

Daily Update

Your daily market news, moves
and outlook



Markets Outlook

Friday, 8th of July

Equities: Stock markets on the continent are mixed on Friday morning, looking to finish the week flat to marginally stronger. This comes after most major benchmarks in Asia were in positive territory as tech stocks gained. Japanese equities erased some of their earlier rally following reports that former PM Abe was shot during a campaign speech.

Equity investors will likely turn their attention to earnings results over the coming few weeks, as well as the Fed and ECB who are due to report towards the end of the month. Large US investment banks will kick off proceedings next Thursday and Friday, and will be followed the next week by some large tech and healthcare names.

VIX is slightly lower this week to \$26.25.

Currencies: The Dollar has surged this week. The Dollar index, which measures the greenback against a basket of six other large currencies, has jumped to 107.20, is highest price since late 2002.

The safe-haven Japanese Yen has seen a slight bid this morning after the killing of former PM Shinzo Abe, USD/JPY at 135.88.

Commodities: Many commodities have taken a hit this week, as investors begin to come around to the possibility of a recession this year or next. Gold has suffered on the back of a very strong dollar, down roughly 4% on the week to \$1,736. Other precious and also base metals have suffered, copper initially fell 9.5% before recouping some of these losses.

Oil prices have also been hit, with Brent crude falling by almost 12% on the week and briefly getting below \$100 per barrel, having since bounced to \$104.80.

Looking ahead: At 1:30pm today both the US and Canada will release important jobs data for the month of June.

Next week we will get two central bank releases, from the Reserve Bank of New Zealand and from the Bank of Canada, both on Wednesday. We will also get the US CPI inflation result for June on Wednesday, analysts' forecasts are yet to come in, previous result was 8.6%.

We will see the Q2 earnings season kick off in earnest next week, on Thursday and Friday we will see the large US investment banks' results come due, along with some other names.

Key Events to Watch

08/07/2022 - US Non-Farm Payrolls

13/06/2022 - RBNZ Rate Decision

13/06/2022 - US CPI

13/06/2022 - BOC Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,902	1.50%	-18.12%
DAX	12,843	1.97%	-19.15%
EuroStoxx	3,488	1.95%	-18.84%
ISEQ	6,386	1.67%	-24.37%
FTSE	7,189	1.14%	-2.65%
Nikkei 225	26,517	0.10%	-7.90%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0159	-0.22%	-10.56%
EUR/GBP	0.8448	-1.02%	0.82%
GBP/USD	1.2021	0.76%	-11.26%
USD/CHF	0.9737	0.32%	6.77%
USD/JPY	135.98	0.04%	17.93%
EUR/JPY	138.14	-0.17%	5.43%

Fixed Income	Value	Daily Change
US 10yr	3.000	0.066
US 2yr	3.024	0.029
German 10yr	1.298	0.140
Irish 10yr	1.880	0.051
UK 10yr	2.094	0.043
Japanese 10yr	0.241	-0.001

Financial News Round Up

Japan's Abe

Former Japanese prime minister Shinzo Abe, the nation's longest-serving former PM, has been shot dead overnight in the western city of Nara while delivering a campaign speech. This is undoubtedly one of the most significant acts of political violence to rock the country in the post-WW2 era.

The shooting of Japan's 67 year old former-leader has shocked a society where violence is rare and very few people own guns. Police arrested a 41 year old male suspect at the site of the shooting.

Since stepping down as prime minister around two years ago, Abe had remained an influential member of parliament as head of the ruling Liberal Democratic party's largest faction. During his two spells in office (2006-07 and 2012-20), Abe was known for his economic revival plan and his conservative views on history. Launched in 2012, his stimulus programme was aimed to lift the Japanese economy out of decades of deflation.

IMF on Ireland

The International Monetary Fund (IMF) has concluded that Ireland's growth outlook still remains positive after what was a strong rebound from the Covid pandemic. The institution however did also state that uncertainty is relatively high as indirect impacts from the Ukraine-Russia war could be substantial due to rising inflation and weakening global demand.

In what was its annual review of the Irish economy, the IMF said growth in the country is now projected to come in at 7.5% vs last year's robust 13.5%. "This is partly due to the envisaged deceleration of the IT and pharmaceutical sectors from their exceptional 2021 performance and the indirect impact of the war in Ukraine" it stated.

"Several pre-pandemic challenges remain, including housing shortages, infrastructure, social and green investment gaps, and the need to strengthen MNE's (multinational enterprises) inward linkages to broaden growth and make it more inclusive".

The IMF also found that the financial sector in Ireland had weathered the pandemic well because of its high capital buffers and effective policy support.