

# Daily Update

Your daily market news, moves  
and outlook



Friday, 7th of January

## Markets Outlook

**Equities:** Stock markets on the continent are flat to marginally lower on Friday morning - European equities having traded flat this week while the US has taken a step lower. Risk assets may see some more movement after this afternoon's data releases, but for now volumes and volatility are relatively low. The VIX is trading at \$19.55 at the time of writing, broadly flat on the session and slightly higher so far this week.

**Currencies:** EUR/USD and GBP/USD are about 0.15% stronger on Friday, the world's reserve currency seeing slightly lower but quiet trade ahead of this afternoon's jobs results. The Dollar has been underpinned in recent months by the consensus that the Fed will be forced to raise rates multiple times this year, a move which led to EUR/USD's 4.3% depreciation during Q4. Currency traders will watch today's US jobs data and next week's US CPI reading in order to estimate what the Fed's next move will likely be. Looking at bitcoin, the cryptocurrency has this morning briefly traded its lowest level since September around the \$41,000 mark as markets become cautious of tighter monetary policy in the States.

**Safe-havens:** Gold fell by 2% on Thursday to around \$1,790 but has since stabilised, the metal has been fairly directionless for the last 6 months, as traders weigh up high inflation with the potential for higher real rates in the years ahead. Bond yields in general continue to climb, with many benchmark bonds having breached major support levels this week. German 10yr yielding -0.06%, US 10yr at 1.73%.

**Looking ahead:** The highlight of the day from an economic data point of view will be this afternoon's US jobs data, which we have covered fully in our Financial News section. Looking ahead to next week's action: the beginning of the week will be fairly quiet, however we will see the Fed Chairman J Powell speaking at an event on Tuesday, which after this week's Fed minutes release will be watched closely. US CPI inflation is due next Wednesday, while UK and German GDP will come on Friday.

## Key Events to Watch

07/01/2022 - Eurozone CPI

07/01/2022 - US Non-Farm Payrolls

11/01/2022 - Fed Chair Powell speaks

12/01/2022 - US CPI

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,696	-0.10%	-1.47%
DAX	16,052	-1.35%	1.05%
EuroStoxx	4,324	-1.53%	0.61%
ISEQ	8,616	-1.03%	2.04%
FTSE	7,450	-0.88%	0.89%
Nikkei 225	28,478	-0.03%	-1.09%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1291	-0.19%	-0.58%
EUR/GBP	0.8342	-0.02%	-0.60%
GBP/USD	1.3528	-0.19%	0.04%
USD/CHF	0.9210	0.47%	0.96%
USD/JPY	115.82	-0.24%	0.68%
EUR/JPY	130.77	-0.43%	0.09%

Fixed Income	Value	Daily Change
US 10yr	1.728	0.028
US 2yr	0.873	0.044
German 10yr	-0.068	0.056
Irish 10yr	0.324	0.040
UK 10yr	1.150	0.062
Japanese 10yr	0.121	0.001

## Financial News Round Up

### US Jobs Data Today

Markets will be paying close attention to the Non-Farm Payrolls (NFP) figure and Unemployment Rate today, both due out of the US at 1:30pm Irish time. Economists are expecting to see about 425,000 jobs added in December for the NFP result, versus November's 210,000 and October's 531,000. This would mean a solid start to the year for US economic data, as the nation, along with most of the world, grapples with the rapid spread of Omicron. A positive figure for NFP would also mean 12 consecutive months of job growth for the United States'

The monthly Unemployment Rate is forecast to come in at 4.1% this afternoon, having steadily moved lower since the initial spike to 14.7% back in the Spring time of 2020. This is against the previous month's 4.2% and the pre-Covid level of 3.5%.

### Eurozone Inflation

This morning we have seen the release of Eurozone CPI inflation, the index coming in at 5.0% y/y for the month of December. This is the highest result since the early 1990s and comes in vs analysts' estimates for 4.8% and vs the prior month's 4.9%. Energy prices, which were up 26% compared to a year earlier, remain to be the main driver. Reportedly, supply chain bottlenecks also added to inflationary pressures, while households which had been saving cash for a year began to spend significantly.

Meanwhile the 'Core CPI' reading, which excludes volatile items such as energy and food, was 2.6% y/y last month vs expectations for 2.5% and vs the previous 2.6%.

The European Central Bank forecasts for inflation to fall back below 2% by this time next year, however some officials within the bank are beginning to question this narrative, warning that risks are currently skewed towards higher figures and that above-target results could persist into 2023.

### C&C Group

Alcoholic drinks maker and distributor C&C Group has today announced that its Q4 trading results will have been affected by Covid-19 and the associated government restrictions. In this latest trading update, the firm stated that it has managed to turn a small profit during December, while also saying it is seeing "effective management" of the well-publicised UK supply chain issues.

Last month, C&C traded directly with 81% of on-trade outlets compared to 90% during the same time in 2020, delivering 64% of the volume against forecasts for 90%.

"Consequently, C&C will provide an updated operating profit range in its FY2022 pre-close trading statement in March" it said, "As the pre-eminent brand led drinks distributor in the UK and Ireland, we have demonstrated our ability to effectively service demand during this period. We continue to drive efficiencies throughout our business in the form of permanent operating cost reduction".