

# Daily Update

Your daily market news, moves  
and outlook



## Markets Outlook

### Monday, 25th of April

**Equities:** Stocks are moving lower to kick off the week, after a broadly negative session for Asia overnight and a relatively strong sell-off across the board on Friday. The EuroStoxx50 is 2.5% lower at the time of writing, while in the US the VIX is up to \$29.90 on the back of weaker futures this morning. Markets on both sides of the Atlantic are becoming increasingly concerned about more hawkish central banks this year.

Macron has secured a second term as France's president (58.5% to Le Pen's 41.5%), although this is providing little support for equities on the continent. The EU is reportedly drawing up plans for a sixth package of sanctions against Russia, with more details expected to emerge early this week. This could include some form of ban on the importing of Russian oil, and would have an impact on stock prices in Europe.

**Currencies:** Dollar fluctuations have been dominating, given some of the hawkish pivots from Fed officials and moves in Treasury yields we are seeing as of late. The Dollar index has reached yet another 2-year high this morning, at 101.74, and is benefitting from the sell-off in equities. The Euro is approaching a major multi-year support area around \$1.065, currently around half a percent weaker today at \$1.074.

**Fixed income:** Bond yields were mixed towards the end of last week, and are taking a step lower on Monday morning as equities move into risk-off mode. Despite today's slight pullback, the policy-sensitive 2 year yields in the US and Europe gained between 15 and 20bp last week - the US 2yr touching a 40-month high point of 2.79% as markets price in for a 50bp Fed rate hike in May and a fairly significant 75bp increase in June. Similarly, Germany's equivalent reached 0.29% briefly, investors now expecting the ECB to begin hiking in the third quarter.

**Commodities:** Commodities are mostly on the back foot on Monday, Brent Crude oil is currently down by over 4% to \$101.70, the American WTI Crude is also down over 4% to \$97.70 for the first time in two weeks. Energy markets are feeling the pressure this morning amid fears that China will soon experience wider Covid lockdowns. Mass testing and mobility restrictions were announced over the weekend for Beijing. Shanghai has already been locked down for almost one month. China is the world's largest importer and second biggest consumer of oil at present. Gold has slipped to its lowest prices in four weeks today around \$1,915 as prospects of aggressive policy tightening and a strong Dollar dent the metal's appeal.

## Key Events to Watch

28/04/2022 - BOJ Rate Decision  
28/04/2022 - US GDP  
29/04/2022 - Eurozone CPI & GDP  
29/04/2022 - US Core PCE

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,271	-2.77%	-10.37%
DAX	14,142	-2.48%	-10.97%
EuroStoxx	3,840	-2.24%	-10.66%
ISEQ	7,367	-1.43%	-12.75%
FTSE	7,521	-1.39%	1.86%
Nikkei 225	26,590	-1.90%	-7.64%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0794	-0.39%	-5.67%
EUR/GBP	0.8406	1.08%	0.17%
GBP/USD	1.2837	-1.47%	-5.79%
USD/CHF	0.9571	0.42%	5.05%
USD/JPY	128.56	0.13%	11.44%
EUR/JPY	138.77	-0.24%	5.11%

Fixed Income	Value	Daily Change
US 10yr	2.905	-0.003
US 2yr	2.677	0.003
German 10yr	0.963	0.038
Irish 10yr	1.552	0.022
UK 10yr	1.966	-0.049
Japanese 10yr	0.241	-0.005

## Financial News Round Up

### The Week Ahead

Markets are heading into a busy week this morning with a range of important earnings results due and the latest inflation readings out of both the US and Eurozone also.

Turning to the usual economic schedule; Monday afternoon is set to be quieter after the German Business Climate data earlier. Tuesday and Wednesday will be similar with the exception of a monthly US consumer confidence figure tomorrow afternoon. In the early hours of Thursday morning the Bank of Japan will make its latest rate decision, expected to make no changes to policy. Then in the afternoon the US GDP figure for Q1 will be released, forecast at 1.0% q/q. On Friday morning we are due to see quarterly GDP and monthly CPI inflation results from Eurozone nations, which will be followed later that day by the US Core PCE inflation figure.

175 S&P 500 companies will report Q1 earnings this week, of which 13 are part of the Dow Jones 30 components also, with a range of large companies from various sectors due to report. Later on Monday Coca-Cola, Activision Blizzard, and Whirlpool will release, followed on Tuesday by Microsoft, Alphabet (Google), UPS, HSBC, Visa, 3M, GE, GM, Novartis, and PepsiCo.

On Wednesday we will hear from Ford, Spotify, Boeing, Meta (Facebook), Qualcomm, GSK, Credit Suisse, and T-Mobile and on Thursday from Twitter, Apple, Amazon, Intel, Nokia, Mastercard, McDonald's, Merck, Unilever, Sanofi, and Bank of Ireland. Finally on Friday we will hear from oil majors ExxonMobil and Chevron, and also from Smurfit Kappa, Kingspan, AbbVie, AstraZeneca, and Aon. One fifth of S&P 500 names have reported quarterly results so far, with 79% reflecting an earnings beat for the period - above the five-year average of 77%. However, the magnitude of the upside surprise is below the five-year average of 8.9%, coming in so far at 8.1%.

### French Election

Emmanuel Macron has defeated the far-right Marine Le Pen to become French president for the next five years, and is the first incumbent to win a second term in about 20 years. Macron's margin of victory came in at around 58.5% versus 41.5%, roughly as was expected.

A Macron win had already been priced in to markets to a large extent, but we may see some light relief for European assets and the Euro this week as hedges are unwound. Interestingly, about 28% of voters did not turn up to polling stations, the highest level seen in France since 1969.