



Tuesday, 8th of June

Markets Outlook

Equities: European equities have seen a quiet start to the week yesterday and into this morning, the main markets flat to marginally higher at the time of writing, following mostly lower markets in Asia overnight. In London, the FTSE100 trades slightly higher, the index still however lagging its European peers on a YTD basis by roughly 4 - 5%. Looking at the States, futures are mixed on Tuesday morning, with the tech-heavy Nasdaq in the green. S&P 500 futures trading just 0.30% off their all-time high. VIX at \$16.45 this morning. Equity investors continue to pay close attention to what officials are saying, Janet Yellen stating that higher interest rates "would actually be a plus for society's point of view and the Fed's point of view" in an interview with Bloomberg over the weekend.

Currencies: The Dollar has seen fairly muted trade so far this week, EUR/USD and GBP/USD resting at 1.218 and 1.414, both having seen range-bound trade for a number of weeks now. Activity in the forex markets remains subdued ahead of this week's key US CPI inflation release after Friday's lacklustre jobs data.

Safe-havens: Gold and silver are pulling back slightly on Tuesday morning, trading at \$1,894 and \$27.78, gold still above its 20 and 50 day moving averages and well in uptrend-territory.

Looking at sovereign bonds, the benchmark 10yr's in Europe and the US are seeing a bid this morning, longer-dated US Treasury yields are now trading towards the lower end of their respective ranges with the 10yr at 1.56% and 30yr at 2.24%.

Key Events to Watch

- 09/06/2021 - Chinese CPI
- 09/06/2021 - BOC Rate Decision
- 10/06/2021 - ECB Rate Decision
- 10/06/2021 - US CPI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,226	-0.08%	12.53%
DAX	15,677	-0.10%	14.18%
EuroStoxx	4,097	0.20%	15.45%
ISEQ	8,293	0.24%	12.25%
FTSE	7,077	0.12%	9.80%
Nikkei 225	28,963	-0.19%	5.54%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2189	0.18%	-0.33%
EUR/GBP	0.8595	0.06%	-3.57%
GBP/USD	1.4178	0.10%	3.41%
USD/CHF	0.8974	-0.21%	1.47%
USD/JPY	109.24	-0.34%	6.06%
EUR/JPY	133.15	-0.16%	5.73%

Fixed Income	Value	Daily Change
US 10yr	1.569	0.012
US 2yr	0.156	0.008
Bund 10yr	-0.198	0.019
Irish 10yr	0.218	0.023
Gilt 10yr	0.806	0.013
JGB 10yr	0.072	-0.003

Financial News Round Up

The Week Ahead

After a relatively subdued beginning to the week on financial markets yesterday, we look forward to a range of important economic data points to be released in the days ahead.

Following the more positive release of revised Eurozone GDP results along with German Economic Sentiment figures this morning, we are not due to get any major data releases of note during the afternoon. Overnight tonight China will report its Consumer Price Index (CPI) and Producer Price Index (PPI) results, two key figures for inflation in the region which will be watched closely by investors in the Asian markets. Tomorrow afternoon the Bank of Canada will release its June rate statement and latest set of monetary policy decisions, due to come at 15:00 Irish time.

European markets will likely remain quiet ahead of Thursday afternoon, when we will get the release of the ECB's rate decision along with the central bank's latest set of quarterly economic projections. This will be followed shortly by the usual press conference held by ECB President Christine Lagarde, we are also due to get m/m CPI inflation results out of the States on Thursday. These CPI's are forecast to come in at 0.4% for 'CPI' vs last month's 0.8%, and 0.4% for 'Core CPI' vs the previous 0.9%.

Friday will be quieter, with the monthly reading of UK GDP the only data point to note, to be released before market open at 7am and expected to come in at 2.4% versus last month's 2.1%.

Eurozone GDP

The Eurozone economy contracted by 0.3% during the first quarter of 2021, versus general expectations for -0.6%. On a year-on-year basis, the result came in at -1.3% vs forecasts for -1.8%, according to the revised data from Eurostat this morning, with a buildup of inventories and investment offset by reduced consumer spending over the period.

Taking a closer look, the German economy was slightly weaker than expected, with Italy and a number of smaller nations were actually in positive territory after expecting slight dips. France dipped into negative territory after earlier estimates for it to be the only major country in the area to not enter a recession at the start of this year.

This morning's figure was the third of three GDP releases for the Eurozone in Q1, and therefore does not usually have a big impact on markets in the region.

Japanese GDP

Overnight we saw the release of Japan's 'Final GDP', the second of two Japanese GDP releases for Q1. The figure was a slightly more upbeat -1.0% versus estimates for -1.2%. The economy shrank by 3.9% on an annualised basis during the three-month period, stronger than the original expectation for a 5.1% decline.