

# Daily Update

Your daily market news, moves  
and outlook



## Markets Outlook

**Equities:** European stock markets are opening in a mixed fashion this morning, with investors fretting about growth in the region while a deal to raise the U.S. debt ceiling looks set to go to the wire. Sentiment remained weak in Europe the day after economic data showed a surprise 0.3% drop in German gross domestic product during the first three months of 2023, a second straight quarterly retreat and thus a recession in the region's largest economy. Data released Thursday showed that retail sales in the U.K. rose 0.5% on the month in April, but this still represented an annual drop of 3% as high levels of inflation weighed on discretionary spending. And yet despite these signs of slowing growth, the region's central bankers show no signs of slowing their prolonged aggressive monetary tightening cycles. The quarterly earnings season is coming to a close, with no major numbers scheduled this Friday.

**Currencies:** The dollar strengthened for a fourth straight session overnight against a basket of major peers to touch a two-month high, as U.S. data pointed to a resilient economy even after an aggressive rate hike cycle by the Federal Reserve. The dollar index rose 0.433% at 104.280. The euro was down 0.31% against the dollar.

## Key Events

- 26/05/2023 - US core durable goods
- 26/05/2023 - US Core PCE Price Index
- 26/05/2023 - US Goods trade balance
- 29/05/2023 - EU and USA bank holiday

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,151	0.88%	8.12%
DAX	15,794	-0.31%	13.43%
EuroStoxx 50	4,270	0.14%	12.55%
ISEQ	8,551	0.40%	20.29%
FTSE 100	7,571	-0.74%	1.60%
Nikkei 225	30,939	0.45%	18.58%

FX			
EUR/USD	1.0734	0.06%	0.33%
EUR/GBP	0.8703	-0.01%	-1.61%
GBP/USD	1.2334	0.11%	1.96%
USD/CHF	0.9049	-0.10%	-2.13%
USD/JPY	139.70	-0.26%	6.56%
EUR/JPY	149.94	-0.19%	6.91%

Fixed Income			
US 10yr	3.810	-0.004	
US 2yr	4.515	0.014	
German 10yr	2.536	0.047	
Irish 10yr	2.961	0.021	
UK 10yr	4.421	0.044	
Japanese 10yr	0.438	0.011	

## Friday, 26th of May

**Commodities:** Oil prices softened in early trade this morning, weighed on by conflicting messages from Russia and Saudi Arabia ahead of the next OPEC+ policy meeting and a stronger dollar. Brent crude fell 30 cents to \$75.96 a barrel. Benchmarks settled more than \$2 per barrel lower on Thursday, after Russian Deputy Prime Minister Alexander Novak played down the prospect of further OPEC+ production cuts at its meeting in Vienna on June 4. Gold prices hovered around two-month lows this morning and were set for steep weekly losses on fears of the US debt ceiling, drove investors into the dollar. Signs of strength in the labor market also posited a hawkish outlook for U.S. rates, as weekly jobless claims continued to rise. High interest rates push up the opportunity cost of holding non-yielding assets such as metals, and reduce their appeal. Other precious metals were also set for steep losses this week, with Platinum and Silver down between 4% and 5%.

**The week ahead:** With most markets closed on Monday next week will be a mainly quiet week with very limited corporate earnings as the reporting season has come to an end. In the UK Sportech, Digitalbox and Ecofin US renewables infrastructure trust will all be reporting.

## Financial News

### Barryroe Offshore Energy

It is reported this morning that Barryroe Offshore Energy, the company behind a major oil and gas prospect that was blocked by Minister for the Environment Eamon Ryan last week, was approached with a merger solution before the decision, which could allow it to take part in a large claim against the State. Lansdowne Oil & Gas, which has a 20 per cent interest in Barryroe's key project off the Cork coast, said it plans to pursue the State for at least €93.2 million in compensation following Mr Ryan's decision not to grant a permit to progress work on the field. It is reported that Lansdowne pitched a merger to Barryroe, by way of a stock-based reverse takeover that would see combined group domiciled in the UK, earlier this year as a route for its larger partner to be part of a potential bigger ECT claim in the event the project was killed by Mr Ryan, sources said.

### GAP Inc

The US clothing retailer announced over night a surprise profit in the first quarter, and its shares jumped 16% in extended trading as the apparel retailer cited restructuring efforts and easing supply chain costs. U.S. companies are starting to see some relief from sky-high costs of freight and manufacturing after years of supply-chain snags. Gap's quarterly merchandise margin increased by 610 basis points on an adjusted basis due to lower air freight expenses and improved promotional activity. The company has seen two consecutive quarters of lower inventory as it works to clear excess apparel purchased last year. Gap, like many retailers, sped up its ordering as consumer demand surged during the COVID-19 pandemic, only to be left with piles of unsold inventory as spending normalized. Since September, the retailer has eliminated about 2,300 corporate positions in two rounds of layoffs, joining a set of big U.S. companies that are downsizing in earnest as high inflation eats into consumer wallets. These job cuts should contribute to nearly \$550 million in estimated annualized savings on a cumulative basis. Gap reported first-quarter adjusted profit of 1 cent, compared with estimates for a loss of 16 cents. The company's net sales fell 6% to \$3.28 billion. Analysts were expecting \$3.29 billion.

### Lufthansa

The Lufthansa is likely to be in the spotlight this morning after the German airline announced it will take a 41% stake in ITA Airways, as it looks to compete with low-cost airlines in the wake of costly COVID-19 pandemic.