

Daily Update

Your daily market news, moves
and outlook



Monday, 13th of September

Markets Outlook

Equities: European equities are in the green on Monday morning, the main indices roughly 0.80% higher as we write. This move comes after the asset class in Europe took a step lower last week. Attention last week remained on the ECB, who did not bring any surprises but did indicate that the asset purchase tapering will begin next quarter. The VIX moved higher on Friday to touch \$21 as the S&P pulled back by about 0.8%, the volatility index has moved lower to \$19.45 this morning.

Currencies: The Dollar is seeing a slight bid this morning, bringing EUR/USD to 1.1785 and GBP/USD to 1.381, as investors begin to turn their attention to the US CPI inflation release tomorrow, and then of course to the Federal Reserve who are due to release next week. Overnight we saw a Fed official indicate that he was keen to begin scaling back the central bank's asset purchases, in an interview with Nikkei.

Safe-havens: Gold is flat this morning at \$1,792, having lost 2% of its value last week. The metal could see some elevated volatility after the US inflation reading this week, and may see some further selling pressure into next week as we head for the Fed decision and speculation for tapering builds. US Treasuries have seen very quiet trade over the last number of weeks as yields have edged marginally higher, the benchmark US 10yr yielding 1.33%. In Europe, Germany's 10yr Bund has seen its yield move higher over the last month, as the ECB took a slightly more hawkish turn, albeit still at a yield of a negative 33 basis points.

Key Events to Watch

14/09/2021 - US CPI
15/09/2021 - UK CPI
16/09/2021 - US Retail Sales
22/09/2021 - Fed Rate Decision

Market Moves

| Equity Indices | Value | Daily Change | YTD Change |
|----------------|--------|--------------|------------|
| S&P 500 | 4,458 | -0.77% | 18.70% |
| DAX | 15,609 | -0.09% | 14.50% |
| EuroStoxx | 4,170 | -0.16% | 18.04% |
| ISEQ | 8,651 | -0.85% | 18.19% |
| FTSE | 7,029 | 0.07% | 9.29% |
| Nikkei 225 | 30,447 | 0.22% | 10.94% |

| FX | Value | Daily Change | YTD Change |
|---------|--------|--------------|------------|
| EUR/USD | 1.1814 | -0.09% | -3.52% |
| EUR/GBP | 0.8534 | -0.13% | -4.47% |
| GBP/USD | 1.3839 | 0.03% | 1.03% |
| USD/CHF | 0.9176 | 0.09% | 4.03% |
| USD/JPY | 109.93 | 0.21% | 6.65% |
| EUR/JPY | 129.87 | 0.12% | 2.90% |

| Fixed Income | Value | Daily Change |
|--------------|--------|--------------|
| US 10yr | 1.343 | 0.046 |
| US 2yr | 0.215 | 0.000 |
| Bund 10yr | -0.332 | 0.032 |
| Irish 10yr | 0.060 | 0.035 |
| Gilt 10yr | 0.760 | 0.022 |
| JGB 10yr | 0.041 | -0.003 |

Financial News Round Up

The Week Ahead

Attention will remain on economic data points, particularly US releases, over the next week and a half before the Federal Reserve's September meeting. Concerns are continuing to grow over slowing momentum with regard to the US' post-Covid recovery, after the latest Non-Farm Payrolls result for the region came in weaker than expected at the beginning of the month.

Breaking down the week day-by-day, Monday is due to be very quiet on the data front, with no major releases out of any region over the course of the day. US CPI inflation results tomorrow will be in focus, we expect a 0.4% m/m (5.3% y/y) reading for the main figure and 0.3% (4.2% y/y) for Core CPI.

Moving on to mid-week, China will release its retail sales result in the early hours of Wednesday morning, which will be followed before market open in London by the UK's CPI inflation release (expected at 2.9% y/y, up from last month's 2.0%). Canada will release its monthly CPI results during the afternoon and we will also see the US industrial production result. Looking at Thursday, we are due to get the Australian unemployment rate overnight, with ECB President Lagarde speaking at 1pm and the US retail sales result coming half an hour later (estimated at -0.8% m/m, Core retail sales estimated at -0.2% m/m). To finish off the week on Friday the UK will release its monthly retail sales figure, followed by US consumer sentiment data that afternoon. Next week all eyes will be on Jerome Powell and the Federal Reserve, their 2-day meeting will take place on Tuesday and Wednesday the 21st and 22nd.

Construction in Ireland

According to the Ulster Bank Construction PMI for August, Ireland saw another month of swift growth as it continued to benefit from surging demand after the full reopening of the sector. The reading for August came in at 57.5, slightly lower than the previous 62.8, with the sector still well in expansionary territory.

It is worth noting that Ulster Bank have stated that the months from May to July were the second strongest three-month period for overall activity in the survey's 21-year history.

"Firms reported that the post-lockdown strengthening of demand, activity and orders which has taken hold in recent months is leading them to continue to boost their staffing levels. In fact, the pace of jobs growth signalled by the survey accelerated last month to the fastest since May" said Simon Barry, chief economist at Ulster Bank, "That said, supply-chain developments continue to represent a notable headwind for construction firms, with the August survey again picking up evidence of material shortages and supply-chain disruption (some of which is Brexit related), albeit that there was a very slight easing in the pace of input cost inflation from July's record high".