

# Daily Update

Your daily market news, moves  
and outlook



## Markets Outlook

## Friday, 5th of May

**Equities:** Eurozone assets are bouncing after Thursday's ECB-induced sell-off. Germany's DAX is 0.2% higher at the time of writing, France's CAC is up 0.4%, and Italy's FTSE MIB up 0.75%. The real estate, energy, and technology sectors are leading the move higher. Earnings are still also in focus for European investors, and will continue to be closely watched over the coming week.

America's KBW regional banking index fell by another 3.6% yesterday, and continues to heavily feature across market commentary and newspapers as of late. This month it is the shareholders of these regional banks that are showing signs of concern, not necessarily the depositors. PacWest have released statements over the past 24 hours that say deposits have been stable for the past month and are not leaving anymore.

The FDIC rescues we witnessed in March did protect depositors in struggling banks, but at the cost of wiping out equity holders. So, rather than a classic 'bank run' situation which would lead to a liquidity crisis, it seems that many of these regional banks are seeing more of an anticipatory run on their respective share prices, with deposits apparently remaining stable now. This is a very interesting dynamic, and one that we will no doubt be keeping an eye on as we move through the second quarter.

**Other markets:** Gold futures hit \$2,082 and came close to their record high on Thursday as resurgent Chinese demand and worries over the health of US regional banks have accelerated the rally.

EUR/USD has seen quite choppy and directionless trade this week as investors attempt to digest two major central bank releases. The pair is at 1.103 on Friday. Bond markets caught a bid over recent days, in terms of sovereign and corporate.

**Looking ahead:** Important monthly US jobs data for April will be released this afternoon (at 1:30pm our time). The Non-Farm Payrolls figure is forecast at circa +180k, down slightly from March's +236k, while the region's Unemployment Rate is expected to increase lightly to 3.6%. Aside from these results, the rest of Friday will be on the quieter side in terms of data.

Next week we are due to get the latest US inflation numbers - the CPI is out on Wednesday and PPI on Thursday. The Bank of England will report at midday next Thursday - one to two more 25bp increases are looking likely. This will also be followed by UK GDP figures on Friday morning.

In terms of Q1 corporate results next week: Berkshire Hathaway, PayPal, KKR, BioNTech, Airbnb, Saudi Aramco, Occidental Petroleum, Duke Energy, Fox, Disney, ASOS, Toyota, Vestas, ABN Amro, Rolls Royce, Deutsche Telekom, ING, Engie, Telefonica, Allianz, and Societe Generale will all be reporting.

## Key Events

05/05/2023 - US Jobs Data

10/05/2023 - US CPI

11/05/2023 - Bank of England

11/05/2023 - US PPI

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,061	-0.72%	5.77%
DAX	15,734	-0.51%	13.00%
EuroStoxx 50	4,287	-0.54%	13.01%
ISEQ	8,287	-0.38%	16.58%
FTSE 100	7,702	-1.10%	3.37%
Nikkei 225	29,157	(Closed)	11.74%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1023	-0.33%	3.12%
EUR/GBP	0.8760	-0.44%	-0.98%
GBP/USD	1.2583	0.15%	4.23%
USD/CHF	0.8855	0.20%	-4.36%
USD/JPY	134.16	-0.38%	2.21%
EUR/JPY	147.89	-0.70%	5.42%

Fixed Income	Value	Daily Change
US 10yr	3.377	0.013
US 2yr	3.788	-0.076
German 10yr	2.184	-0.063
Irish 10yr	2.691	-0.008
UK 10yr	3.684	-0.035
Japanese 10yr	0.415	(Closed)

## Financial News

### ECB

The European Central Bank raised interest rates by 25bp yesterday, as was mostly expected by the market, bringing its Deposit rate to 3.25%, Main Refinancing rate to 3.75%, and Marginal Lending facility to 4.00%. This was the ECB's seventh consecutive rate hike, and as it stands at the moment with the headline Eurozone CPI increasing to 7% in April and the core rate still at 5.6%, it is looking like it will not be the last hike.

Unsurprisingly, ECB President Christine Lagarde reiterated the messaging that the central bank will need to be data-dependent and await further economic releases before they can give any meaningful forward guidance. However, she also stated that the ECB likely has more ground to cover and is not pausing at this juncture. The bank also said it will stop reinvesting cash from maturing debt in its €3.2 trillion Asset Purchase Programme from July, i.e. it will let its balance sheet reduce over time which is a form of quantitative tightening (opposite of QE).

The next monetary policy report from Lagarde and her team will come on June 15th, when we will also get the quarterly release of the ECB's latest macroeconomic projections.

Taoiseach Leo Varadkar confirmed yesterday that the reintroduction of mortgage interest relief will form part of negotiations on the government budget over the next few months. This is in direct response to the ECB's decision to raise rates once again.

### Apple

Shares in the world's largest corporation have traded around 2.5% higher in after-hours trade and are due to open this afternoon around \$169.80 in New York. This move comes after Apple released its fiscal second-quarter earnings result late last night, with a broadly stronger than expected set of numbers.

Overall revenues came in at \$94.8 billion (down 3% y/y), ahead of analysts' forecasts for \$92.6b, while adjusted EPS stood at \$1.52 versus the \$1.43 expected for the three-month period. iPhone sales beat expectations at \$51.3b, however Mac and iPad sales both disappointed slightly, at \$7.1b and \$6.6b respectively.

CEO Tim Cook said the firm has come through a series of challenges, alluding to the pandemic, other macroeconomic factors, and also chip shortages. "The supply chain has been incredibly resilient".