

# Daily Update

Your daily market news, moves  
and outlook



## Markets Outlook

**Equities:** European risk assets are mostly lower on Tuesday after a broadly negative session for Asian equities overnight. Losses picked up in China amid continued Covid uncertainty despite falling cases in Shanghai. DAX and EuroStoxx50 are between 1.25% and 1.50% lower at the time of writing. Weaker PMI results from the Eurozone have also likely caused some selling pressure today.

Disappointing earnings from Snapchat parent Snap combined with disappointment at the modest nature of a Chinese fiscal stimulus package unveiled yesterday, have both weighed on risk sentiment. Futures in the US this morning are down, leading the VIX higher to \$29.61.

**Currencies:** The Dollar continues to pull back on Tuesday, allowing the Euro to rise to \$1.072 for the first time in a full month. Christine Lagarde's comments over recent days have helped strengthen the common currency, as she refused to rule out a 50 basis point rate increase in July. FX traders have been much more concerned with what central bankers have to say than economic data, namely this morning's PMIs.

## Key Events to Watch

24/05/2022 - US PMIs

25/05/2022 - RBNZ Rate Decision

25/05/2022 - Fed meeting minutes

26/05/2022 - US GDP

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,973	1.86%	-16.63%
DAX	14,175	1.38%	-10.76%
EuroStoxx	3,708	1.40%	-13.73%
ISEQ	7,153	1.27%	-15.28%
FTSE	7,513	1.67%	1.75%
Nikkei 225	26,748	-0.94%	-7.10%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0689	1.14%	-5.72%
EUR/GBP	0.8489	0.43%	1.33%
GBP/USD	1.2588	0.68%	-6.93%
USD/CHF	0.9658	-0.95%	5.63%
USD/JPY	127.87	-0.02%	10.72%
EUR/JPY	136.69	1.12%	4.41%

Fixed Income	Value	Daily Change
US 10yr	2.861	0.053
US 2yr	2.628	0.015
German 10yr	1.009	0.067
Irish 10yr	1.605	0.050
UK 10yr	1.980	0.098
Japanese 10yr	0.226	-0.007

## Tuesday, 24th of May

**Safe-havens:** Gold is seeing some relief buying this week as the Dollar takes a step lower. The precious metal has historically seen a negative correlation with USD, and is half a percent higher to \$1,857 on Tuesday - looking to undo some of the losses seen in early May.

Eurozone bond yields were surprisingly quiet after Lagarde's statements yesterday. Germany's 10yr yield is marginally higher on the week to 0.986% while France's equivalent is up to 1.52%.

**Looking ahead:** This afternoon the US will release Services and Manufacturing PMI results for the month of May, after we saw the same from European nations this morning. Fed Chair Powell and ECB President Lagarde will both speak at separate events this afternoon and evening.

Early tomorrow morning the RBNZ are expected to increase rates in New Zealand from 1.50% to 2.00%. While Q1 earnings season has largely finished, we note that tomorrow we will see results from the American multinational technology company Nvidia (market cap \$423b).

Market participants tomorrow will also be focusing on the release of the Federal Reserve's latest meeting minutes, due at 7pm Irish time.

## Financial News Round Up

### PMIs This Morning

Eurozone business growth has slowed this month but still remained relatively strong as the increased cost of living puts a dent in consumer spending power while a shortage of raw materials has held back expansion in manufacturing. As can be seen below, both services and manufacturing for the Eurozone came in below expectations for the month of May so far, although importantly they did both remain above 50.0 and therefore in expansionary territory.

- French Services: 58.4 vs 58.4 forecasts.
- French Manufacturing: 54.5 vs 55.3 forecasts.
- German Services: 56.3 vs 57.2
- German Manufacturing: 54.7 vs 54.1
- Eurozone Services: 56.3 vs 57.3
- Eurozone Manufacturing: 54.4 vs 54.8
- UK Services: 51.8 vs 56.9
- UK Manufacturing: 54.6 vs 54.9

### Lagarde Comments

ECB President Christine Lagarde yesterday rejected the idea that the Euro area is heading for a recession this year, at the World Economic Forum in Davos. The President pointed to unemployment which is "at rock bottom rates", as well as large household savings and the prospect for a strong summer for the tourism industry as forces that will offset negative shocks from the war in Ukraine and surging inflation.

Lagarde spoke a day after laying out her vision for the ECB's next steps in a blog post. She stated that it is likely they will leave negative rates behind during the third quarter, with the first rate hike likely to occur in July.

### Greencore

Irish food company Greencore Group plc has this morning reported a return to profitability and stronger revenues for its fiscal H1. Revenue came in 33.6% higher to £770.8 million, which the firm said reflected the recovery in demand for food to go categories. Profit before tax increased from a loss of £1.8m during the same period last year (6 months to March 25th) to a profit of £1m this time around. This came as the group saw higher operating profit and lower finance costs.

The stock is trading almost 6% higher in London on Tuesday, up to £1.136 and down 11.8% now YTD.