Daily Update

Your daily market news, moves and outlook

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Markets Outlook

Friday, 31st of March

Equities: Stock markets are seeing very quiet trade early on Friday, as traders keep their powder dry ahead of crucial inflation releases due out of the Eurozone (10am) and US (1:30pm) today. Sentiment has picked up this week, with the EuroStoxx50 index now just 1% off its 2023 highs from roughly one month ago. Healthcare, consumer discretionary, financials, and utilities have dragged the index higher over the past week, with technology and real estate lagging behind.
Asian indices were mostly higher overnight after the release of stronger Chinese PMI data.
US futures are unchanged this morning, the VIX sits at $19.35.

Currencies: The dollar was weaker again on Thursday as we saw general risk appetite pick up across other asset classes. As the year progresses, we are still of the view that we will see a weaker dollar. However, we remain aware that we may see relatively short-lived periods of strength from the world's reserve currency before it ultimately moves lower.
EUR/USD is set to finish Q1 about 1.7% stronger, around 1.088.

Other markets: While trading slightly lower on Friday, oil prices are looking to register a weekly gain on the back of ongoing disruption to Iraqi exports. China's recovery also showed more signs of strength in March, likely underpinning future demand. Brent Crude is currently at $78.15.
Government bonds have pulled back this week, corporate debt has been quieter and mixed. US 10yr at 3.56%, German 10yr at 2.38%.

Economic data: The main focus for European markets this morning will undoubtedly be the Eurozone CPI inflation figure, due out at 10am. The headline result is forecast to come in at 7.1% y/y and down from February's 8.5%, while the Core reading is expected at 5.7% y/y and up from last month's 5.6%. We have seen a mixed set of regional European CPIs between yesterday and this morning - but still-high core inflation remains the chief concern at this moment in time.
At 1:30pm we will then get the release of the US 'Core PCE' inflation figure. This will be closely watched by the Federal Reserve, it is their favourite inflation metric. Core PCE is estimated to come in at 4.7% y/y for February - in line with the prior month.

Key Events

31/03/2023 - Eurozone CPI
31/03/2023 - US Core PCE
03/04/2023 - Irish Manufacturing PMI
03/04/2023 - US Manufacturing PMI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,050	0.57%	5.50%
DAX	15,522	1.26%	11.48%
EuroStoxx 50	4,285	1.28%	12.96%
ISEQ	8,328	1.28%	17.16%
FTSE 100	7,620	0.74%	2.26%
Nikkei 225	28,041	0.93%	7.47%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0901	0.53%	1.78%
EUR/GBP	0.8798	-0.08%	-0.52%
GBP/USD	1.2383	0.58%	2.39%
USD/CHF	0.9131	-0.58%	-1.11%
USD/JPY	132.65	-0.14%	1.37%
EUR/JPY	144.60	0.39%	3.17%

Fixed Income	Value	Daily Change
US 10yr	3.547	-0.019
US 2yr	4.121	0.020
German 10yr	2.371	0.064
Irish 10yr	2.780	0.019
UK 10yr	3.515	0.045
Japanese 10yr	0.329	0.002

Financial News

European Real Estate

European real estate groups are set for their worst monthly share price performance since the beginning of the pandemic in 2020, as investors bet that the recent banking issues will tighten access to credit and drive property valuations lower. The MSCI Europe Real Estate index has sold off to its lowest levels since early 2009 following a 24% decline this month, versus the broad-based EuroStoxx600 which as of this morning is down just 1% in March. In the States we have seen the MSCI US Real Estate Investment Trust drop by over 8.5% over the same time period, versus the S&P 500's +2% performance.
It is important to note the difference in composition between these two mentioned indices. The US has a much more mature focused real estate universe, with funds and indices concentrating on alternatives such as data centres, self-storage, and healthcare. Europe on the other hand is more exposed to the likes of offices, industrial, and retail - where the relative impact of higher rates is forecast by analysts to be much greater.

Revised GDP Results

This morning the UK's fourth quarter GDP result was revised higher - from 0.0% q/q to 0.1% - helping the region to avoid a technical recession in H2 of last year. At the start of this year, the IMF stated that Britain would likely be the only member of the G7 that will see economic contraction this year, however since then, economic data has been stronger than expected.
Similarly, the US' revised GDP result for Q4 was released this week. The figure was downgraded from 2.7% to 2.6% due to weaker consumer spending while corporate profits also declined. The government had initially said the US economy expanded by 2.9% during Oct-Dec, and had to revise that figure lower to 2.7% just one month ago before moving it again this week.

UK Property Prices

According to the latest data from British mortgage provider Nationwide this morning, UK house prices fell more than expected this month and by the most since 2009. Prices were down 3.1% y/y during March versus -2.2% forecasts, after having already seen a 1.1% fall in February.
These property prices were also down 0.8% m/m.