

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: Equities are seeing a relatively quiet start in Europe this morning, the main indices trading slightly lower as investors in the region grow somewhat weary about the economic outlook following many European country's reintroduction of restrictions in recent weeks. The VIX volatility index sits at \$20.66 on Thursday as futures in the US stabilize after their recent sell off.

Currencies: The Dollar moved higher again yesterday as concerns continue over Europe's economic recovery and vaccine supply timeline vs the US and UK, EUR/USD pushing lower again, this time to 1.1800 for the first time since early November 2020. EUR/GBP flat at 0.8623 on Thursday, having lost 3.4% so far this year.

Safe-havens: Gold continuing its steady trade this morning, slightly lower on the session to \$1,730 as the Dollar gains strength again today. Bond yields in the US have taken a breather, the 10yr Treasury yield pulling back this week off its highs which has helped support gold as real yields stop sharply rising, at least for now. US 10yr yielding 1.62% on Thursday morning, German 10yr at -0.370% as the European bond itself trades its highest prices since mid-February.

Looking ahead: Following the Swiss National Bank's rate decision this morning, we will see speakers from the Fed, ECB, BOC, and BOE throughout Thursday. Final quarterly US GDP results will be due this afternoon, a 4.1% q/q result expected for Q4. Tomorrow morning the UK are set to release monthly retail sales data, then all eyes will shift to the Euro Summit, where focus will be on vaccine supply dynamics across the EU.

Key Events to Watch

25/03/2021 - US Final GDP

26/03/2021 - UK Retail Sales

26/03/2021 - Euro Summit

28/03/2021 - European Daylight Saving Time Shift

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,889	-0.55%	3.54%
DAX	14,610	-0.35%	6.37%
EuroStoxx	3,832	0.14%	7.64%
ISEQ	7,965	0.39%	8.13%
FTSE	6,712	0.20%	3.89%
Nikkei 225	28,729	1.14%	4.68%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1812	-0.31%	-3.28%
EUR/GBP	0.8627	0.15%	-3.40%
GBP/USD	1.3683	-0.49%	0.18%
USD/CHF	0.9355	0.18%	5.81%
USD/JPY	108.72	0.15%	5.73%
EUR/JPY	128.42	-0.16%	2.26%

Fixed Income	Value	Daily Change
US 10yr	1.614	-0.008
US 2yr	0.150	0.003
Bund 10yr	-0.363	-0.021
Irish 10yr	-0.025	-0.041
Gilt 10yr	0.758	-0.005
JGB 10yr	0.078	0.005

Financial News Round Up

Irish Consumer Sentiment

According to KBC Bank Ireland's consumer sentiment index, sentiment in the nation increased to its best level in a year this month. The report stated that this latest increase in consumer confidence was helped by a further easing of concerns about the outlook for the Irish economy in general and for jobs, which itself was likely prompted by stronger than expected economic data results and hopes of a widespread vaccination in the coming months.

The result for this month came in at 77.1, up from last month's 70.8 reading, and follows January's sharp decrease when the nation was dealing with extremely high Covid infection and hospitalization rates.

"The release of data showing Ireland bucked the international trend by reporting positive GDP growth in 2020 allied to a diverse range of new investment and job announcements during the survey period undoubtedly supported more positive readings in these elements of the survey" said Austin Hughes, chief economist at KBC Ireland.

"Supportive policy announcements in the shape of a substantial fiscal package in the US and a step-up in ECB bond buying may also have assisted but the major contribution to improved sentiment may have come from increased expectations in relation to the future roll-out of vaccines and the associated opening up of domestic economic activity" Hughes added.

ESRI Growth Forecasts

Ireland's Economic and Social Research Institute (ESRI) has released its latest quarterly economic commentary, stating that it expects the Irish economy to recover in the second half of this year, with a 4.4% growth result. This is half a percent lower than the Institute's most recent forecast for the Irish economy, the downgrade coming as a direct result of restrictions lasting longer than it had anticipated.

The ESRI also expects unemployment to remain relatively elevated at 16.7%, and not to recover to pre-Covid levels until 2023.

Housing completions, according to the report, are estimated to drop by a significant 25%, to 15,000 for the year - the ESRI describing housing supply as one of the long-lasting effects of the pandemic. ESRI research professor Kieran McQuinn stated that during normal times the Institute would have expected roughly 25,000 units to be built over the course of 2021, which would have been an increase on previous years. He went on to add that "we will be lucky to get 15,000 units this year and even this is on the optimistic side".

Airlines

Yesterday we saw comments from Ryanair CEO Michael O'Leary that the airline is "reasonably confident and optimistic" that tourists will be taking holidays across Europe this summer, with his growing optimism based on the speed of the British vaccine programme. "I think there's a reasonable prospect, higher than 50%, of the UK families holidaying in June, July, and August, in theory, in Spain, Greece, and Portugal as normal". Separately TUI have this morning announced they will be lowering their capacity for July onwards to 75% of 2019's level, down from the previous level of 80%, as Europe's peak travel season hangs in the balance. Pre-pandemic, TUI used to take 23 million people on holiday per year around the continent.