

Daily Update

Your daily market news, moves
and outlook



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Markets Outlook

Equities: Markets mixed this morning in Europe to start off the week, EuroStoxx50 and DAX roughly half a percent higher while the FTSE100 in London is trading slightly lower. Tech stocks continue to sell off on Monday as the rotation into value sectors continues. VIX is higher to circa \$28 as Nasdaq futures sell off in the US, led lower by large tech names. The US Senate over the weekend passed Biden's \$1.9tr stimulus deal, as expected.

Currencies: The Dollar is in its third consecutive week of gains, bringing EUR/USD below 1.19 on Monday morning for the first time since late November. This move comes as equity markets see some choppiness, and certain sectors are beginning to see a risk-off tone emerge which has increased investors' appetite for cash. In addition, Treasury yields in the US continue to rise, making the Dollar-denominated asset class more attractive to investors as a safe-haven alternative. FX traders will pay close attention to the ECB meeting this week followed by the same from the Federal Reserve next week. EUR/GBP resumes its move lower today, trading back down below 0.86 for the first time in almost two weeks.

Safe-havens: Government bond yields remained in focus over the last week, market participants seemed to be slightly disappointed after Fed Chair Powell did not indicate any major concern about the recent move higher in yields. US 10yr Treasuries traded yearly lows on Friday, which pushed yields up to an intra-day high of 1.625%, in Europe Germany's 10yr was steadier over the past week, trading broadly flat this morning at -0.290%. As real yields have increased in recent weeks, with inflation lagging behind nominal rates, gold prices have suffered - the metal now trading below \$1,700 and now nearly 11% lower YTD.

Key Events to Watch

10/03/2021 - US CPI

10/03/2021 - BOC Rate Decision

11/03/2021 - ECB Rate Decision

14/03/2021 - US Daylight Saving Time Shift

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,841	1.95%	2.29%
DAX	13,920	-0.97%	2.04%
EuroStoxx	3,669	-0.95%	3.73%
ISEQ	7,629	-2.31%	4.25%
FTSE	6,630	-0.31%	3.10%
Nikkei 225	28,743	-0.42%	4.73%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1917	-0.41%	-2.64%
EUR/GBP	0.8607	-0.02%	-3.74%
GBP/USD	1.3841	-0.38%	1.20%
USD/CHF	0.9309	0.26%	5.33%
USD/JPY	108.34	0.34%	5.07%
EUR/JPY	129.11	-0.07%	2.30%

Fixed Income	Value	Daily Change
US 10yr	1.577	0.020
US 2yr	0.141	-0.006
Bund 10yr	-0.304	0.007
Irish 10yr	0.067	0.047
Gilt 10yr	0.752	0.020
JGB 10yr	0.108	0.014

Financial News Round Up

The Week Ahead

As Q4 earnings results season has all but finished, we turn our attention back to economic data points, with the European Central Bank's rate decision and monetary policy statement due to come on just after noon on Thursday.

Monday and Tuesday are due to be relatively quiet, with Japan to release their Final GDP reading tonight. Wednesday will be busier, monthly US CPI inflation data will be in focus at lunchtime with the Bank of Canada due to release their latest rate decision at 15:00 Irish time. ECB on Thursday will of course also be in focus, which could lead to some volatility in the Euro, if the central bank attempts to slow down the recent bond yield rise the Euro could come under some further pressure vs other major currencies. Friday will see a slightly quieter session, UK monthly GDP to come during the morning with Canada's unemployment rate in the afternoon. In the early hours of Sunday morning the United States will undergo its daylight savings hour time shift.

Traders on all time frames will of course continue to watch developments in bond markets as the week goes on, we note that the gap between the US 10yr yield and the S&P500's forward dividend yield has now closed for the first time in about a year, at 1.6%.

Irish Construction Sector

According to Ulster Bank's Construction Purchasing Managers' Index (PMI) reading, February saw another contraction in activity in Ireland due to strict lockdown measures. The result for last month came in at a sluggish 27, up from January's 21.2 but still well below the 50.0 no-change mark. Each of the three categories: housing, civil, and commercial - each recorded sharp contractions in activity, with housing and commercial work decreasing less so than at the beginning of the year.

"Despite the extent of the current challenges facing the sector, the February results were also notable for a sizeable pick up in confidence about the outlook further ahead" said Ulster Bank's chief economist Simon Barry. "Sentiment picked up to its highest level in twelve months as almost half of surveyed firms anticipate an expansion in activity over the year ahead, with confidence bolstered by expectations for a release of pent-up demand as headwinds from the pandemic fade" he added.

AerCap

AerCap, the world's largest aircraft leasing firm, are in talks with General Electric looking to close in on an agreement to combine its jet-leasing business 'GE Capital Aviation Services', or GECAS, with AerCap's own. A transaction may be announced as early as today, the deal widely expected to have a value of over \$30 billion.

The two company's own, manage, or have ordered about 3,000 aircraft between them.