

# Daily Update

Your daily market news, moves  
and outlook



## Markets Outlook

**Equities:** European stock markets are likely to see lower volatility on Monday, due to the US Memorial Day bank holiday and market closure. The main European indices are about 0.75% stronger at the time of writing, looking to extend last week's rally.

Markets seem to be getting a small sense of optimism as Chinese cities begin to ease mobility restrictions, and Asia saw a stronger session overnight.

A bounce in US stocks last week ended a 7-week losing streak for the S&P 500 and Nasdaq indices, while the Dow Jones logged gains for the first time in eight weeks. All three of these main American indices saw gains of at least 5%, buoyed by some less hawkish Fed comments, more upbeat economic data, and some more positively received earnings reports from the retail sector. VIX at \$26.15 on Monday.

**Currencies:** EUR/USD is 0.35% higher to 1.076 at the time of writing, having seen a boost last week amid a rise in general risk sentiment. In May, the Dollar is set for its first monthly drop in five months as raised expectations of a pause in the Fed's tightening at some stage this year came about. The ECB also look likely to begin rate hikes in July.

## Monday, 30th of May

**Fixed income:** Bonds were mixed on Friday, closing out what was a relatively quiet week for the asset class. Yield curves steepened slightly. US 10yr at 2.74% on Monday, German 10yr at 1.04%, UK 10yr at 1.98%.

The spread between the US and German 10yr bond yields continued to narrow last week as investors started to come around the idea that the Fed may not tighten as aggressively as we previously had thought. The ECB are also now expected to bring rates in the region back into positive territory during the fourth quarter.

**Commodities:** Gold was very quiet last week, remaining in a tight range around \$1,850 as traders pause and await the next major catalyst from an inflation or monetary policy standpoint. The near-term direction of gold may well depend on the Dollar over the next few weeks, as well as real bond yields. Oil prices are at the top of their range from the past 10 or 11 weeks, with China's slow reopening boosting prices. Brent Crude stands at \$116.25 at the time of writing - having moved up as far as \$139.13 back in March, its highest prices since mid-2008.

Agricultural futures prices were mixed last week. Corn, Wheat, and Soybeans are up 30.8%, 50.2%, and 30.4% YTD respectively.

## Key Events to Watch

30/05/2022 - US Memorial Day

31/05/2022 - Eurozone CPI inflation

01/06/2022 - BOC Rate Decision

03/06/2022 - US Non-Farm Payrolls

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,158	2.47%	-12.76%
DAX	14,462	1.62%	-8.96%
EuroStoxx	3,808	1.83%	-11.39%
ISEQ	7,344	1.36%	-13.02%
FTSE	7,585	0.27%	2.72%
Nikkei 225	27,369	2.19%	-4.94%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0727	0.03%	-5.37%
EUR/GBP	0.8500	-0.14%	1.30%
GBP/USD	1.2616	0.17%	-6.59%
USD/CHF	0.9570	-0.24%	4.76%
USD/JPY	127.11	-0.02%	10.42%
EUR/JPY	136.35	0.01%	4.50%

Fixed Income	Value	Daily Change
US 10yr	2.743	0.001
US 2yr	2.483	0.006
German 10yr	0.963	-0.036
Irish 10yr	1.566	-0.042
UK 10yr	1.916	-0.052
Japanese 10yr	0.226	0.005

## Financial News Round Up

### The Week Ahead

Things will be relatively quiet throughout today as the US remains closed for a long weekend, with markets in the region coming back online tomorrow. Following the stronger than expected 8.7% y/y Spanish CPI inflation for May that we received this morning, we are due to get CPI results from Germany later today. Tuesday will see the release of other Eurozone nation inflation figures, with the result for the region as a whole also due to be released at 10am (7.7% y/y forecast, vs the previous 7.5%).

We also believe that the US Consumer Confidence result due out on Tuesday afternoon will serve as an important gauge of current economic sentiment, as investors keep an eye on consumer resilience amid continued talk of recession.

Moving on to Wednesday, the Bank of Canada are expected by investors to increase rates in the region by 50 basis points to 1.50%, their second 50bp hike of the year so far. Thursday could be another quieter day for markets in general, China, the UK, and Italy will each have their own bank holidays. The US 'ADP Employment Change' figure is due to be released that afternoon, and is usually a precursor to the country's Non-Farm Payroll figure.

The US Non-Farm Payrolls will be due on Friday at 1:30pm Irish time. This closely watched jobs report should offer a snapshot of US employment for the month of May as concerns mount over uncertainty in the economic outlook. The figure is expected to reflect a slowdown in hiring from April's +428,000 jobs to an estimate for 325,000 this time around.

### Central Bank of Ireland

RTÉ report this morning that a record amount in monetary fines imposed on financial firms and individuals by the Central Bank of Ireland (CBI) in 2021 contributed to profits at the bank last year increasing by 59% to €1.32 billion. This is according to the CBI's 2021 annual report which shows that a dividend of €1.067b will be paid to the Exchequer.

The CBI's overall net income jumped by 43.45% to €1.67b while its expenses increased to just €356.1m. The report, which has been presented to the Oireachtas, indicates that the increase is also partly down to an increase in "Other Net Income" from €201m to €264m due to increases in financial regulation monetary penalties and financial regulation industry funding levy income.