

# Daily Update

Your daily market news, moves  
and outlook



## Markets Outlook

## Tuesday, 4th of October

**Equities:** The month of September followed its typical seasonal pattern as the worst month of the year in terms of equity market performance - the MSCI World index (priced in USD) lost 9.5% of its value over the course of the month. Markets are enjoying a stronger start to October however, with indices on Wall Street gaining between 2.3% and 2.7% last night.

Eurozone indices are between 2 - 2.6% stronger on Tuesday morning, with a less aggressive RBA helping boost sentiment overnight. Investors may now begin to bet that central bankers will live with some level of inflation, and not tighten policy too far.

**Fixed income:** Benchmark sovereign bond yields fell across the board yesterday, as traders began to price in the possibility for less aggressive monetary policy in months and quarters to come. Market rate expectations have pulled back slightly, with the peak in US, UK, and Euro areas now about 25bp lower than where they were at just one week ago. UK gilt yields were helped lower by the government's announcement that it will not abolish the top rate of income tax, UK 10yr falling by nearly 14bp.

**Commodities:** OPEC+'s meeting is due to take place tomorrow, with no new rhetoric appearing over recent days - the cartel will likely cut production by 1 million barrels per day and attempt to push oil prices back above \$90. Brent Crude and WTI are holding near their highs from yesterday, at \$89.25 and \$83.90 respectively.

Precious metals have benefitted over the past week from a weaker US dollar - the dollar index is down over 3% from its peak seen last Wednesday at 114.75. Gold has gained 2.7% between yesterday and this morning and is now at \$1,716 - albeit still in a downtrend until it breaks c. \$1,750.

**Looking ahead:** The monthly US JOLTS Job Openings figure will come due at 3pm today, we will also hear from a handful of Fed speakers throughout the day and ECB President Lagarde at 4pm.

The Reserve Bank of New Zealand will make its latest rate decision tonight, after the RBA this morning hiked by less than was expected.

Ford and Volvo will release updated revenue figures later today, as will Tesco, Costco Wholesale, and Kering tomorrow. These will be followed by Imperial Brands and Taiwan Semiconductor Manufacturing Co towards the end of the week.

## Key Events to Watch

- 04/10/2022 - US Job Openings
- 05/10/2022 - OPEC Meetings
- 06/10/2022 - ECB Meeting Minutes
- 07/10/2022 - US Non-Farm Payrolls

## Financial News Round Up

### Reserve Bank of Australia

Overnight, the RBA have opted to raise interest rates in Australia by less than was forecast by analysts, causing the Australian dollar and yields in the region to fall. AUD/USD has subsequently moved higher (up to a 10-day high of 0.66) on the back of general USD weakness and positive global risk sentiment.

The central bank hiked its main interest rate by 25 basis points to 2.60%, versus the market's expectations for 2.85%. While this does still mean the sixth consecutive rate hike by the RBA, it is the first ('small') 25bp move since May. The bank stated that it still expects to keep raising rates for the remainder of the year, given that inflation is trending well above its target range.

"Medium-term inflation expectations remain well anchored, and it is important that this remains the case, RBA Governor Philip Lowe said, "The Board's priority is to return inflation to the 2-3% range over time. It is seeking to do this while keeping the economy on an even keel. The path to achieving this balance is a narrow one and it is clouded in uncertainty." Lowe also said inflation in the region is likely to hit 7.75% by the end of the year. Australian inflation came in at 6.1% in the year to June, its highest in over two decades.

### Ryanair

Ryanair have reportedly carried 15.9 million passengers during the month of September, up an impressive 49% from the 10.6m seen one year prior. This result came as the air travel industry continued its steady recovery from the impact of the pandemic.

The company's load factor, which measures the percentage of available seating capacity that has been filled, increased from 81% in September 2021 to the robust 94% seen last month. Ryanair operated a total of 88,850 flights in September.

### National Planning Framework

According to a Residential Land Supply Study carried out by Savills Ireland, the housing targets set out in the National Planning Framework will exacerbate the ongoing housing crisis in Ireland. Among their many arguments, Savills have said that the Framework's focus on increasing residential density with urban areas to prevent urban sprawl will mean less land has been made available in plans for the greater Dublin area than in previous instances. This amounts to "a large reduction" in zoned residential land, which Savills projects would have had the capacity to accommodate over 100,000 units in Dublin, Meath, Kildare, and Wicklow.

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,678	2.59%	-22.82%
DAX	12,209	0.79%	-23.14%
EuroStoxx	3,342	0.72%	-22.25%
ISEQ	6,340	0.45%	-24.92%
FTSE	6,908	0.22%	-6.44%
Nikkei 225	26,992	2.96%	-6.26%

FX	Value	Daily Change	YTD Change
EUR/USD	0.9834	0.42%	-13.25%
EUR/GBP	0.8673	-1.39%	3.43%
GBP/USD	1.1338	1.81%	-16.09%
USD/CHF	0.9929	0.74%	8.57%
USD/JPY	144.54	-0.19%	25.84%
EUR/JPY	142.13	0.23%	9.17%

Fixed Income	Value	Daily Change
US 10yr	3.621	-0.189
US 2yr	4.087	-0.148
German 10yr	1.912	-0.202
Irish 10yr	2.471	-0.235
UK 10yr	3.987	-0.138
Japanese 10yr	0.226	-0.005