

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

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## Markets Outlook

**Equities:** European stock markets are expected to open lower Monday, as a string of weak Chinese economic data releases points to a Covid-induced slowdown at one of the globe's key growth engines. European markets are set to suffer from the weak sentiment in Asia Monday after data released in China earlier in the day showed industrial production rose 6.4% year-on-year in July, and retail sales grew 8.5% year-on-year in the same month, both lower than expected. This slowdown is the result of the second largest economy in the world tightening mobility restrictions to combat the spread of the highly-transmissible delta variant of the Covid-19 virus. The collapse of the Afghan government after Taliban insurgents took over Kabul, the capital, has added to the negative sentiment.

**Currencies:** The dollar held near a one-week low versus major peers on Monday as slumping U.S. consumer confidence index on Friday, hitting lowest level since 2011, hurt bets for an early Federal Reserve tightening while disappointing Chinese economic data weakened the yuan and the Australian currency. The dollar index, which measures the greenback against six rivals, was little changed at 92.561, having fallen 0.50% at the end of last week.

**Safe-havens:** Gold was down on Monday morning in Asia to \$1,777.55, but remained near a one-week high. A sharp drop in U.S. consumer sentiment reduced concerns about early asset tapering by the U.S. Federal Reserve and gave the yellow metal a small boost.

**Looking Ahead:** A quiet week on reporting with focus on Geopolitical issues

## Key Events to Watch

- 16/08/2021 - German Buba monthly report
- 17/08/2021 - UK employment and average earnings
- 17/08/2021 - EU flash GDP mom
- 17/08/2021 - US retail sales
- 17/08/2021 - US Industrial Production

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,468	0.16%	18.95%
DAX	15,977	0.25%	16.46%
EuroStoxx50	4,229	0.08%	19.06%
ISEQ	8,783	0.04%	16.62%
FTSE	7,218	-0.35%	11.74%
Nikkei 225	27,523	-1.62%	0.29%

FX			
EUR/USD	1.1785	-0.03%	-3.48%
EUR/GBP	0.8513	0.11%	-4.68%
GBP/USD	1.3841	-0.14%	1.25%
USD/CHF	0.9158	0.07%	3.48%
USD/JPY	109.30	-0.23%	5.89%
EUR/JPY	128.80	-0.31%	2.20%

Fixed Income			
US 10yr	1.258	-0.039	
US 2yr	0.199	-0.016	
Bund 10yr	-0.478	-0.013	
Irish 10yr	-0.096	-0.023	
Gilt 10yr	0.553	-0.023	
JGB 10yr	0.012	-0.012	

## Financial News Round Up

### Aer Lingus

In a sign that things are slowly return to normality Aer Lingus has announced that it has restarted its Dublin to Washington Dulles route as it seeks to rebuild Ireland-US services suspended during the pandemic. The airline will operate a route from Dublin to Washington four times a week. The direct route takes to four the number of US cities Aer Lingus flies to from Dublin, with the others being Boston, Chicago and New York's JFK airport. However, its network of routes remains well shy of the pre-pandemic situation.

### Chinese Economy

In a surprise sign that the worlds second largest economy is slowing, China's factory output and retail sales growth slowed sharply and missed expectations in July, as floods and new Covid-19 outbreaks disrupted business operations. Analysts had expected Industrial output to rise 7.8 per cent after growing 8.3 per cent in June but actual numbers only came in at 6.4% year on year. While Retail sales which had been forecast to increase by 11.5% in July only increased by 8.5 per cent in July and far lower than June's 12.1 per cent. China's economy had rebounded to its pre-pandemic growth levels, but the expansion is losing steam as businesses grapple with higher costs and supply bottlenecks. New Covid-19 infections in July also led to fresh restrictions, disrupting the country's factory output already hit by severe weather this summer. Asian share markets slipped on Monday after the data showed a surprisingly sharp slowdown in the engine of global growth. Data earlier this month also showed export growth, which has been a key driver of China's impressive rebound from the Covid-19 slump in early 2020, unexpectedly slowed in July.

### US Economy

In an interesting economic report this morning AIB's treasury team have indicated that they believe that the US economy does not look like one where official interest rates should be pitched at virtually zero. According to the report "The labour market appears to be tightening rapidly, with close to one million jobs added in each of the last two months and the unemployment rate dropping to 5.4% in July from 5.8% in June. Strong jobs growth is expected to continue in the coming months also. Unfilled job openings rose by 590,000 to a seasonally adjusted 10.1 million in June, the highest level since record-keeping began in 2000. This is greater than the number of unemployed persons, which stood at 8.7m in July. Meantime, the economy is growing strongly, with real final GDP sales rising by 9.1% and 7.7% annualised in Q1 and Q2, respectively, restoring output to its pre-pandemic levels. Strong survey data for July point to continuing robust economic growth as we move into the second half of the year." definitely food for thought as we move through the second half of the year and watch to see how the worlds largest and second largest economies preform from here.