



Wednesday, 5th of February

Markets Outlook

Currency markets were quieter yesterday, as we saw some flows of money out of the safe haven yen and some slight dollar strength. This low volatility came as a result of no significant data releases yesterday. A strong risk-on sentiment has returned to global markets once more, evidenced by a surge in US and European equity indices, Nasdaq100 futures leaped 2.46% yesterday to reach all time highs once more and the EuroStoxx50 was up 1.94%. This optimism has come after news that scientists in China and Europe have made breakthroughs in developing drugs to combat the Coronavirus outbreak. Risk-off assets such as gold and government bonds pulled back, gold shed 1.23% of its value while bond yields rose around the world. The highlight for today will be the US 'ISM Non-Manufacturing PMI' which will be released at 15:00 Irish time. We expect a reading of 55.0 which should keep US equity indices calmer as they all head for their all time highs once more.

Key Events to Watch

05/02/2020 - US Non-manufacturing PMI
 07/02/2020 - US Non-Farm Payrolls
 11/02/2020 - UK GDP
 12/02/2020 - RBNZ Rate Decision

Market Moves

FX	Value	Daily Change	YTD Change
EUR/USD	1.1044	-0.14%	-1.64%
EUR/GBP	0.8476	-0.41%	0.01%
GBP/USD	1.3031	0.27%	-1.60%
USD/JPY	109.44	0.69%	0.94%
EUR/JPY	120.88	0.57%	-0.71%

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,297	1.50%	2.07%
DAX	13,281	1.81%	1.41%
EuroStoxx	3,732	1.94%	0.54%
FTSE	7,439	1.55%	-0.64%
Nikkei 225	23,319	1.02%	-1.42%

Fixed Income	Value	Daily Change
US 10yr	1.603	0.081
US 2yr	1.417	0.062
Bund 10yr	-0.403	0.025
Gilt 10yr	0.567	0.034
JGB 10yr	-0.043	0.017

Financial News Round Up

Irish Services PMI

Ireland, currently the eurozone's fastest growing economy, has seen the release of the January figure for their services PMI. The figure came in at 56.9 which is the highest reading in nearly a full year, indicating a very healthy services sector across the nation. The figure is up from 55.9 in the previous month, further increasing the distance from the all-important 50.0 mark which separates contraction and expansion.

Smurfit Kappa

Smurfit Kappa shares are up over 7% in London this morning as the Irish packaging company released their earnings report for the final quarter of 2019. Revenues reportedly rose by 1% to €9.048 billion while gross profits for 2019 grew to €677m from what was a €404m loss the year prior. EBITDA for the full year was up 7% to €1.65 billion, and the company has said that it plans to increase dividends to 80.9cent per share, a 12% surge.

Vinci

French construction company Vinci have reported Q4 2019 earnings, boasting a 9.3% increase in net income and a 14.8% increase in operating profits now at €5.7b. Revenues are up 10.4% to an impressive €48.1b for last year, Vinci will pay a dividend of €3.05 per share on April 23rd of this year. Shares are currently up 1.95% at €104.20 on the day.

Tesla

Tesla's stock price is currently up over 110% since the beginning of 2020, on Monday and Tuesday of this week it rocketed up 19.89% and 13.73% with 47.23 million and 60.94 million shares traded respectively. Prices are closed yesterday at \$887 and are set to begin trading at 14:30 Irish time, Tesla's market capitalization is \$159.89 billion which is higher than the 30 largest companies in Germany (DAX 30) combined. Experts are pointing towards a massive short squeeze being one of the possible reasons for this price surge.

Philips

This morning UBS has raised its target price and reiterated its buy rating for the shares of Dutch multinational conglomerate corporation Philips up to €48.00 from previous estimations of €42.50. This change comes after Philips reported their 2019 Q4 earnings last week. "We see Philips disappointing 4th quarter as a buying opportunity and continue to believe our investment thesis" - UBS report.