



Tuesday, 14th of September

### Markets Outlook

**Equities:** European stock markets are mixed on Tuesday morning, after a broadly positive session for the asset class yesterday. Investors seem to be showing some caution this morning ahead of the important US CPI release at 1:30pm, we have also started to see increasing concern recently over global growth in general. The VIX is at \$19.25 today, as futures in the US see some marginal gains.

**Currencies:** FX markets are continuing their quiet trade today, the Dollar is slightly weaker ahead of the inflation data, bringing the Euro to \$1.182 and Sterling to \$1.388. EUR/USD, the world's most traded currency pair, has remained near the bottom of its year-long range now since July, as traders have expected the Fed to be faster to taper their asset-purchasing programmes than the ECB.

**Safe-havens:** Gold has seen mostly sideways trade so far this week, the precious metal resting just below \$1,790 and seeing very low volatility in line with currency markets. Bond yields on both sides of the Atlantic are marginally higher this morning, albeit still showing very low volatility as investors await important data. US 10yr at 1.34%, US 2yr at 0.217%, German 10yr at -0.319% at the time of writing.

**Looking ahead:** This afternoon we are due to get CPI inflation figures out of the United States, which will be watched closely not only by market participants but also by Federal Reserve officials who will look to set monetary policy for the region at next week's meeting. Tomorrow morning we will get CPI results from the UK followed by the same from Canada in the afternoon.

### Key Events to Watch

- 14/09/2021 - US CPI
- 15/09/2021 - UK CPI
- 16/09/2021 - US Retail Sales
- 22/09/2021 - Fed Rate Decision

### Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,468	0.23%	18.97%
DAX	15,701	0.59%	14.21%
EuroStoxx	4,189	0.46%	17.27%
ISEQ	8,729	0.90%	17.87%
FTSE	7,068	0.56%	8.75%
Nikkei 225	30,670	0.73%	11.75%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1808	-0.03%	-3.16%
EUR/GBP	0.8534	-0.01%	-4.57%
GBP/USD	1.3836	-0.02%	1.53%
USD/CHF	0.9221	0.42%	4.07%
USD/JPY	109.98	0.05%	6.54%
EUR/JPY	129.86	0.02%	3.17%

Fixed Income	Value	Daily Change
US 10yr	1.326	-0.015
US 2yr	0.213	-0.003
German 10yr	-0.329	0.002
Irish 10yr	0.027	-0.009
UK 10yr	0.744	-0.013
Japanese 10yr	0.043	0.005

### Financial News Round Up

#### UK Jobs Data

London's FTSE 100 equity index has slipped this morning, 0.25% lower to £7,050 despite figures emerging this morning that the number of workers on UK payrolls rose above pre-pandemic levels last month, as vacancies also hit a record high.

According to the Office for National Statistics' (ONS) latest figures, the number of employees on company payrolls in the region was 241,000 higher in August, while job openings soared 35% in the quarter to 1.03 million, the first time they have ever been above 1m.

This data demonstrates the continued robust recovery in Britain's job market, and comes just before the government phases out its current furlough scheme (set to finish at the end of the month). The ONS also reported a fall in the region's unemployment rate, down to 4.6% in the three months to July, in line with expectations and slightly lower than the 4.7% recorded in the three months to June.

July saw the peak of the so-called 'pingdemic' across the United Kingdom, whereby hundreds of thousands of staff had to isolate after being alerted that they were close contacts with regard to the virus.

Last week we saw separate data from the UK show that as of mid-August, roughly 700,000 workers were fully furloughed while 900,000 were on reduced hours and still receiving part-time furlough payments. This is comparison to the 9 million full-time recipients at the peak of the pandemic.

#### Irish Tax

According to RTÉ this morning, the Irish Congress of Trade Unions (ICTU) has said the Government should discard its plans for tax cuts in the upcoming Budget and instead focus on increases in public expenditure on housing, healthcare, and childcare. ICTU, as part of its pre-budget submission, claims that permanent tax cuts are unaffordable and unjustified.

While the organisation has welcomed the Government's decision not to pursue an austerity strategy over the next few years, it does believe tax cuts should be abandoned with priority given to specific other areas in what is an important part of our economic recovery and emergence from the pandemic. ICTU has also proposed that the Employment Wage Subsidy Scheme (EWSS) should become permanent in order to support employment in industries going through temporary downturns in the future.

ICTU claims that the Covid-19 crisis showed up "weaknesses in Ireland's pre-pandemic economic model" and that we should not return to the "old low tax and low spend model". The organisation also wants Ireland's minimum wage increased to €10.50 per hour from January as part of a commitment to reach €12.30 an hour, while social welfare rates should be given an above inflation rate increase.