



Tuesday, 29th of June

Markets Outlook

Equities: Markets in Europe keep up their broadly sideways trade from over the past week, the main indices slightly higher on Tuesday. The Nasdaq index traded a percent higher and through its all-time high on Monday, vs the S&P's +0.2%, as tech continues its recent outperformance. Daily volumes across the board are continuing to come in below average over recent weeks as many market participants take holidays, embrace the traditionally quieter summer season, and await further clarity from central banks in August & September.

Currencies: EUR/USD, the world's most traded FX pair, crossed back below the 1.19 mark this morning for the first time in a full week as Delta variant outbreaks cause the Dollar to see a safe-haven bid. However, currency volatility is remaining low ahead of Friday's jobs data from the US.

Safe-havens: Gold is slowly heading for last week's lows as the Dollar strengthens and yields rise marginally, the metal below \$1,770 for the first time in a week. Gold investors have displayed concern this month over a potentially more hawkish Fed than was previously hoped for, with fears over a premature tightening of policy coming to the fore. Bond yields are marginally higher on Tuesday morning, US 10yr at 1.49% and German 10yr at -0.18%.

Looking ahead: ECB President Christine Lagarde is due to speak at the Brussels Economic Forum after lunch today, we will also get monthly US consumer confidence results this afternoon. Markets may remain relatively subdued ahead of this Friday's Non-Farm Payroll data out of the United States.

Key Events to Watch

- 30/06/2021 - Chinese Manufacturing PMI
- 30/06/2021 - Eurozone CPI
- 01/06/2021 - US ISM Manufacturing PMI
- 02/07/2021 - US Non-Farm Payrolls

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,290	0.23%	14.23%
DAX	15,554	-0.34%	13.97%
EuroStoxx	4,089	-0.75%	15.53%
ISEQ	8,189	-2.20%	11.84%
FTSE	7,072	-0.88%	9.85%
Nikkei 225	28,812	-0.81%	4.99%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1924	-0.15%	-2.46%
EUR/GBP	0.8586	-0.08%	-3.74%
GBP/USD	1.3883	-0.10%	1.37%
USD/CHF	0.9193	0.28%	3.97%
USD/JPY	110.62	-0.18%	7.22%
EUR/JPY	131.90	-0.32%	4.57%

Fixed Income	Value	Daily Change
US 10yr	1.482	-0.046
US 2yr	0.256	-0.012
Bund 10yr	-0.186	-0.030
Irish 10yr	0.202	-0.024
Gilt 10yr	0.734	-0.041
JGB 10yr	0.056	0.007

Financial News Round Up

Delta Variant

Markets have remained reasonably resilient as fears over the originally-Indian 'Delta variant' continue to grow. EU nations such as Spain and Portugal have announced measures for incoming British tourists, requesting vaccination proof or negative PCR test results. The UK, who according to Bloomberg have provided first-dose vaccines for 67% of their overall population and two doses for 49%, have seen a significant pick up in new virus cases over the month of June. The region saw almost 23,000 new Covid-19 cases yesterday, its highest since late January, in what is increasingly becoming a worrying trend. The UK currently has a 7-day average of 16,400 new cases of the virus. Elsewhere, the delta variant is continuing to spread around Asia, with Australia now locking down several of its cities, Malaysia extending its lockdowns, and Indonesia grappling with record-high cases.

Looking at the States, the rate of infection has now leveled off in recent weeks as delta gains some traction. The new variant now accounts for roughly 36% of new cases in the US, with cases reportedly and unsurprisingly rising rapidly in communities that have low rates of vaccination.

Just taking a look at market reactions so far, S&P500 futures this morning are sitting at their all-time highs after the tech sector's recent advances, while Europe's EuroStoxx50 index trades just 1.4% off its record high and still over 15% higher YTD. Emerging markets seem to be feeling the pressure more so, as these regions lag behind with regard to vaccination rollouts, our house view Emerging Markets fund 8.5% off its January all-time high and remaining range-bound for a number of months now.

Markets will look for more clarity from central banks with regard to their forward guidance and future monetary policy in the coming months, and are increasingly moving away from virus fears. We expect this trend to continue as current vaccination speeds are maintained and as economies are reopened, at least in the developed world.

Irish Mortgages

New data from the Banking and Payments Federation of Ireland (BPF) shows that the level of mortgages approved in the nation increased by 7.4% in May when compared to the previous month, and are up nearly 150% year-on-year. May saw a total of 4,683 mortgages approved, with first-time buyers making up 55% of these volumes.

Last month's mortgages came in at €1.16 billion in total value, with first-timers accounting for €643m and mover purchasers for €325m. According to the BPF, mortgage approval values are 6.5% higher than in April, and over 162% higher than the same period last year.

"While a number of Covid restrictions were lifted in May, lenders and customers had also adjusted much better to working within the restrictions and this is clearly borne out by the figures" said BPF chief executive Brian Hayes.

For more information on mortgages, please contact john.finnamore@seasprayfs.ie