

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

## Markets Outlook

## Tuesday, 14th of June

**Equities:** Stock markets in Europe are mixed at the time of writing, after Asian indices moved lower again following steep losses on Wall Street last night. Japan's Nikkei 225 index fell by 1.3% overnight after the country's finance ministry said they were concerned that Yen volatility could hit economic prospects. Europe's benchmark EuroStoxx50 index is currently 0.15% weaker while Britain's FTSE100 is seeing marginal gains.

Markets around the world are beginning to worry about the possibility that the Fed will hike by 75 basis points tomorrow. We see this as unlikely, and believe the Fed will look to maintain their credibility and hike by 50bp as planned.

**Currencies:** Bitcoin has fallen by another 6.75% on Tuesday morning, now down 50% since the start of April. It is very difficult for market participants to establish what fair value is or should be in any given cryptocurrency, the space continues to see extreme volatility this week after crypto lender Celsius blocked all redemptions.

The Dollar index is 0.25% lower today, but still near its 20-year highs ahead of tomorrow's Fed release.

**Safe-havens:** Gold is lower this week as some traders look to price in an even more hawkish Fed than is broadly expected or hoped for. The metal has moved down by about 3% to \$1,824 and looks to be breaking out of its tight range of the prior 3 weeks.

More of the US yield curve inverted again yesterday, this time it was the 2yr yield that rose above the 10yr, both closing on Monday around 3.36%. Yields in all developed regions have surged in recent trading sessions, as markets price in even more aggressive monetary policy tightening in the face of ever-increasing inflation. Markets now see US interest rates increasing to 3.50-3.75% by year-end.

**Looking ahead:** This afternoon will see the release of US PPI (Producer Price Index) inflation for the month of May - expected at 10.9% vs the prior 11.0%. Overnight tonight China will release Retail Sales figures, which will be followed by the same from the US tomorrow.

The most important data point of the week will come from the Federal Reserve tomorrow evening. Investors will pay close attention to any hints about a 75bp hike to possibly come in July, the central bank will also release updated macroeconomic projections.

## Key Events to Watch

15/06/2022 - Fed Rate Decision

16/06/2022 - SNB Rate Decision

16/06/2022 - BOE Rate Decision

17/06/2022 - BOJ Rate Decision

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,749	-3.88%	-21.33%
DAX	13,427	-2.43%	-14.72%
EuroStoxx	3,502	-2.69%	-17.72%
ISEQ	6,627	-2.63%	-21.52%
FTSE	7,205	-1.53%	-1.66%
Nikkei 225	26,629	-1.32%	-7.51%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0408	-0.79%	-8.14%
EUR/GBP	0.8576	0.36%	2.23%
GBP/USD	1.2134	-1.17%	-10.10%
USD/CHF	0.9976	0.84%	8.90%
USD/JPY	134.40	-0.29%	16.94%
EUR/JPY	139.85	-1.09%	7.44%

Fixed Income	Value	Daily Change
US 10yr	3.362	0.188
US 2yr	3.366	0.222
German 10yr	1.627	0.125
Irish 10yr	2.346	0.159
UK 10yr	2.514	0.075
Japanese 10yr	0.252	0.000

## Financial News Round Up

### UK Jobs Data

Britain's unemployment rate rose for the first time in almost a year in the three-month period to April, increasing to 3.8% versus forecasts for 3.6% which would have been a post-pandemic low. This has marked the first such increase since the three months to May last year. There were reportedly signs of more individuals returning to the jobs market over the period, although employers are struggling to fill vacancies and this has added to the Bank of England's significant inflation issue.

The UK's economic activity rate, which measures the amount of people who have dropped out of the labour market altogether and therefore do not show up as unemployed, fell by 0.1 percentage points to 21.3%. The data also indicated that growth in regular wages picked up slightly to 4.2% over the three months, despite expectations that it would begin to slow.

The Bank of England is fully expected to hike rates again this week as it desperately attempts to rein in inflation and stop it from turning into a longer-term problem, especially if employers resort to increasing their pay sharply to fill vacancies.

### Oracle

American multinational computer technology firm Oracle reported figures for its fiscal 4th quarter last night, beating analysts' estimates as it pushes to shift more of its business to the cloud. Net income came in at \$3.2 billion (\$1.16 per share) compared to the \$4b (\$1.37 per share) seen one year ago. Revenues were 5% stronger during the quarter to \$11.8b from \$11.2b this time last year.

Oracle, the fourth-largest software company in the world by market cap, also warned of a \$100m hit per quarter during the fiscal year 2023 as a result of suspending services in Russia.

"We experienced a major increase in demand in our infrastructure cloud business - which grew 39% in constant currency. We believe that this revenue growth spike indicates that our infrastructure business has now entered a hyper-growth phase" said chief executive Safra Catz.

Oracle's share price has soared by over 14% in pre-market trade and is set to open this afternoon at \$73.25, which would leave the stock down 16% YTD. This is after it fell by 4.6% during the regular session yesterday, in line with the Nasdaq 100 index.