



Thursday, 29th of April

Markets Outlook

Equities: The main European equity indices have traded mostly flat so far this week, as investors weigh up rising bond yields with generally positive corporate earnings - this morning alone we saw stronger than expected results from Airbus, Total, and Royal Dutch Shell. The Fed made no changes last night as we had forecast, US indices slightly lower on the session, with the VIX having pushed down to \$16.82 on Thursday.

Currencies: The FX markets are seeing another quiet start on Thursday, with traders likely turning their attention now towards the two big GDP releases to come over the next couple of days. The Dollar remained largely unchanged last night, near multi-week lows after the Fed maintained its very dovish monetary policy stance, boosting confidence in the global economic recovery. EUR/USD at 1.2114, EUR/GBP at 0.8688, Dollar Index at 90.67.

Safe-havens: Gold has remained at an important support/resistance zone for a couple of weeks now around the \$1,775 - \$1,780 mark, the metal still over 6% lower YTD having bounced off its lows during March. Government bond yields saw a mixed day yesterday, with most moving higher this morning. Yesterday the German 10yr flirted with one-year highs at -0.203% before pulling back slightly, we expect the bond to have another go at this level this week.

Looking ahead: This afternoon we are due to get the US' quarterly GDP release for Q1, expected to come in at 6.8% q/q, followed by the same tomorrow from Germany and Italy, expected at -1.5% and -0.5% respectively. Overnight tonight we will also see Chinese Manufacturing PMI results. In terms of corporate earnings, later today we will get Caterpillar, McDonald's, Mastercard, Twitter, Amazon, and Thermo Fisher Scientific, followed tomorrow by BNP Paribas, AstraZeneca, Barclays, Bank of Ireland, Exxon Mobil, Chevron, and many more.

Key Events to Watch

- 29/04/2021 - US GDP
- 30/04/2021 - Chinese Manufacturing PMI
- 30/04/2021 - German GDP
- 06/05/2021 - BOE Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,183	-0.08%	11.37%
DAX	15,292	0.28%	11.29%
EuroStoxx	4,015	0.08%	13.43%
ISEQ	8,207	0.51%	11.09%
FTSE	6,963	0.27%	8.42%
Nikkei 225	29,053	0.21%	5.87%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2135	0.38%	-0.78%
EUR/GBP	0.8695	-0.01%	-2.81%
GBP/USD	1.3954	0.37%	2.14%
USD/CHF	0.9089	-0.56%	2.86%
USD/JPY	108.50	-0.23%	5.48%
EUR/JPY	131.67	0.14%	4.65%

Fixed Income	Value	Daily Change
US 10yr	1.613	-0.009
US 2yr	0.166	-0.015
Bund 10yr	-0.231	0.021
Irish 10yr	0.123	0.015
Gilt 10yr	0.797	0.019
JGB 10yr	0.089	0.003

Financial News Round Up

Federal Reserve

The Federal Reserve's policy meeting finished as expected last night, with the US central bank keeping its interest rates and monetary policy unchanged. The current asset purchase programme will be kept at \$120 billion in the United States, the Fed Chair Jerome Powell indicating once more in his press conference that policy will remain steady for some time, to the benefit of the global economy, with inflation risks distorted by the pandemic-related decline in prices this time last year.

"If we see inflation moving materially above 2% in a persistent way that risks inflation expectations drifting up, then we will use our tools to guide inflation and expectations back down" said Powell, adding that we are still "a long way from our goals".

Powell's comments have come after Fed members offered a brighter economic picture than they had in March. "Amid progress on vaccinations and strong policy support, indicators of economic activity and employment have strengthened. The sectors most adversely affected by the pandemic remain weak but have shown improvement" the Federal Open Market Committee (FOMC) stated.

Tech Earnings

Last night we saw Q1 earnings releases from both Apple and Facebook, as the US sees its busiest week of the current earnings season. Both firms reported stronger than expected results, with their shares moving higher in after-hours trade on Wall Street overnight, (Apple +2.8% to \$137.34, Facebook +7.2% to an all-time high of \$329.15).

With regard to Apple, revenue for the three-month period came in at \$89.58b, versus \$77.3 billion expectations, with EPS at \$1.40 vs \$0.99 forecasts. Taking a closer look at the results, Apple's iPhone revenue was a robust \$47.9b vs \$41.5b, iPad revenue at \$7.8b vs \$5.6b, and finally Mac revenues at \$9.1b vs \$6.8b. "This quarter reflects both the enduring ways our products have helped our users meet this moment in their own lives, as well as the optimism consumers seem to feel about better days ahead for all of us" said Apple head Tim Cook.

For Facebook, revenue came in at \$26.17 billion vs analysts' forecasts for \$23.72, with the firm's adjusted EPS at \$3.30 vs \$2.61 expected.

Facebook's 'Daily Active Users' metric was up to an astonishing 1.88 billion vs 1.866 billion estimates, while 'Monthly Active Users' came to 2.85 billion vs 2.83b. "We had a strong quarter as we helped people stay connected and businesses grow" said Mark Zuckerberg last night, "We will continue to invest aggressively to deliver new and meaningful experiences for years to come".

In the large US tech space we hold Microsoft as our house view stock pick for the remainder of 2021, with their favourable P/E ratios vs their core industry and consistent dividend payouts.

Mortgages in Ireland

According to new figures from the Banking and Payments Federation Ireland (BPF) nearly 5,000 mortgages were drawn down in the country by first time buyers last quarter, the highest Q1 level since 2007.

In total, 9,000 mortgages worth roughly €2.1b were drawn down during the three-month period, the largest total figure in the first quarter of any year since '09. Amazingly, this has occurred despite level 5 lockdowns remaining in place in the Republic for the whole quarter, the total number of drawdowns up 4.5% on Q1 2020, with the total value up 7.3%.