

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Wednesday, 24th of March

Markets Outlook

Equities: The main European indices are slightly lower again this morning. DAX and EuroStoxx at roughly -0.25% and -0.50% respectively. Signs of a third virus wave across Europe have begun to dampen investors' mood over recent days. Vaccine rollouts in Europe and Asia continue to hit snags while reports are emerging that the EU will curb vaccine exports for 6 weeks. VIX fairly steady on Wednesday morning at \$20.17 as futures stabilize in the US following yesterday's sell off.

Currencies: The Dollar has breached resistance this morning on the back of some slight risk-off sentiment in equity markets, pushing EUR/USD as low as 1.1815 for the first time since late November last year. The world's reserve currency has also seen support over the past day as US Treasury Secretary Janet Yellen commented on possible tax rises to come in the States. Fears in Europe over a possible third wave of Covid have also acted as a headwind for the Euro.

Safe-havens: Treasury yields are lower for the third consecutive day in the US, briefly getting below the 1.6% mark in the early hours of this morning on the 10yr. Yields are similarly lower across Europe, the benchmark German 10yr yielding -0.355%. This move in bonds has helped to support gold in recent days, the metal trading slightly higher at \$1,732.

Looking ahead: This afternoon we will see the release of the US' Services and Manufacturing PMI numbers, all eyes will also be on Jerome Powell and Janet Yellen as they testify together for the second day running, at 2pm Irish time. Tomorrow morning will see the Swiss National Bank make their latest rate decision, followed by speakers throughout the day from the ECB, BOE, and BOC. US Final quarterly GDP will also be due tomorrow, UK retail sales due on Friday morning.

Key Events to Watch

24/03/2021 - US PMIs

24/03/2021 - Powell & Yellen speak

25/03/2021 - SNB Rate Decision

25/03/2021 - US Final GDP

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,910	-0.76%	4.11%
DAX	14,662	0.03%	6.41%
EuroStoxx	3,827	-0.18%	7.47%
ISEQ	7,934	-0.22%	7.21%
FTSE	6,699	-0.40%	3.30%
Nikkei 225	28,405	-2.04%	3.50%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1849	-0.69%	-3.19%
EUR/GBP	0.8614	0.08%	-3.28%
GBP/USD	1.3750	-0.82%	0.14%
USD/CHF	0.9338	1.17%	5.74%
USD/JPY	108.56	-0.25%	5.30%
EUR/JPY	128.63	-0.95%	1.94%

Fixed Income	Value	Daily Change
US 10yr	1.622	-0.073
US 2yr	0.147	-0.004
Bund 10yr	-0.342	-0.032
Irish 10yr	-0.009	-0.058
Gilt 10yr	0.763	-0.054
JGB 10yr	0.068	0.007

Financial News Round Up

PMIs This Morning

Economic activity has made a surprise return to growth in March across Europe and the United Kingdom, as factories increased production to their fastest pace in over 23 years. According to this morning's latest survey data, this move by factories has offset the continuing decline in the region's services sectors.

Each of the below main PMI (Purchasing Managers' Index) readings have come in ahead of analysts' expectations, the figure is seen as a leading indicator by market participants and records activity from the current month. As usual, any result above 50.0 marks expansion in that particular sector this month, while anything below 50.0 signifies contraction on a month-on-month basis.

- French Services PMI: 47.8 vs 45.4 forecast.
- French Manufacturing PMI: 58.8 vs 56.4 forecast.
- German Services PMI: 50.8 vs 46.4.
- German Manufacturing PMI: 66.6 vs 60.4.
- Eurozone Services PMI: 48.8 vs 46.1.
- Eurozone Manufacturing PMI: 62.4 vs 57.5.
- UK Services PMI: 56.8 vs 51.1
- UK Manufacturing PMI: 57.9 vs 55.0.

On a slightly less positive note for the region, many analysts are now predicting that April's results may be more subdued, as the Eurozone struggles with slow vaccine supply and a potential third wave leading to renewed strict lockdown measures.

UK Inflation

Before market open this morning we saw the release of the UK's monthly CPI inflation readings, the CPI result coming in at 0.4% versus 0.8% consensus expectations and the 'Core CPI' result at 0.9% vs 1.4% forecasts. Both figures record data from the 12-month period up until the beginning of this month, and compare with the sampling done a year prior. The Bank of England and other market commentators have expressed their views that inflation will likely rise sharply back towards central banks' 2% target in the first half of this year in the UK, as their economy finally reopens and all restrictions are fully lifted.

Rents in Ireland

According to the latest figures from the Residential Tenancies Board, rents increased by 2.7% across the country during the fourth quarter of 2020, coming in at an average of €1,256 per month.

Dublin saw the highest rents with a monthly average of €1,745, which equates to a 2.1% increase y/y. This morning's figures show that roughly 83% of all registrations were made up of new tenancies, with 17% representing tenancy renewals.