

Daily Update

Your daily market news, moves
and outlook



Tuesday, 24th of August

Markets Outlook

Equities: Markets have opened firmer this morning in Europe amidst a positive session across Asia overnight, the DAX and EuroStoxx50 indices are roughly 0.30% higher so far on Tuesday and are looking to undo last week's losses. In the States, the VIX is back below the \$17 mark, we expect volatility to remain fairly subdued until Thursday or Friday when we will see some important data points out of the US, along with J Powell's Friday speech at the Jackson Hole Symposium. Equities in the US touched record highs yesterday after the nation's full official approval of the Pfizer Covid vaccine.

Currencies: The Dollar was on the back foot yesterday, as risk assets mostly advanced and Covid and Fed tapering fears subsided, at least for now, EUR/USD at 1.173 this morning, GBP/USD (cable) at 1.37. It is possible that the greenback will see some heightened volatility, along with some other asset classes, towards the end of the week, especially if Powell gives us more information about the timing of the bank's QE tapering.

Safe-havens: Gold rallied by 1.5% yesterday, bringing the precious metal back above \$1,800 for the first time in almost 3 weeks. Gold traders will now focus their attention on both Powell's speech and the Core PCE inflation figure from the US - both to come this Friday.

Looking ahead: Looking at data points, Tuesday is set to be very quiet, with no major releases to note either side of the Atlantic. Tomorrow morning Germany will release its IFO Business Climate result, followed in the afternoon by the US Core Durable Goods figure. This Wednesday we are due to get Q2 earnings results from Grafton Group plc, followed on Thursday by the same from CRH.

Key Events to Watch

26/08/2021 - US GDP
26/08/2021 - Jackson Hole Symposium begins
27/08/2021 - US Core PCE Inflation
27/08/2021 - Fed Chair Powell speaks

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,479	0.85%	19.26%
DAX	15,852	0.28%	15.80%
EuroStoxx	4,176	0.70%	18.01%
ISEQ	8,671	0.11%	18.14%
FTSE	7,109	0.30%	10.26%
Nikkei 225	27,732	0.87%	1.05%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1743	0.39%	-3.88%
EUR/GBP	0.8558	-0.31%	-4.22%
GBP/USD	1.3717	0.68%	0.39%
USD/CHF	0.9122	-0.55%	3.11%
USD/JPY	109.68	-0.15%	6.34%
EUR/JPY	128.80	0.25%	2.21%

Fixed Income	Value	Daily Change
US 10yr	1.253	-0.007
US 2yr	0.226	0.000
Bund 10yr	-0.478	0.017
Irish 10yr	-0.071	0.013
Gilt 10yr	0.538	0.014
JGB 10yr	0.013	0.001

Financial News Round Up

Afghanistan Update

The Biden administration will likely come under some pressure later today from its western allies who want a slower US evacuation from Afghanistan, while on the other hand possibly facing the prospect that the Taliban may veto any delay.

An emergency G7 meeting is now due to take place at 2:30pm London time today, led by UK Prime Minister Boris Johnson just one week before the August 31st deadline set by Biden for the complete withdrawal of US troops from the region. Biden will hear calls from world leaders this afternoon to negotiate with the Taliban for some sort of an extension to this timeline.

We saw a Taliban spokesperson tell the Financial Times this week that the remaining US and other foreign troops at Kabul must withdraw in accord with the timeline set by Joe Biden - "Otherwise, it will be a violation... Our leadership will take a decision on how to react to the violation".

UK Defense Secretary Ben Wallace stated when asked about the possible extension: "I think it is unlikely, not only because what the Taliban have said but if you look at the public statements of President Biden" Wallace told Sky News, "It's definitely worth us all trying and we will". He went on to add that as "we get closer to the deadline, it's correct to say the security risks goes up. It just gets more dangerous."

German GDP

This morning before the opening bell we saw the release of Germany's 'Final GDP q/q' result, coming in at 1.6% versus the 1.5% forecast and against the Q1 result of -2.0%. This so-called 'Final' result is the second of two figures for q/q GDP in the region, comes 10 days after the 'Preliminary' figure, and therefore usually has less of an impact on markets unless there is some large unexpected beat or miss of forecasts.

On the year, Germany's economy grew by a calendar-adjusted 9.4% during the second quarter, which left economic activity 3.3% below the pre-pandemic levels record during Q4 of 2019.

IBEC

Danny McCoy, chief executive of IBEC (Irish Business and Employers Confederation), has urged the government to release a reopening road map which is less prescriptive in nature than previous plans. In his letter to the Taoiseach and other ministers, McCoy welcomed that a new road map will come at the end of the month to reflect the progress being made in the vaccination campaign, but also making sure to point out that almost 9 out of 10 adults across the nation are now fully vaccinated.

"The new road map must enable businesses to finally plan with certainty for a phased and safe return to office over the coming months" the letter reads, "The experience with the Work Safely Protocol, together with extensive guidance from the Health and Safety Authority provides the confidence that all businesses can ensure appropriate measures for employees and customers".