

Daily Update

Your daily market news, moves
and outlook



Thursday, 2nd of September

Markets Outlook

Equities: Stocks in Europe are roughly a quarter of a percent higher on Thursday morning, after a mixed session yesterday that saw low volatility across the board. The VIX has seen subdued trade all week, having only briefly traded just above \$17 on Tuesday and lower since then. Today and tomorrow morning equity markets will likely look to consolidate and await the jobs data from the States, due tomorrow at 1:30pm Irish time.

Currencies: The US Dollar has grinded lower since making multi-month highs just a couple of weeks ago, bringing the Euro back up to \$1.185 and Sterling to \$1.378 on Thursday. We have seen the Euro boosted in recent days as signs of economic growth in the region appear, coupled with inflationary pressure as the Eurozone's CPI climbed to 3% during the week.

Safe-havens: The subdued action on US Treasury markets from last month has this week carried across to September, the benchmark 10yr yielding just below 1.3% as we write. Yields in Europe and the UK have risen this week as questions begin to arise over the possible tapering of QE this side of the Atlantic, especially as inflation readings jump.

Looking ahead: This afternoon will be quieter in terms of economic data releases, we will however see the release of the weekly US unemployment claims figure, followed by a couple of Fed speakers this evening. Looking to tomorrow, investors' attention will be on the US who are due to release the monthly Non-Farm Payrolls result along with the updated Unemployment Rate for the country, expected to have added 750k jobs last month with a nationwide unemployment rate of 5.2%.

Key Events to Watch

02/09/2021 - Fed speakers
03/09/2021 - US Non-Farm Payrolls
03/09/2021 - US Services PMI
06/09/2021 - US Bank Holiday

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,524	0.03%	20.45%
DAX	15,824	-0.07%	15.49%
EuroStoxx	4,227	0.74%	19.02%
ISEQ	8,779	-0.08%	19.41%
FTSE	7,149	0.42%	10.66%
Nikkei 225	28,543	0.33%	4.01%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1837	0.25%	-2.98%
EUR/GBP	0.8596	0.16%	-3.73%
GBP/USD	1.3768	0.10%	0.83%
USD/CHF	0.9150	0.00%	3.38%
USD/JPY	109.99	-0.03%	6.59%
EUR/JPY	130.21	0.24%	3.41%

Fixed Income	Value	Daily Change
US 10yr	1.299	-0.008
US 2yr	0.211	0.000
Bund 10yr	-0.374	0.006
Irish 10yr	0.037	0.005
Gilt 10yr	0.695	0.073
JGB 10yr	0.026	0.004

Financial News Round Up

ECB

Europe's benchmark German 10-year yield touched 6-week highs yesterday, indicating that investors may be concerned that the European Central Bank could begin to wind down its asset-purchasing programme sooner than expected. The ECB are due to meet next Thursday September 9th, just over a week after the Eurozone saw its highest CPI inflation reading in a decade at 3.0% y/y, well above the central bank's 2% target. This recent inflationary burst has pushed a number of ECB policymakers to hint that their QE could be scaled back faster than was previously envisaged.

The ECB's €1.85 trillion Pandemic Emergency Purchase Programme (PEPP) has boosted bond prices in the region since it was introduced, simultaneously pinning yields close to all-time lows even as governments around the continent issued record amounts of debt to fund their responses to the pandemic.

The ECB will also supply us with updated economic projections for the region during next week's release, analysts are currently expecting the bank to indicate that inflation should fall back below its 2% target in 2022 and 2023, and therefore justifying a continued high level of monetary stimulus.

Ryanair

Budget airline Ryanair has stated that its passenger numbers last month increased to 11.1 million, up from 7 million during August 2020 as the EU digital Covid certificates boosted travel and confidence across the continent. Ryanair's load factor for the month came in at 82%, up from the previous 73% as it ran in excess of 71,000 flights over the four weeks.

Earlier this week we saw Ryanair chief executive Michael O'Leary point to a "very strong recovery" in European short-haul flights as in-house forecasts reached 10.5 million passengers per month for September, October, and November. This compares to forecasts back in July for 10 million for each of the mentioned months.

Irish Housing

According to the latest analysis from the Banking and Payments Federation of Ireland (BPFI), housing completions across the country could reach 22,000 this year.

The report, which cites information from the Central Statistics Office, indicates that roughly 5,000 units were completed during Q2, bringing the number of units completed during H1 to 8,955 - about 10% higher than this time last year and 1% less than the same period in 2019.

The central bank have previously stated that 34,000 units would be required every year for the foreseeable future in order to adequately meet demand.

"The shift in construction activity towards outside Dublin is also evident in the sale of new properties, where about 36% of market property transactions in the Dublin Commuter region during the first half of 2021 were for new properties, compared with around 25% in 2011" said Ali Ulgur, chief economist at BPFI.