



Monday, 26th of July

### Markets Outlook

**Equities:** Stock markets on the continent have opened lower on Monday, DAX and Eurostoxx50 both roughly 0.60% lower after seeing flat to positive trade last week. European markets have had a slightly negative handover from Asia this morning after the Chinese government continued its regulatory clampdown, also German IFO Business Climate results missed expectations at 9am. Market participants will focus on the Q2 earnings season which will continue to unfold this week, and will of course pay close attention to Covid case numbers. The latest backdrop of data would suggest that the UK has already seen its peak case numbers with regard to this latest wave. In the States, the VIX has moved higher to \$18.93 at the time of writing.

**Currencies:** FX markets are continuing their fairly subdued trade this morning, the Dollar is marginally lower against the other major currencies on the session so far as we look forward to a week of large earnings releases and a Federal Reserve meeting. No change in policy is forecast for this Fed meeting, however the central bank may provide some further clarity over when it will begin tapering its massive asset-purchasing programme, in light of above-trend economic growth and inflation.

**Safe-havens:** Gold is 0.40% stronger on Monday, after a slight move lower last week back below the \$1,800 mark. The main bond yields are flat to slightly lower to kick off the week, after a mixed but quiet Friday. Traders will now look to the Fed on Wednesday for any developments or clarity on their tapering, US Treasuries will likely remain very quiet until that release.

### Key Events to Watch

28/07/2021 - Fed Rate Decision  
29/07/2021 - US GDP  
30/07/2021 - German GDP  
30/07/2021 - US PCE Inflation

### Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,411	1.01%	17.46%
DAX	15,669	1.00%	13.61%
EuroStoxx50	4,109	1.23%	14.93%
ISEQ	8,250	1.03%	11.65%
FTSE	7,027	0.85%	8.28%
Nikkei 225	27,833	1.04%	1.42%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1771	0.01%	-3.55%
EUR/GBP	0.8562	0.19%	-4.08%
GBP/USD	1.3745	-0.13%	0.58%
USD/CHF	0.9190	0.02%	3.74%
USD/JPY	110.54	0.36%	6.72%
EUR/JPY	130.11	0.37%	2.93%

Fixed Income	Value	Daily Change
US 10yr	1.281	0.004
US 2yr	0.200	-0.001
Bund 10yr	-0.413	0.008
Irish 10yr	-0.024	0.001
Gilt 10yr	0.586	0.019
JGB 10yr	0.007	-0.007

### Financial News Round Up

#### The Week Ahead

Investors are looking forward to another big week for quarterly earnings results, alongside a series of significant data releases and a monetary policy decision from the Federal Reserve in the States.

Looking at data points, Monday afternoon is set to be very quiet, after the miss of expectations this morning for Germany's IFO Business Climate, tomorrow will see the release of US Consumer Sentiment data during the afternoon. Moving to mid-week, we are due to see Australia's q/q CPI inflation result in the early hours of Wednesday morning, followed later that day from m/m CPI from Canada and then the likely highlight of the week: the conclusion of the FOMC meeting and the Fed's statement at 7pm Irish time.

The US will release its quarterly GDP reading at 1:30pm Irish time on Thursday, followed by the same from some key Eurozone nations (including Germany, France, Italy) on Friday morning. Friday afternoon will then see the release of the US' Core PCE inflation result.

For corporate earnings: later today we will get results from Tesla and Lockheed Martin, followed on Tuesday by a large list of names including UPS, 3M, General Electric, Invesco, Apple, Starbucks, Alphabet, Visa, Microsoft, Kering, and Stryker Corp.

On Wednesday we are due to hear from CME Group, Pfizer, McDonald's, Boeing, Bristol-Myers Squibb, Ford, Facebook, PayPal, and many more. On Thursday we get MasterCard, Nestlé, L'Oréal, Merck, Amazon, AstraZeneca, Comcast, T-Mobile, Volkswagen, Royal Dutch Shell, and Sanofi, followed on Friday by Daimler, AbbVie, P&G, Berkshire Hathaway, Chevron, ExxonMobil, BNP Paribas, Linde, and Caterpillar.

#### Ryanair

Ryanair's shares are rallying on Monday morning after the budget airline upgraded its forecast for its full-year traffic on the back of strong summer bookings, however noting that fares remained below pre-Covid levels as the firm saw a net loss of €273m in the three months to June-end. The stock is almost 4% higher as we write, to €16.35, having dipped to below €14.50 last week on Delta concerns and the potential for Europe to take a backwards step in terms of restrictions.

Ryanair, Europe's biggest low cost airline, now said it is forecasting to fly between 90 and 100 million passengers in its fiscal year (ending March 2022), up from a previous estimate for between 80 and 100m.

Ryanair flew 27.5m customers in the 12 months to March 2021, vs the previous 149m, but with a forecast for 150m next year. The airline's average fare for April-June was €24, down from €36 one year prior.

We saw the firm reduce its net debt by a notable 27% over the three-month period, as operating cashflows were robust at about €590m. Ryanair are due to take delivery of over 60 new Boeing 737-8200's before next summer, which the firm has indicated will be allocated to low cost airport growth deals, this will likely further support Ryanair as a relative winner as we emerge from the pandemic and its less liquid peers struggle to see similar or any expansions.

Ryanair has one of the strongest balance sheets in its industry, with cash reserves of €4.06b, up from €3.15b the prior quarter following a €1.2b bond sale in May.