

Daily Update

Your daily market news, moves
and outlook



Friday, 15th of October

Markets Outlook

Equities: Markets in Europe are moving slightly higher again this morning, after what was a positive session for Asia overnight. In fact, European stocks are currently heading for their best weekly performance in about 7 months today. Sentiment has picked up this week as we have seen a reasonably strong start to this earnings season, with futures also bouncing in the States bringing the VIX down to \$16.70 at the time of writing.

Currencies: The Dollar index is slightly lower on Friday, looking to put in its third consecutive red day as risk appetite across other asset classes picks up and funds flow out of the safe-haven greenback. Commodity currencies such as the Aussie Dollar and Canadian Dollar have seen gains vs USD in recent weeks on the back of higher inflation expectations and a pick up in the underlying commodities themselves.

Safe-havens: Both the US 10yr and German 10yr are looking like they will register lower weekly moves in their respective yields for the first time in 8 weeks. The underlying bonds themselves have found some support, which brought the often-used benchmark US 10yr yield down to 1.51% yesterday, albeit still well in negative territory in real terms. Precious metals have bounced somewhat this week, as gold briefly touched \$1,800 on Thursday for the first time since mid-September.

Looking ahead: Friday afternoon will see the release of monthly US Retail Sales data, and will be followed by US Consumer Sentiment results. Tomorrow the ECB President Lagarde will speak at an online event, as will BOE Governor Bailey on Sunday. This afternoon Goldman Sachs will report Q3 earnings results, and will be followed next week by a busy week for earnings including Tesla, JnJ, Procter & Gamble, PayPal, ASML, Netflix, and many others.

Key Events to Watch

15/10/2021 - US Retail Sales

18/10/2021 - Chinese GDP

20/10/2021 - UK CPI

22/10/2021 - European PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,438	1.71%	18.16%
DAX	15,462	1.40%	12.92%
EuroStoxx	4,149	1.61%	17.44%
ISEQ	8,465	0.73%	15.38%
FTSE	7,207	0.92%	12.08%
Nikkei 225	29,068	1.81%	5.92%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1594	0.02%	-4.93%
EUR/GBP	0.8477	-0.09%	-5.21%
GBP/USD	1.3673	0.10%	0.31%
USD/CHF	0.9233	-0.10%	4.30%
USD/JPY	113.66	0.38%	10.53%
EUR/JPY	131.78	0.40%	5.08%

Fixed Income	Value	Daily Change
US 10yr	1.516	-0.026
US 2yr	0.364	0.004
German 10yr	-0.193	-0.060
Irish 10yr	0.190	-0.061
UK 10yr	1.051	-0.041
Japanese 10yr	0.077	0.005

Financial News Round Up

US Banks

Risk sentiment has picked up this week as we see the beginning of the Q3 earnings season, between Wednesday and yesterday we saw some large US banks reporting, including JP Morgan Chase, Bank of America, Citigroup, and Morgan Stanley.

We saw Citigroup and Morgan Stanley both benefiting from a significant rise in dealmaking which boosted sales last quarter and helped to offset the ongoing pressure from low interest rates and weaker demand for loans. Yesterday afternoon Morgan Stanley reported robust investment bank revenues of \$2.85b, 67% stronger than that of a year earlier and coming in well ahead of analysts' estimates for just \$1.9b. On Wednesday we similarly saw JP Morgan Chase report a 52% surge in investment banking fees, which came to \$3.3b. Both banks are said to have benefited significantly from stronger than expected fees from advisory business with regard to mergers and acquisitions.

Looking at Citigroup's results on Thursday, the group increased its revenues by 3% excluding the effect from the sale of the bank's consumer business in Australia. When we include that impact, group revenue fell by 1% to \$17.2b. Citi's investment banking fees jumped 39%, by slightly less than some of its peers' equivalents.

Bank of America yesterday released investment banking fee results that were 23% stronger y/y to \$2.2b, helping overall revenue climb 12% to \$22.8 billion.

Irish Housing

Property prices in Ireland were 10.9% higher in the year to August, according to a release from the Central Statistics Office (CSO), as house price inflation hits a three-year high. The CSO pointed to the fact that half of this growth has taken place over the last three months, which would fit broadly in line with the narrative of rising inflation in general across the Eurozone recently. Prices in Dublin were just over 10% higher, with prices outside of the capital 11.5% stronger.

The average price for a home over the 12-month period was €313,619 (nearly €20,300 higher y/y), with Dublin's figure coming in at €484,147 (c. €43,700 higher).

Rio Tinto

Shares in the multinational metals and mining corporation are almost 2% lower to £50.14 in London on Friday morning after the firm cut its production guidance for its iron ore business along with several other divisions after what it described as a "difficult" Q3.

The firm's quarterly trading update indicated that it would ship between 320m - 350m tonnes of iron ore this year, down from previous estimates for between 325m - 340m. We note that Jakob Stausholm, Rio's chief executive as of January this year, will brief investors in London next week on his strategic plan for the company.