



Thursday, 6th of February

### Markets Outlook

Global risk sentiment was boosted yesterday after China announced that it will half tariffs on some US imports. This news, coupled with continued reports of significant breakthroughs in the treating of the Coronavirus have fueled a powerful risk-on tone in global markets. Bond yields rose as investors ditched their safe haven assets and opted for equities. The S&P 500 equity index rallied for the third day in a row, we expect it to open higher at 2:30pm and push through all time highs today.

USD showed some slight strength in what was a quiet day for currencies, these low volatility conditions have become the new norm for FX markets.

Yesterdays US Non-manufacturing PMI figure came in at 55.5 vs our in-house expectations of 55.0. This added to the risk-on tone in global markets, which has been the story of the past few days.

Looking ahead, today is set to be quiet in terms of data releases, all eyes will begin to turn to tomorrow's NFP figure in the States.

### Key Events to Watch

- 07/02/2020 - US Non-Farm Payrolls
- 11/02/2020 - UK GDP
- 12/02/2020 - RBNZ Rate Decision
- 13/02/2020 - US CPI

### Market Moves

FX	Value	Daily Change	YTD Change
EUR/USD	1.1001	0.04%	-1.87%
EUR/GBP	0.8465	-0.12%	0.20%
GBP/USD	1.2996	-0.27%	-2.01%
USD/JPY	109.82	0.27%	1.14%
EUR/JPY	120.82	-0.12%	-0.76%

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,334	1.13%	3.22%
DAX	13,478	1.48%	2.32%
EuroStoxx	3,777	1.22%	1.40%
FTSE	7,482	0.57%	-0.53%
Nikkei 225	23,873	2.38%	0.92%

Fixed Income	Value	Daily Change
US 10yr	1.649	0.045
US 2yr	1.443	0.026
Bund 10yr	-0.360	0.046
Gilt 10yr	0.617	0.065
JGB 10yr	-0.038	0.003

### Financial News Round Up

#### US-China Tariffs

US equities rallied yesterday on news that China will half tariffs on \$75 billion worth of imports from the US, as it attempts to calm markets down somewhat since the Coronavirus outbreak sent jitters through global risk assets. The two countries signed a partial trade deal in January which saw China agree to purchase an extra \$200 billion worth of goods from the US over the next 2 years.

The S&P 500 gained 1.13% during yesterday's trading session as a result of the news, while Gold futures traded pretty much flat, having shed 1.70% of their value the previous day.

"China will adjust its measures at the same time to alleviate economic and trade frictions and expand economic and trade co-operation." a Chinese finance ministry spokesperson announced yesterday.

#### ArcelorMittal

Shares in multinational steel manufacturing corporation ArcelorMittal have surged and are currently up over 10% this morning after the release of earnings figures for Q4 2019.

Net debt fell to \$9.3b in Q4 which is the lowest the company has ever had since their formation in a 2006 merger. We are watching this figure closely, ArcelorMittal has indicated in previous statements that it intends to "substantially increase" dividends when its net debt figure gets down to \$7b: this target could now be achieved in 2020 we believe.

The steelmaker's revenues actually fell by over 15% since the same quarter in 2018, down to \$15.5b.

#### Sanofi

French pharmaceutical company Sanofi has reported a 2019 EPS of €5.99 in its quarterly earnings report. Net sales surged 4.8% to €36.13b y-o-y, boosting stock price this morning by over 2.8%.

Sanofi have indicated they will pay a €3.15 dividend which will be paid on May 11th. This will mark the 26th year in a row that Sanofi have increased their dividend payout.

#### ING

ING is rallying this morning in Amsterdam, up 2.2% so far after the release of Q4 earnings. The Dutch financial group posted a lower net profit of €880m, down from €1.27b the prior year. The company has cited the pressure of negative interest rates as one reason for lower profits last year.

"The fourth quarter of 2019 proved challenging", CEO Ralph Hamers wrote in his quarterly statement. Despite all of this, share price is prevailing today.