

Daily Update

Your daily market news, moves
and outlook



Monday, 11th of October

Markets Outlook

Equities: The main indices on the continent are roughly 0.30% lower to kick off the week this morning, having rebounded during the second half of last week to finish flat to slightly higher. Still-surging oil prices are fuelling inflation concerns, meanwhile investors remain cautious ahead of the Q3 earnings season which begins this week. The VIX volatility gauge is slightly higher to \$20.25 on Monday, as futures in the States edge lower.

Currencies: The Dollar is flat to slightly stronger on Monday following a slight move higher on Friday after the weaker than expected jobs report left room for uncertainty over when the Fed may begin to hike rates. EUR/USD trades at 1.157 this morning, GBP/USD at 1.364. Over the weekend we saw comments from BOE officials, including the Governor Bailey, which clearly signaled that the bank is looking to raise rates in the near term. The Pound is about 0.20% stronger against the Euro today, EUR/GBP at 0.848 and flirting with a major support zone.

Safe-havens: Gold was flat last week and moving slightly lower today to \$1,752, having attempted to rally above \$1,775 but quickly finding sellers. The metal is awaiting its next big catalyst for a break out of the range of the last few months. Bonds continue to sell off today, as traders eye up ever-increasing energy prices and therefore rising inflation expectations. The yield on the US 10yr bond has this morning reached 1.617% for the first time since May of this year, the German equivalent at -0.2% earlier today and at the top of its 2-and-a-half-year range.

Key Events to Watch

11/10/2021 - US Bank Holiday
12/10/2021 - Eurozone Economic Sentiment
13/10/2021 - US CPI Inflation
13/10/2021 - Fed Meeting Minutes

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,391	-0.19%	16.91%
DAX	15,206	-0.29%	10.52%
EuroStoxx	4,073	-0.61%	14.47%
ISEQ	8,420	-0.58%	13.45%
FTSE	7,095	0.25%	10.07%
Nikkei 225	28,498	1.60%	3.84%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1567	0.15%	-5.22%
EUR/GBP	0.8496	0.19%	-4.96%
GBP/USD	1.3611	-0.04%	-0.23%
USD/CHF	0.9271	-0.19%	4.69%
USD/JPY	112.22	0.56%	9.27%
EUR/JPY	129.80	0.71%	3.56%

Fixed Income	Value	Daily Change
US 10yr	1.612	0.036
US 2yr	0.319	0.010
German 10yr	-0.147	0.040
Irish 10yr	0.236	0.033
UK 10yr	1.160	0.080
Japanese 10yr	0.087	0.006

Financial News Round Up

The Week Ahead

Investor attention will begin to shift to the third-quarter earnings season which kicks off this week, along with what is set to be a relatively busy week in terms of economic data points too. Many market participants have been anxiously awaiting the start of this latest earnings season and anticipating a deceleration in corporate profit after a very strong Q2. Just looking at names in the S&P 500, earnings are forecast to increase by 27.6% for Q3, slowing from the previous quarter's unsustainable 90% growth rate. Should this forecast come to fruition, this will be the third-fastest pace of growth since 2010.

On Wednesday we will see the large US banks kick off this season, with releases from BlackRock, JP Morgan Chase, First Republic Bank and also from Delta Airlines. Thursday will be jam-packed with Q3 results due from Bank of America, US Bancorp, Wells Fargo, Morgan Stanley, Citigroup, Walgreens Boots Alliance, and UnitedHealth Group. These will be followed on Friday by Goldman Sachs.

Looking at economic data this week, Monday could be relatively subdued for markets with no major data to be released. Both the US and Canada have bank holidays, however stock exchanges will remain open.

Tomorrow morning we will see German and Eurozone economic sentiment results, which will be followed in the afternoon by a couple of Fed speakers. The UK will release GDP data for August on Wednesday before market open. Wednesday afternoon could be busy for US markets, the region's m/m CPI inflation release for September will be due and will be very important for what the Fed decide to do in 3 weeks' time. On Wednesday afternoon we are also due to see the minutes from the Fed's September meeting.

Chinese inflation figures will be out in the early hours of Thursday morning, followed that afternoon by US PPI (change in the price of finished goods and services sold by producers), a figure that is important when thinking about inflation. US monthly retail sales results will round off the week on Friday afternoon.

Construction in Ireland

According to Ulster Bank's Construction PMI, which tracks the change in total construction activity across the nation, firms continued to see strong growth within the sector. The reading came in at an expansionary 56.3 for September, down from August's 57.5 and representing the country's fourth consecutive monthly slowdown in growth.

"At 56.3, the headline index of overall activity still points to very solid growth on a par which that experienced in the three years prior to the pandemic, while it also points to faster growth than signaled by the latest construction PMIs in both the Eurozone and UK" the bank said in its statement. Ulster Bank also alluded to the ongoing issues surrounding supply-side challenges, caused by both Brexit and the pandemic. The bank's chief economic Simon Barry said that firms reported difficulty in sourcing materials and workers, as the rate of input cost inflation stayed near its record highs last month.

According to research by the Society of Chartered Surveyors Ireland (SCSI), national annual commercial construction inflation is now increasing at a rate of 8.3%. The Society points to supply chain pressures, pent-up demand, and shortages in materials and staff have all added to the upward pressure.