, with further easing to come in H2 2021. This revision comes on the back of a strong construction PMI index for July which which tracks changes in total construction activity although dropped from 65 in June to 62.8 in July, it still suggests a substantial increase in activity last month. Index readings above 50 signal an increase in activity on the previous month, while readings below 50 signal a decrease. Growth in housing activity continued to lead the overall expansion in July, despite the rate of increase easing further from May's record. Rates of expansion also softened in the commercial and civil engineering categories, but remained marked nonetheless. The PMI shows that the loosening of restrictions and increase in demand supported continued growth of new orders.