

# Daily Update

Your daily market news, moves  
and outlook



## Markets Outlook

## Tuesday, 7th of June

**Equities:** Stocks are roughly 0.9% weaker on Tuesday morning, with many European markets coming back online after public holidays on Monday. The benchmark EuroStoxx50 has undone most of yesterday's gains this morning, currently standing at -11.4% YTD, versus the S&P 500's -13.5%. Investors may show some caution ahead of Thursday's ECB meeting, after the RBA surprised markets last night when they hiked by 50bp.

British equities are outperforming on Tuesday after Boris Johnson survived a vote of no confidence from his own lawmakers. The FTSE100 is currently flat at £7,610 and resting near its two-year high set back in February. VIX at \$25.44 this morning.

**Currencies:** Pound Sterling is on the back foot today, after UK PM Johnson won the confidence vote by a margin of 211 to 148, the size of this rebellion has been bigger than was expected. GBP/USD (a.k.a. cable) is 0.15% lower at 1.251, EUR/GBP up 0.15% to 0.8545.

The Euro is of course expected to see little to no movement tomorrow and on Thursday morning, until we get further clarity from the ECB about its July meeting and its updated economic projections.

**Fixed income:** The US 10yr yield moved back above 3% on Monday as fears grew over persistent inflation. Yield curves in the US are remaining as they were last week, albeit the spread between the region's 10yr and 2yr is still at just 0.3%.

As is the same with other asset classes, bonds in Europe will be reacting to what the ECB has to say later this week. Yields of all durations last week jumped to new highs, the German 10yr for example reaching 1.3% for the first time since June 2014.

**Commodities:** Gold is so far in its third week of very quiet sideways trade, the metal at \$1,849 on Tuesday.

Oil prices have moved higher over the past week, but pulling back slightly this morning. Brent Crude futures reached a 10-week high of \$121.95 yesterday on the opening bell.

Bloomberg reported over the long weekend that the US may allow more Iranian oil to flow even without a nuclear deal, in an effort to bring prices down somewhat. Separately, Saudi Arabia have raised the price of oil that they sell to their biggest market Asia, by \$2.10 per barrel vs the expected \$1.50 rise.

## Key Events to Watch

09/06/2022 - ECB Rate Decision

10/06/2022 - Chinese CPI

10/06/2022 - US CPI

13/06/2022 - UK GDP

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,121	0.31%	-13.53%
DAX	14,653	1.34%	-8.40%
EuroStoxx	3,838	1.45%	-11.28%
ISEQ	7,210	0.77%	-14.62%
FTSE	7,608	1.00%	3.02%
Nikkei 225	27,943	0.10%	-2.94%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0690	-0.34%	-5.95%
EUR/GBP	0.8536	-0.59%	1.99%
GBP/USD	1.2523	0.26%	-7.75%
USD/CHF	0.9714	0.92%	6.69%
USD/JPY	132.18	1.11%	15.32%
EUR/JPY	141.29	0.77%	8.48%

Fixed Income	Value	Daily Change
US 10yr	3.044	0.107
US 2yr	2.738	0.082
German 10yr	1.322	0.052
Irish 10yr	1.882	0.019
UK 10yr	2.259	0.105
Japanese 10yr	0.241	0.000

## Financial News Round Up

### The Week Ahead

Tuesday afternoon is due to be relatively quiet on the economic data front, after the RBA rate statement in the early hours of the morning. The only speaker of note will be the US Treasury Secretary Janet Yellen at 3pm. Similarly, Wednesday's schedule will be fairly quiet, although we will see the OECD's latest global economic outlook come due. This will be important in the context of slowing growth and still-high inflation around much of the world.

The European Central Bank release on Thursday will be one of the key events to look out for this week, ECB President Lagarde is set to announce an end to bond purchases by the bank and formally begin the countdown to increasing interest rates in July. For now at least, the majority of the ECB council seems to be in favour of just a 25 basis point hike next month. Market participants will however be watching closely for any hints at a larger hike this summer, especially after the EU witnessed a record high CPI inflation print for May of 8.1% y/y.

The other major event of the week will be the United States' CPI inflation figure, due on Friday at 1:30pm Irish time. Inflation in the US is forecast to have accelerated on a m/m basis to 0.7% (vs previous 0.3%) as a result of record gasoline prices. The y/y reading is estimated to be 8.3% for May, in line with April's result.

### RBA

The Reserve Bank of Australia overnight raised its main interest rate by 50bp to a two and a half year high of 0.85%. This came in ahead of analysts' forecasts for just a 25bp increase and is the RBA's largest rate hike in 22 years, as the central bank flagged more tightening to come as it battles to contain inflation. The RBA had already raised rates by 25bp in May - its first increase since 2010.

Australia's CPI was at a 20-year high of 5.1% in the first quarter, and could reportedly approach 6% during Q2 amid rising costs for energy, food, rent, and house building.

### Irish Housing

According to an analysis from the Banking & Payments Federation of Ireland (BPF), an increase in the supply of housing may be contributing to an easing in the pace of growth in property prices. However, it did also warn that any easing in price growth may be offset by cost pressures in the construction sector. The most recent data indicates there were 32,456 units commenced in the 12 months to April 2022, a healthier sign of the pipeline for completions.