



Monday, 3rd of February

Markets Outlook

Global equities resumed their descent on Friday as there has been no positive news circulating about the Chinese-originated Coronavirus. The death toll has continued to rise each day as the disease continues to spread to new countries. Currencies had their busiest day in weeks as the US dollar was down vs all other major currencies. JPY was relatively quiet vs all currencies except the dollar, GBP was strong. Bond yields have resumed their overall trend of falling yields which we saw all throughout 2019, US 10yr yields on Friday touched their lowest level since October 7th. On Friday evening the S&P500 VIX volatility index touched its highest price since mid-October.

Looking to the week ahead, the US NFP employment figure on Friday is likely to move markets the most out of all the data releases. Our in-house forecast for the NFP is 160k.

The only central bank to announce a rate decision and monetary policy review this week will be the Reserve Bank of Australia.

Key Events to Watch

- 03/02/2020 - US Manufacturing PMI
- 04/02/2020 - Aus RBA Rate Decision
- 05/02/2020 - US Non-manufacturing PMI
- 07/02/2020 - US Non-Farm Payrolls

Market Moves

| FX | Value | Daily Change | YTD Change |
|---------|--------|--------------|------------|
| EUR/USD | 1.1094 | 0.56% | -1.36% |
| EUR/GBP | 0.8404 | -0.25% | -0.06% |
| GBP/USD | 1.3201 | 0.81% | -1.24% |
| USD/JPY | 108.39 | -0.53% | -0.04% |
| EUR/JPY | 120.25 | 0.03% | -1.40% |

| Equity Indices | Value | Daily Change | YTD Change |
|----------------|--------|--------------|------------|
| S&P 500 | 3,225 | -1.77% | -0.16% |
| DAX | 12,981 | -1.33% | -1.69% |
| EuroStoxx | 3,640 | -1.35% | -2.49% |
| FTSE | 7,286 | -1.30% | -3.17% |
| Nikkei 225 | 22,971 | -1.01% | -2.89% |

| Fixed Income | Value | Daily Change |
|--------------|--------|--------------|
| US 10yr | 1.505 | -0.079 |
| US 2yr | 1.319 | -0.092 |
| Bund 10yr | -0.434 | -0.035 |
| Gilt 10yr | 0.526 | -0.022 |
| JGB 10yr | -0.056 | 0.001 |

Financial News Round Up

Chinese Markets Re-open

Equities around the world continue to fall along with bond yields as Chinese stocks resume trading after their lunar new-year holiday break. The coronavirus death toll has now reached 362, while over 17,000 people around the world have now been infected. Worries about the deadly virus hammering the country's economy have risen over the last week, which all Chinese markets were fully shut for. Governments around the world have now banned flights to and from China.

Chinese equities were down nearly 8% today, their first day of trading since January 23rd. These are the largest daily losses since 2015 for China, despite their central bank pumping the equivalent of \$171b into the markets in an attempt to add some much-needed liquidity. This is the biggest one-day injection of money by the bank since 2004.

Ryanair

Ryanair shares are up over 4% this morning after the Irish airliner reported their Q3 figures. Profit after tax came in at a gain of €88m vs a loss of €66m in the same quarter one year before. Sales were up 21% to €1.9b, while traffic grew 6% to 36 million passengers.

The company have maintained their FY2020 guidance, and we remain long Ryanair for the time being. They expect full-year profits after tax to come in between €950b - €1.05b.

Siemens Healthineers

German medical technology company Siemens Healthineers is down -4.5% this morning after they posted a 12% drop in quarterly net profit today. The group's adjusted EBIT margin was at 13.5%, down from 16.4% a year prior, however the Erlangen-based company has confirmed that it still expects comparable revenue growth of 5-6% for their fiscal year 2020, vs their results from the previous year.

Irish Manufacturing

Ireland's manufacturing sector has returned to expansion territory in January. This morning's figure was 51.4 which is the country's highest in 9 months, this data point is the latest in a string of business and consumer confidence indicators to regain strength since the worry surrounding a possible no-deal Brexit has faded away somewhat. Irish firms have reported stronger UK orders due to less Brexit uncertainty over the past month.