

Daily Update

Your daily market news, moves
and outlook



Markets Outlook

Equities: With US markets closed for Labor day, European stock markets are opening sharply lower, as investors fret over the economic risks facing the region, including potential energy shortages, slowing growth, and soaring inflation. Russia announced over the weekend that one of its main supply pipelines to Europe would remain shut indefinitely, scrapping a Saturday deadline for gas flows down the Nord Stream pipeline to resume, citing an oil leak in a turbine. The Nord Stream pipeline was already running at just 20% of capacity before flows were halted last week for maintenance. This move will likely push up already sky-high gas prices, and spark fears of energy rationing in Europe as winter approaches. This is putting pressure on the ECB to act, and the bank is due to announce on Thursday a second, large interest-rate hike.

Currencies: The euro fell below 99 cents for the first time in nearly two decades, while sterling was on the ropes as Russia's halt on gas supply down its main pipeline to Europe sparked concerns over energy prices and growth. The euro slid to \$0.9880, the lowest level since 2002, while sterling hit a new 2-1/2-year low at \$1.14445, and remained close to its pandemic trough. Expect further weakness this week.

Key Events to Watch

- 05/09/2022 - US & Canadian labor day Holiday
- 05/09/2022 - S&P Composite Euro PMI indices
- 08/09/2022 - ECB Rate Decision
- 08/09/2022 - Fed Chair Powell speaks

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,924	-1.07%	-17.66%
DAX	13,050	3.33%	-17.84%
EuroStoxx	3,544	2.54%	-17.54%
ISEQ	6,935	2.19%	-17.87%
FTSE	7,281	1.86%	-1.40%
Nikkei 225	27,627	-0.09%	-4.05%

FX			
EUR/USD	0.9896	-0.55%	-12.96%
EUR/GBP	0.8634	-0.14%	2.75%
GBP/USD	1.1462	-0.39%	-15.26%
USD/CHF	0.9831	0.28%	7.77%
USD/JPY	140.42	0.16%	21.98%
EUR/JPY	138.96	-0.40%	6.18%

Fixed Income			
US 10yr	3.195	0.004	
US 2yr	3.396	-0.003	
German 10yr	1.519	-0.002	
Irish 10yr	2.098	-0.076	
UK 10yr	2.917	-0.003	
Japanese 10yr	0.231	-0.009	

Monday, 5th of September

Commodities & Safe-havens: European natural gas futures leaped at the opening on the back of the Russian announcement. Oil prices also jumped higher this morning ahead of a meeting of top producers, with traders reacting to the possibility of a cut in output to support the market. OPEC+, meets later Monday, and is largely expected to keep current output levels despite supplies remaining tight. However, Saudi Arabia, the de facto leader of the group, recently floated the idea of cutting production levels to support prices, and this potential is supporting the market. Oil prices have fallen in the past three months, after touching multi-year highs in March, on concerns that interest rate hikes and COVID-19 curbs in parts of China, the world's top crude importer, may slow global economic growth and cool oil demand. The Brent contract rose 2.2% to \$95.03. Gold prices fell slightly at the start, extending sharp declines from last week as strength in the dollar and growing uncertainty over hawkish U.S. monetary policy weighed on appetite for the yellow metal. Spot gold fell 0.2% to \$1,710 an ounce

Looking ahead: The big focus will be ECB interest rate moves on Thursday and also what the FED is going to do next. Economic data due for release today is expected to show that economic activity in the Eurozone contracted further in August, with S&P PMI index seen falling to 49.2 from 49.9.

Financial News Round Up

AIB's services PMI

AIB announced the latest update on its services PMI which showed the growth in Irish services slowed to a 17-month low in August as inflation and a weakening UK market tempered demand. However despite falling from 56.3 to 54.7 this is still a sign of positive expansion. Anything above 50 is seen as an increase. Financial firms saw the fastest rate of growth in August, followed by the technology and media sector, which was the only sector where activity increased at a faster pace than July. Transport, tourism and leisure firms saw the next-slowest rate of growth, with business services coming last out of the four sectors surveyed. Elsewhere, Flash PMIs show growth in the services sector was flat in the eurozone and turned negative in the United States, while activity continued to slow in the UK. In Ireland, input and output price inflation is also slowing down.

Porsche

For sports car lovers preparations for a possible listing of Volkswagen's sports car brand Porsche are going according to plan but no decision has been taken yet, Volkswagen chief financial officer Arno Antlitz said in comments published on Monday. "This is a key element for the Group, especially because the possible proceeds would give us more flexibility to further accelerate the transformation," Antlitz in an internal Volkswagen interview. Markets will be watching for more details on this IPO

Vistry Plc

The quoted British housebuilder, Vistry, announced this morning that it would buy rival Countryside in a cash-stock deal, valuing the target at about £1.25 billion, a move aimed to strengthen its business targeted at building affordable homes. Under the terms of the deal, Countryside shareholders would get 0.255 of a new Vistry share and 60 pence in cash for each Countryside share. The deal represents a total implied value of 249 pence per Countryside share, a premium of about 9.1% to the stock's Friday close.