



Markets Outlook

Equities: Stock markets in Europe are slightly weaker on Thursday, following on from yesterday's move lower, and ahead of a key couple of days for diplomacy aimed at halting Russia's war in Ukraine. Volatility will likely remain low until we hear some news or key developments from Western leaders in Brussels later today. These NATO, G7, and EU summits come a day after Putin has demanded that 'hostile' nations pay for their energy in Rubles, rather than Dollars or Euros. Across the pond the VIX volatility index is lower this week, at \$23.20 on Thursday as futures markets in the US edge slightly higher.

Currencies: The Dollar index (measures the greenback against a basket of six other major currencies) is 0.20% stronger to 98.82 this morning, hovering around the near-two-year high point that it saw a couple of weeks ago at 99.42. The world's reserve currency gained ground against Euro and GBP yesterday as equities saw a risk-off tone and concerns about Ukraine and an increasingly hawkish Federal Reserve lingered.

Thursday, 24th of March

Safe-havens: Bond yields across the board pulled back yesterday, the benchmark US 10yr falling by 9 basis points and the German equivalent by 5. However, this move is proving to be short-lived as yields are once again heading for multi-year highs this morning. The Bloomberg Aggregate Index, which tracks government and corporate debt total returns, has fallen 11% from a high in January 2021. This is the largest decline from a peak in data stretching back to 1990. Bond investors have braced for further losses each time oil has rallied lately, predicting that higher energy prices will feed through to inflation, and in turn will cause central banks to tighten at an even quicker pace.

Looking ahead: The US will release its Services and Manufacturing PMI results for March this afternoon, after a busy morning where we saw the same release from Europe and the UK. We also saw the Swiss National Bank opt to leave its interest rate unchanged earlier today at -0.75%. The UK will release monthly Retail Sales figures tomorrow morning, and we will also see German Business Climate results and US Consumer Sentiment in the afternoon. Also important to remember that clocks will go forward in the early hours of Sunday morning in Europe.

Key Events to Watch

24/03/2022 - US March PMIs
 27/03/2022 - European Daylight Saving Time Shift
 31/03/2022 - US Core PCE inflation
 01/04/2022 - US Non-Farm Payrolls

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,456	-1.23%	-6.50%
DAX	14,283	-1.31%	-10.08%
EuroStoxx	3,869	-1.45%	-9.98%
ISEQ	7,325	-2.23%	-13.25%
FTSE	7,460	-0.22%	1.03%
Nikkei 225	28,110	0.25%	-2.37%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1004	-0.21%	-3.42%
EUR/GBP	0.8332	0.23%	-0.87%
GBP/USD	1.3203	-0.45%	-2.53%
USD/CHF	0.9305	-0.28%	2.31%
USD/JPY	121.15	0.29%	5.70%
EUR/JPY	133.31	0.08%	2.09%

Fixed Income	Value	Daily Change
US 10yr	2.290	-0.091
US 2yr	2.098	-0.068
German 10yr	0.447	-0.050
Irish 10yr	1.044	-0.039
UK 10yr	1.649	-0.061
Japanese 10yr	0.226	0.006

Financial News Round Up

US-Europe Energy Agreement

According to Bloomberg last night, the Biden administration and European Union are close to a deal aimed at cutting back Europe's dependence on Russian energy, as the US and its allies seek to further isolate Russia in retaliation to the war. Biden's national security advisor Jake Sullivan yesterday said that the agreement could be announced as soon as Friday. Sullivan said that the focus will be on diversifying European supplies of natural gas. "You can expect the US will look for ways to increase LNG (Liquefied Natural Gas) supplies, surge LNG supplies to Europe, not just over the course of years, but over the course of months as well" he said. Joe Biden is due to attend meetings in Brussels today with NATO, G7, and EU leaders. The US President will travel to Poland on Friday in an effort to show support for NATO allies closest to Russia.

Revolut

The London-headquartered financial platform Revolut has announced it will launch deposit accounts in Ireland. Funds of up to €100,000 will be protected with Revolut, under the Lithuanian deposit guarantee scheme. "Launching the bank in Ireland will provide a greater level of security and confidence for our customers and will enable us to launch a host of new products and services in the future" said CEO Joe Heneghan. This move by Revolut of course comes ahead of the withdrawal of both KBC and Ulster Bank from the country (which has left almost 1.5 million individuals facing the prospect of moving bank). Revolut currently has over 1.7 million users in Ireland and about 18 million worldwide.

Next

British multinational clothing and home products retailer Next plc has released its latest trading update this morning, issuing a slightly weaker sales and profit guidance for 2022 and 2023. Pre-tax profit for the 12 months to the end of January came to £823m, in line with previous guidance. However, the firm is now forecasting for full price sales growth of 5% (vs previous 7%) and pre-tax profit of £850m (vs previous £860m) for the current fiscal year. This downgrade comes after Next recently shut off its websites in Ukraine and Russia. The shares are 2.8% weaker on Thursday to £62.04, now down almost 24% YTD after seeing mostly sideways trade throughout 2021.