

# Daily Update

Your daily market news, moves  
and outlook



Friday, 24th of September

## Markets Outlook

**Equities:** European markets are roughly 0.70% lower on Friday morning, investors are seeking further clarity on the Evergrande situation after the property firm missed debt payments yesterday in excess of \$80m and has now entered the 30-day grace period. VIX is back below \$20 today, having almost reached \$29 on Monday over Evergrande fears and some slight pre-Fed jitters.

**Currencies:** The main currency pairs are all showing lower volatility and volumes this morning, EUR/USD flat at 1.1736, EUR/GBP at 0.856. The Dollar is being supported by fresh concerns over a possible Evergrande default, after the company missed a bond coupon payment yesterday. Dollar traders will likely watch Powell's speech later today for any monetary policy hints, along with the slew of central bank speakers who are due early next week. Sterling is flat to marginally weaker on Friday after the BOE yesterday made no changes to policy.

**Safe-havens:** Gold is looking to close the week flat at \$1,755, the metal has seen some declines in recent weeks as traders price in central banks' hawkish tilts. Treasuries have sold off since the Federal Reserve release on Wednesday night, as investors look to a tapering of the central bank's bond-buying before year-end, which will likely be followed by a rate hike either in 2022 or 2023. Moves like this should in theory cause bonds to sell off further and yields to rise accordingly. The benchmark US 10yr yield gained 10 basis points yesterday alone, now yielding 1.41%.

**Looking ahead:** This afternoon is set to be fairly quiet on the economic data front, we will however see the Fed Chair Jerome Powell speaking at an online event at 3pm Irish time. German Federal elections are due to take place on Sunday, followed on Monday by a range of central bank speakers from the Fed, along with ECB President Lagarde and BOE Governor Bailey throughout the day. We will see Powell speaking again next Wednesday, accompanied by the leaders of the ECB, BOJ, and BOE virtually at the ECB forum on Central Banking event. The US Core PCE inflation reading will come out next Friday, and will be watched closely by the Fed and investors alike.

## Key Events to Watch

24/09/2021 - Fed Chair Powell speaks  
26/09/2021 - German Federal Elections  
29/09/2021 - Fed Chair Powell speaks  
01/10/2021 - US Core PCE Inflation

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,448	1.21%	18.45%
DAX	15,643	0.88%	13.18%
EuroStoxx	4,194	1.08%	17.15%
ISEQ	8,800	-0.15%	18.87%
FTSE	7,078	-0.07%	9.24%
Nikkei 225	30,248	2.06%	10.22%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1736	0.43%	-3.89%
EUR/GBP	0.8554	-0.23%	-4.14%
GBP/USD	1.3716	0.67%	0.32%
USD/CHF	0.9240	-0.23%	4.43%
USD/JPY	110.30	0.47%	7.03%
EUR/JPY	129.45	0.90%	2.89%

Fixed Income	Value	Daily Change
US 10yr	1.435	0.131
US 2yr	0.260	0.020
German 10yr	-0.252	0.056
Irish 10yr	0.131	0.064
UK 10yr	0.905	0.106
Japanese 10yr	0.047	0.01%

## Financial News Round Up

### Evergrande Update

Concerns over the potential default of China Evergrande Group have been renewed over the past 24 hours when the property developer missed its deadline to pay \$83.5m in bond interest on Thursday. Evergrande did not comment on the missed payment, which has raised even more questions for investors seeking clarity on the situation. Evergrande have now entered a 30-day grace period with regard to the \$83.5m, and will officially default if that time passes without payment.

The firm owes an alarming \$305 billion, is now struggling with liquidity issues, and has of course sparked concerns across global markets that a collapse could pose systemic risks to China's (and possibly the world's) whole financial system.

We note that Chinese authorities have thus far been silent on Evergrande's dilemma, with China's state media having offered no clues on any rescue package as of yet. One possible outcome is that the firm will engage with creditors to arrange a restructuring agreement, the next few weeks should offer more in the way of clarity as we head through this 30-day period and reach new payment deadlines for the Chinese property giant.

### Mortgages in Ireland

According to the Banking and Payments Federation of Ireland (BPFI), mortgage approvals were over 9% lower during August following a record high in July. On an annual basis however we continued to see growth, with mortgage approvals coming in 18% higher than one year prior. A total of 4,572 mortgages were approved over the month, with first-time buyers accounting for almost 54% of these, move purchasers coming in at 25.8%.

In terms of values, €1.16 billion worth of mortgages were approved last month, with first-time buyers making up €622m and mover purchasers €351m. This means that roughly €13.4 billion of mortgages have been approved in the 12-month period up to the end of August.

"In total almost €1.2 billion in mortgages were approved, 22.6% more than in August 2020. These were the highest volumes and values in August since the data series began" said Ali Ugur, chief economist at BPFI. He went on to add that the annualised figures, which give a clearer picture of emerging market trends, indicated that over 54,000 mortgages were approved in the year to August 2021. This marks the highest volume and value (€13.4b) since the data series began.