

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Monday, 27th of September

## Markets Outlook

**Equities:** The main equity indices in Europe have opened higher on Monday morning, between about 0.5% and 0.9% stronger so far, after Friday's broadly negative session for the region. Looking at Germany, stock markets are trading at 10-day highs after the country's general election over the weekend. The VIX moved lower throughout last week after spiking to almost \$29 on Monday, sitting at \$18 this morning as futures in the US edge steadily higher.

**Currencies:** The main currency pairs are flat on Monday morning, EUR/USD at 1.171 while GBP/USD trades at 1.368. While FX markets will not have any large economic data releases to focus on in the coming days, traders will be closely watching the array of central bank speakers that are due between today and Thursday, mostly from the Fed. Similarly, the release of the US' Core PCE inflation reading this Friday may be a slight risk event for the greenback.

**Safe-havens:** Gold attempted to move higher last week but found sellers and finished the week flat at \$1,751, the precious metal has lost 8% so far this year as markets have priced in a hawkish turn by central banks. Gold is marginally lower on Monday morning at \$1,750, with silver roughly half a percent higher to \$22.53.

Looking at government bonds, last week we saw the strongest sell off in months for many bonds as investors digested the Federal Reserve's monetary policy statement and Powell's press conference. Treasury yields were pushed higher, US 10yr now at 1.48%, US 2yr at 0.284%, while Germany's benchmark 10yr currently yield's -0.215%.

## Key Events to Watch

27/09/2021 - ECB President Lagarde speaks

28 & 29/09/2021 - Fed Chair Powell speaks

01/10/2021 - US Core PCE Inflation

01/10/2021 - US Manufacturing PMI

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,455	0.15%	18.62%
DAX	15,531	-0.72%	14.16%
EuroStoxx	4,158	-0.87%	17.77%
ISEQ	8,756	-0.50%	18.54%
FTSE	7,051	-0.38%	9.72%
Nikkei 225	30,240	-0.03%	10.19%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1714	-0.19%	-4.12%
EUR/GBP	0.8565	0.13%	-4.15%
GBP/USD	1.3682	-0.25%	0.07%
USD/CHF	0.9239	-0.01%	4.68%
USD/JPY	110.72	0.38%	7.21%
EUR/JPY	129.69	0.19%	2.78%

Fixed Income	Value	Daily Change
US 10yr	1.453	0.018
US 2yr	0.271	0.011
German 10yr	-0.228	0.024
Irish 10yr	0.164	0.033
UK 10yr	0.922	0.010
Japanese 10yr	0.052	-0.004

## Financial News Round Up

### The Week Ahead

We are set for a quieter start to this week in terms of economic data releases, market participants will likely instead focus on the list of central bank speakers that are due over the next few days, along with developments in Washington DC, as US lawmakers race to pass legislation to avoid a government shutdown by the end of the month and debate increasing the region's debt ceiling. The Senate is expected to vote later today on a bill that includes a plan to temporarily fund the US Government through early December, and comes alongside a measure to raise the government debt ceiling through December 2022. Also on the agenda for Monday, we will see central bank speakers from the Fed, ECB, and BOE throughout the afternoon, namely ECB President Christine Lagarde and Bank of England Governor Andrew Bailey. Tomorrow afternoon the Fed Chair Jerome Powell will speak, followed by two other Fed officials later that evening - markets will pay close attention to Powell to see will he look to clarify anything from the Fed's release last week.

China will release its Manufacturing and Non-Manufacturing PMI results for September in the early hours of Thursday morning, and will be followed that afternoon by the US' Final GDP result (this is the third of three GDP releases for Q2 and has the least impact on markets).

Friday may be interesting for market moves, we will see the latest inflation readings for both the Eurozone and the US. For the 19 Eurozone nations, the HICP inflation figure is expected to increase to 3.3%, up from last month's 3.0% result. Core PCE in the states is forecast to come in at 3.5%, compared to the previous 3.6%.

### German Election

Equity markets have taken the initial results from Germany's Federal Election over the weekend well, while the Euro is flat this morning. The centre-left Social Democratic party won the largest share of the vote, with preliminary estimates showing the party on 26%, 2% ahead of the centre-right Christian Democratic bloc (Angela Merkel's party).

Concerns over a possible radical change for the nation were soothed after the far-left Linke party performed poorly in the vote, which has all but ruled out any chance of it joining the new government. Agreeing a new coalition may take months, which would of course still leave the current Chancellor Merkel in charge for the time being, and will likely include a three-way alliance involving one of the bigger parties along with the smaller Greens and liberal Free Democrats.

### Housing in Ireland

According to separate reports from property websites daft.ie and myhome.ie, asking prices for homes in Ireland were 9% higher in Q3, when compared with the same period last year. This result follows Q2's +13%, which would indicate that the pace is beginning to moderate somewhat. Looking at the July-September three months, myhome.ie points to a 7.3% price rise (+10.1% outside of Dublin), while daft.ie saw +4.9% (+12.9% outside Dublin).

We believe that with the worst of Covid now behind us, Ireland's housing is now by far the most urgent issue for policymakers to deal with. All signs continue to point to the fact that significant additional supply is required across the nation at present.