

# Daily Update

Your daily market news, moves  
and outlook



Thursday, 12th of August 2021

## Markets Outlook

**Equities:** European markets are expected to open slightly lower on the back of weaker Asian markets which have been struggling to shake off Delta Covid fears. The Japanese market bucked the trend as solid earnings lead to a fifth consecutive positive day. US markets were broadly positive with most indices hitting new highs on the back of the US consumer price index increased 0.5% last month, the largest drop in month-to-month inflation in 15 months, easing concerns about the potential for runaway inflation. As a result, U.S. Treasury yields fell on Wednesday across most maturities, though trading was choppy.

**Currencies:** The dollar edged lower in early European trading Thursday, as signs of cooling U.S. inflation relieved the pressure on the Federal Reserve to start reining in its massive bond-buying program. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded around 0.1% lower at 92.898, retreating from Wednesday's high of 93.195, a level not seen since the start of April. Elsewhere, GBP/USD edged lower to 1.3868 despite U.K. GDP growing 4.8% in the second quarter, a sharp increase on the quarter after the first quarter's 1.6% drop. This report is likely to invigorate discussions about fewer asset purchases from the Bank of England.

**Safe-havens:** Gold wavered after its biggest gain in three months as moderating U.S. inflation clouded the outlook for when the Federal Reserve may start easing stimulus.

**Looking ahead:** The rest of the week is relatively quiet

## Key Events to Watch

12/08/2021- Irish CPI

12/08/2021 - UK CPI and Production numbers

12/08/2021- US Initial jobless claims

13/08/2021 - US consumer Sentiment

## Market Moves

| Equity Indices | Value  | Daily Change | YTD Change |
|----------------|--------|--------------|------------|
| S&P 500        | 4,448  | 0.24%        | 18.41%     |
| DAX            | 15,826 | 0.35%        | 15.36%     |
| EuroStoxx50    | 4,206  | 0.44%        | 18.40%     |
| ISEQ           | 8,792  | 1.17%        | 16.74%     |
| FTSE           | 7,220  | 0.83%        | 11.76%     |
| Nikkei 225     | 28,015 | -0.20%       | 2.08%      |

| FX      |        |        |        |
|---------|--------|--------|--------|
| EUR/USD | 1.1739 | 0.20%  | -3.91% |
| EUR/GBP | 0.8466 | 0.06%  | -5.21% |
| GBP/USD | 1.3867 | 0.18%  | 1.40%  |
| USD/CHF | 0.9215 | -0.10% | 4.19%  |
| USD/JPY | 110.42 | -0.12% | 6.95%  |
| EUR/JPY | 129.62 | 0.08%  | 2.76%  |

| Fixed Income |        |        |
|--------------|--------|--------|
| US 10yr      | 1.330  | -0.012 |
| US 2yr       | 0.219  | -0.019 |
| Bund 10yr    | -0.467 | -0.008 |
| Irish 10yr   | -0.073 | -0.011 |
| Gilt 10yr    | 0.580  | 0.007  |
| JGB 10yr     | 0.026  | -0.009 |

## Financial News Round Up

### Glanbia

Glanbia's, The Irish dairy and nutrition group reported that total group profits rose by almost 91% in the first half of the year as the business recovered from a pandemic slump. Revenue's from its wholly-owned operations rose above €2 billion in the six months, up 11.2% on the same period of 2020, or 20.3% on a constant currency basis. That came on the back of particularly strong growth at its Performance Nutrition division, though its Nutritional Solutions business also expanded sales.

Glanbia said its earnings before interest, tax and amortisation in the period was almost €160m, up 108%. Total group profits, before exceptional items, hit €133.5m. The company reported that as a result of its strong performance they plan to increase returns to shareholders by raising their interim dividend by 10% as well as launching a share buyback programme. This was possible because the company reported that they had generated over €160 million of operating cash flow and reduced our net debt by over €100 million in the first half of the year.

### Irish Household Savings

Irish household net worth reached a record high of €883bn in the first quarter of this year due to an increase in savings and deposits, according to new data from the Central Bank. The figures show that household savings increased by €1.5bn in the first three months to stand at €7.4bn for the quarter. The Central Bank said the 3.3% rise in household net worth was driven by an increase in financial assets of €18.9bn, primarily due to increasing investment in currency and deposits and a rise in the value of insurance and pension schemes. It also said that household deposits held with credit institutions were up in the first quarter, while housing assets also increased by €8.2bn and household liabilities fell by €1.5bn. Household net worth has grown annually since 2012.

### WPP

WPP the advertising, public relations and media giant, whose brands include Ogilvy, GroupM and Mediacomhas hailed a record-breaking recovery for the ad industry, as corporate clients ramp up marketing budgets to ride the economic rebound. In a blockbuster set of half-year results, WPP revealed that underlying revenues jumped 19.3% in its June quarter, with the UK division leading the way after growth of 32% in a return to levels even better than before the pandemic. It reported that it has secured \$2.9 billion of new work in the first half of the year, with AstraZeneca, JP Morgan Chase and dating app Bumble among big-name clients.

### Zurich Insurance Group

Zurich Insurance Group's reported first-half business operating profit jumped 60% to \$2.71 billion as strong underlying earnings and a reduced impact from COVID-19 more than compensated for higher losses from extreme weather events. They beat analysts forecasts of \$2.52 billion. The company stated that they expect as Europe's fifth-largest insurer a "strong rebound" in profits in 2021. Net income attributable to shareholders rose 86% to \$2.19 billion thanks to the operating profit boost and higher levels of realised capital gains. Its Swiss Solvency Test (SST) ratio of 206% showed strong capitalisation, it said, adding it remained on track to achieve 2022 targets.