

Daily Update

Your daily market news, moves
and outlook



Wednesday, 11th of August 2021

Markets Outlook

Equities: European equity markets set to open broadly flat to positive this morning following on from Asian equities being mostly higher overnight. After recent falls in Chinese equities there were modest gains in China with property developers outperforming in Hong Kong. US markets, particularly the S&P500 finished at fresh record high. As expected, Senate passed a \$1T bipartisan infrastructure bill yesterday that includes \$550B in new spending. Focus will now shift to the budget resolution released by Democrats on Monday that will lay the groundwork for a reconciliation bill focused on Democratic priorities

Currencies: The dollar strengthened in early European trading Wednesday, extending recent gains ahead of U.S. inflation data which could influence Federal Reserve's tapering thinking. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded around 0.1% higher at 93.097, hitting its highest level since the start of April. The dollar has been on the rise of late, as improving U.S. labor data and a more hawkish tone from Federal Reserve policymakers have led markets to expect the central bank to begin tapering its asset purchases later this year.

Safe-havens: Gold was up on Wednesday morning in Asia but a strengthening dollar and rising bond yields capping gains for the yellow metal. Gold futures inched up 0.12% to \$1,733.85. The dollar, which usually moves inversely to gold, inched up on Wednesday and was near a three-week high.

Looking ahead: A range of results today including Deliveroo plc, Quilter plc & ebay.

Key Events to Watch

11/08/2021 - US CPI m/m

12/08/2021- Irish CPI

12/08/2021 - UK CPI and Production numbers

12/08/2021- US Initial jobless claims

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,437	0.10%	15.22%
DAX	15,770	0.16%	14.96%
EuroStoxx50	4,188	0.26%	17.88%
ISEQ	8,690	2.32%	15.39%
FTSE	7,161	0.40%	10.84%
Nikkei 225	28,071	0.65%	2.28%

FX			
EUR/USD	1.1712	-0.04%	-4.09%
EUR/GBP	0.8471	0.11%	-5.12%
GBP/USD	1.3827	-0.11%	1.13%
USD/CHF	0.9234	0.10%	4.35%
USD/JPY	110.70	0.14%	7.25%
EUR/JPY	129.66	0.11%	2.86%

Fixed Income			
US 10yr	1.366	0.024	
US 2yr	0.245	0.006	
Bund 10yr	-0.453	0.002	
Irish 10yr	-0.079	-0.010	
Gilt 10yr	0.591	0.001	
JGB 10yr	0.032	0.008	

Financial News Round Up

Hostelworld

Hostelworld, the Budget accommodation platform has reported that revenue fell by 76 per cent drop in the first half of 2021 to €2.9 million as the pandemic continues to hit the travel and tourism sector. They reported an adjusted EBITDA loss of €9.7m (H1 2020: €8.3m loss) and basic loss per share of 17.50 euro cent (H1 2020 basic loss per share: 18.60 € cent). Hostelworld, has some 36,000 properties across 178 countries on its platform, and has been hit hard by the pandemic and related restrictions on travel. The company's half-year results to the end of June show bookings declined by 73 per cent from 1.1 million to 300,000 when compared with the same period in 2020. The budget accommodation specialist, however, said it had seen a "modest increase" in bookings in recent weeks in line with the easing of travel restrictions. The company stated that "Despite the challenging macro environment, we are starting to see customer demand returning in geographies where travel restrictions have been eased". Nonetheless it said its latest half-year results were largely in line with expectations. The company also reported that the company's liquidity position remains "very strong, driven by our relentless focus on cost control coupled with the successful term loan facility transaction in February 2021". The company has a cash position of €33.7 million at the end of June. The company expects a recovery in booking in the coming second half.

Instagram

The social media platform this morning has announced a range of new measures to limit abuse. They have introduced three key items, firstly a process that allows a user put limits on the number of comments on a posting, secondly their AI will issue a very strong warning if a person tries to post a perceived abusive post and finally they are introducing some additional filters that allow a person block certain messages.

Irish tax and economy

The Irish department of Finance issued its annual tax report yesterday which showed that Irish tax revenues held up surprisingly well last year despite the pandemic closing down most of the economy for large periods of time. The report showed that income tax revenues declined by just 1 per cent last year to €22.7 billion. Overall, tax revenues fell by just 3.6 per cent in 2020. This was despite more than 700,000 being classified as unemployed in April last year (the first full month of the initial lockdown) as people were laid off and availed of the Pandemic Unemployment Payment. It was another super year for corporation tax receipts, which rose by circa €1 billion or 9.5 per cent to €11.8 billion and now account for about one-fifth of exchequer tax revenue. In the main, multinational companies and exporters continued to trade strongly, a trend that has carried on into this year and which has driven recent forecasts for the economy to expand by over 10% this year. The risks on the horizon include the new international 15% tax band and the fact that many SME's have warehoused their tax liabilities for the longer term and which will have to be paid.