

Daily Update

Your daily market news, moves
and outlook



Markets Outlook

Monday, 17th of April

Equities: Stock markets are mixed but on the quieter side across the Eurozone on Monday morning. UK risk assets are climbing, with the main equity indices around half a percent higher at the time of writing. Stocks this side of the Atlantic saw further strength last week, with consumer discretionary, real estate, and financials outperforming. Germany's DAX index traded its highest levels since early 2022, while France's CAC registered a new all-time high - helped by a sharp rally in LVMH stock. For the US, corporate earnings will certainly be in focus over the coming days and weeks. Futures are quiet this morning, with the VIX at \$17.75.

Other markets: The US dollar bounced slightly on Friday, with this strength carrying into Monday's trade. The dollar index is currently at 101.44, with EUR/USD at 1.097 and GBP/USD (a.k.a. cable) at 1.238. Stronger earnings from some of the US' banks helped the greenback late last week, diluting concerns about the sector and raising expectations of another hike to come from the Fed.

Bond yields are mostly edging higher so far today, as a normalisation in the asset class continues after the knee-jerk reaction seen during March amid banking sector worries. German 10yr at 2.44%, US 10yr at 3.52%.

Looking ahead: Later today the ECB President Christine Lagarde will speak at an event in New York. Tuesday will be slightly busier in terms of the usual data - with a GDP release coming out of China in the early hours, and also UK jobs figures, Eurozone Economic Sentiment, and Canadian inflation.

Wednesday will include UK CPI data, which is expected to fall slightly for both headline and core readings. We also may see some small revisions to March Eurozone CPIs.

The ECB's March meeting minutes come out on Thursday, as well as weekly US jobs numbers and a couple of Fed speakers. On Friday, April Services and Manufacturing PMIs will be released from both Europe and the US.

The first-quarter earnings season will ramp up rapidly this week, after some large US investment banks kicked off proceedings late last week with improved profits and revenues. Monday will be quieter with State Street being the only large release, whereas tomorrow we will hear from J&J, Bank of America, Netflix, Lockheed Martin, Goldman Sachs, BNY Mellon, and United Airlines.

Midweek we will then see results from Tesla, ASML, Abbot Laboratories, Morgan Stanley, Nasdaq, US Bancorp, and Entain. These will be followed later in the week by the likes of Taiwan Semiconductor Manufacturing, Philip Morris, AT&T, American Express, Rio Tinto, P&G, and SAP.

Key Events

17/04/2023 - ECB's Lagarde speaks

18/04/2023 - Chinese GDP

18/04/2023 - UK Jobs Data

19/04/2023 - UK CPI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,137	-0.21%	7.77%
DAX	15,807	0.50%	13.53%
EuroStoxx 50	4,390	0.63%	15.74%
ISEQ	8,308	0.65%	16.88%
FTSE 100	7,871	0.36%	5.64%
Nikkei 225	28,514	0.07%	9.28%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0995	-0.44%	2.66%
EUR/GBP	0.8856	0.47%	0.06%
GBP/USD	1.2415	-0.83%	2.64%
USD/CHF	0.8938	0.51%	-3.32%
USD/JPY	133.79	0.92%	2.18%
EUR/JPY	147.10	0.50%	4.91%

Fixed Income	Value	Daily Change
US 10yr	3.515	0.065
US 2yr	4.099	0.131
German 10yr	2.433	0.062
Irish 10yr	2.866	0.070
UK 10yr	3.660	0.088
Japanese 10yr	0.478	0.004

Financial News

Irish Property

According to the CSO (Central Statistics Office), property price increases slowed to a near two-year low of 5% y/y during the month of February, down from January's 6.1%. This equated to an annual increase of 3.2% for Dublin and 6.4% for properties outside the county. However, figures also show that prices for all property types across the Dublin region have in fact pulled back by 1.8% over the past three months while prices in other areas have stalled.

Reportedly, February also saw a decline in the volume of transactions. A total of 3,351 units were purchased over the month, which is down 6.5% on the same month one year prior. The total value of the transactions came to €1.2 billion. The median property price was €310,000, with a Dublin figure of €432,000.

Separately, the latest Construction PMI from BNP Paribas Real Estate Ireland has shown that there were some signs of cooling inflation within the sector last month. The contraction in construction activity in March was the sixth successive move of this nature. However, the report states that some businesses did refer to the relative improvement seen in demand, despite the subdued market conditions experienced by others.

"Hopes for a sustained improvement in client demand led firms to be optimistic in their outlook for business activity over the coming 12 months... More specifically, firms were looking to capitalise off of planned development work and upcoming renewable energy projects" the authors said.

ECB Survey

Over the last couple of weeks, Bloomberg have conducted a survey including a group of economists who are now expecting the European Central Bank to implement three 25bp hikes between May and July. They are then looking for a pause from the central bank until at least the end of 2023, with the region's Deposit rate at 3.75% and Main Refinancing rate at 4.25%.

Yesterday we saw Christine Lagarde speak to CBS and allude to the fact that recent banking sector turmoil may help central banks around the globe by tightening credit conditions for them.

"If they don't lend too much credit and if they manage their risk, it might reduce the work that we have to do to reduce inflation" she told reporters, "But if they reduce credit too much, then it will weigh on growth excessively. So it's a fine balance".