

# Daily Update

Your daily market news, moves  
and outlook



SEASPRAY FINANCIAL  
Wealth & Investment Management

Friday, 2nd of July

## Markets Outlook

**Equities:** European equities have traded flat to slightly lower this week, as we have seen a rotation away from cyclical and back into tech names over the past few weeks. The tech-heavy Nasdaq in the US demonstrates this clearly with its record high trading all week, as the Dow Jones lags slightly. Volatility remains low across the board however, as traditional quieter summer trading continues, and investors await the next major catalyst for risk assets, VIX at \$15.48 on Friday.

**Currencies:** EUR/USD is trading through its lowest levels in three months this morning, down to 1.1825 at the time of writing. GBP/USD is on a similar path, moving lower to 1.375 for the first time since April, we note that the UK's 7-day average case number has risen to above 20k for the first time since February. FX traders have begun to bet on a faster tightening by the Fed than by other central banks such as the ECB, some increased Dollar volatility may be seen this afternoon.

**Safe-havens:** Gold is edging higher again on Friday, back above \$1,780 while silver makes a similar move to \$26.24. US Treasuries are of course now fully pricing in 2 Fed rate hikes in 2023, the US 2yr yielding 0.26%. Longer duration bonds are not convinced of a large or sustained rate hiking cycle, US 10yr at 1.45% while Germany's 10yr remains in negative territory, at -0.225%.

**Looking ahead:** All eyes will be on the jobs data to come from the US later today, although markets may remain relatively quiet as we make our way through the summer months. We will also see OPEC nations meeting throughout the day to discuss a range of issues regarding energy markets and also how much oil they plan on producing.

Next week we will see the release of the Fed's latest meeting minutes on Wednesday, and are also due to get the quarterly update of the EU's economic projections.

## Key Events to Watch

02/06/2021 - ECB President Lagarde speaks

02/07/2021 - US Non-Farm Payrolls

07/07/2021 - EU Economic Forecasts

07/07/2021 - Fed Meeting Minutes

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,319	0.52%	15.01%
DAX	15,603	0.47%	14.19%
EuroStoxx	4,078	0.36%	15.18%
ISEQ	8,290	1.42%	13.03%
FTSE	7,125	1.25%	10.66%
Nikkei 225	28,783	0.27%	4.88%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1848	-0.06%	-3.19%
EUR/GBP	0.8604	0.39%	-3.71%
GBP/USD	1.3767	-0.43%	0.58%
USD/CHF	0.9252	0.03%	4.78%
USD/JPY	111.50	0.36%	8.11%
EUR/JPY	132.12	0.31%	4.66%

Fixed Income	Value	Daily Change
US 10yr	1.459	-0.009
US 2yr	0.254	0.002
Bund 10yr	-0.201	0.002
Irish 10yr	0.171	-0.006
Gilt 10yr	0.728	0.010
JGB 10yr	0.045	0.011

## Financial News Round Up

### Upcoming Data Points

As we alluded to in our Daily Updates throughout the week, market participants seem to be sitting on the fence somewhat as we head for the release of important jobs data from the US this afternoon. We are due to hear June's Non-Farm Payrolls figure (725k forecast) along with the US Unemployment Rate (5.6% forecast) at 1:30pm Irish time, with some potential room for volatility should we see a large positive beat of expectations. A beat of forecasts could lead the Fed to lean more towards a hawkish viewpoint in the coming months, a move which would in theory cause a pullback in risk assets, at least in the short term. On this note, we will be closely watching the Fed's latest meeting minutes next week, due to come at 7pm on Wednesday the 7th, this data point may give market participants more of a clear picture of what to expect from the central bank as we head for August and September.

Next week will get off to a quiet start from an economic data release perspective, the Reserve Bank of Australia will come out with the only major rate decision of the week, due in the early hours of Tuesday morning, with no changes expected but investors will look for updates to the bank's forward guidance. The US' ISM Services PMI result is also due on Tuesday, followed on Wednesday by the release of the Fed's latest meeting minutes.

Volatility should begin to die down once again as we head into the back end of next week, with no large releases to note.

### Irish Property

€1.5 billion was invested in property in Ireland during the second quarter of the year, according to the latest figures from real estate agent and advisor Savills. This brought spending for H1 of 2021 to an impressive €2.7 billion - the second highest 6-month figure on record. €325 million in industrial assets traded over the period, making sure that the sector was boosted to a 22% market share (up from 4% average), and that it was the stand out performer of the last three months.

The private rented sector (PRS) saw an additional €757m of investment during Q2, its market share falling from 58% in Q1 to 51%.

"The PRS share of the market at the moment is relatively high, this will balance out as the year progresses with significant office and retail assets set to transact in the second-half of the year" said Brendan Delaney, Divisional Director of Investments at Savills.

### Airlines

Ryanair has stated that it flew 5.3 million passengers last month, up from 0.4 million in June 2020. The budget airline saw a 72% load factor, as it flew 38,000 times over the month. Ryanair flew 1 million people in April, and 1.8 million in May. Looking at a regular year, the airline saw passenger numbers of 14.2m in June 2019.

Similarly, Wizz Air said it flew 1.5m passengers in June, up about 3x from one year prior, with a load factor of 64%.