



Tuesday, 7th of September

### Markets Outlook

**Equities:** Markets across Europe gained on Monday, as volatility remained low during the US bank holiday and risk assets on this side of the Atlantic grinded higher. The EuroStoxx50 index briefly touched multi-year highs on Monday, before pulling back slightly this morning by about 0.20%. Any losses today are expected to be small, after China's trade data overnight pointed to solid global demand. The VIX is marginally higher to \$16.91 on Tuesday, as futures in the US see fairly steady trade this morning.

**Currencies:** FX markets are remaining quiet and range-bound for the most-part this morning, the Euro will likely see very low volatility today and tomorrow ahead of the ECB release at lunchtime on Thursday, EUR/USD at 1.187, EUR/GBP at 0.859 as we write.

**Safe-havens:** Gold has sold off by about 1% on Tuesday morning, the precious metal pulling back to \$1,816 at the time of writing, while silver still sits near the bottom of its year-long range - down 1.4% to \$24.45. Yields in Europe and the US this morning are on the rise, the German 10yr at -0.341% for the first time since mid-July. The benchmark US 10yr yields 1.36% this morning, up slightly on the session.

**Looking ahead:** Following this morning's 'Economic Sentiment' data out of the Eurozone, the afternoon will be very quiet on the data front. Tomorrow afternoon the Bank of Canada are due to release their latest rate statement, followed one hour later by the release of the BOE's latest meeting minutes. The main event of the week will come on Thursday in the form of the ECB release, due at 12:45pm Irish time.

### Key Events to Watch

- 08/09/2021 - BOC Rate Decision
- 08/09/2021 - BOE Meeting Minutes
- 09/09/2021 - ECB Rate Decision
- 10/09/2021 - US PPI

### Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,535	(Closed)	20.75%
DAX	15,932	0.96%	15.90%
EuroStoxx	4,246	1.05%	19.36%
ISEQ	8,836	0.44%	19.77%
FTSE	7,187	0.68%	10.97%
Nikkei 225	29,916	0.86%	9.01%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1868	-0.15%	-2.71%
EUR/GBP	0.8576	-0.01%	-3.92%
GBP/USD	1.3834	-0.17%	1.29%
USD/CHF	0.9148	0.10%	3.21%
USD/JPY	109.83	0.04%	6.47%
EUR/JPY	130.35	-0.10%	3.58%

Fixed Income	Value	Daily Change
US 10yr	1.336	0.010
US 2yr	0.204	-0.004
Bund 10yr	-0.369	-0.004
Irish 10yr	0.034	-0.004
Gilt 10yr	0.694	-0.023
JGB 10yr	0.032	-0.008

### Financial News Round Up

#### Chinese Economy

China saw its exports grow by more than was expected last month, due to robust global demand, which has helped take some of the pressure of the world's second largest economy as it manoeuvres its way out of the pandemic and encounters some headwinds in the process of doing so. Economic momentum has slowed recently for the Asian giant, as the Delta variant causes new outbreaks across the country, along with slowing factory activity, higher raw material prices, and a campaign to reduce carbon emissions.

Chinese exports increased by 25.6% when compared with August 2020, higher than July's 19.3% rise, which points to a resilience in the nation's industrial sector. Analysts had forecasted a 17.1% increase, and are expecting China to continue to see robust export growth for the rest of the year and into next year, as some factories are already fully booked until Q1 2022.

Looking at imports, China saw a 33.1% y/y increase during August, coming in ahead of 26.8% estimates, and mostly led by higher commodity prices. Imports in July were up 28.1%, for context.

China ran a trade surplus of \$58.34 billion last month, versus analysts' expectations for just \$51.05b and the previous \$56.58b.

#### UK House Prices

House prices in the United Kingdom rose again during the month of August, showing robust momentum in the market even after the partial withdrawal of tax breaks on property purchases, according to Halifax Bank.

Prices were 0.7% higher last month, the UK's biggest m/m increase for three months, and follows a 0.4% rise during July. On a year-on-year basis, house prices in the region were 7.1% higher, down slightly from 7.6% in July, and showing the lowest reading in five months.

"We believe structural factors have driven record levels of buyer activity - such as the demand for more space amid greater home working" said Russell Galley, Halifax managing director, "These trends look set to persist and the price gains made since the start of the pandemic are unlikely to be reversed once the remaining tax break comes to an end later this month".

#### Vistry Group

British house-building group and FTSE 250-listed firm Vistry has reported H1 numbers this morning, while also upgrading its full-year profit outlook for the second time in four months despite rising construction costs and supply chain issues. Vistry, which used to be known as Bovis Homes, is now forecasting profits of around £345m, up from the initial expectations back in May of £310m.

Gross profits for the first half of the year came in at £156.2m, versus losses of £12.2m one year prior.

We note that one of Vistry's competitors Barratt Developments recently stated that build cost inflation is currently running at between 4% and 5% and is likely to continue at this pace over the next year.