



Friday, 14th of February

### Markets Outlook

US equity indices made their return to all time highs last night before pulling back slightly just before their closing bell. Germany's Dax 30 index has started Friday strongly, currently pushing through its highs.

Global government bond yields are mostly flat for the week, having tested prices in both directions but finding fair value back where they started on Monday morning. Similarly WTI Crude Oil has traded broadly flat for the past 2 weeks, trading within the \$49.35 to \$52.20 area.

The Euro continues to fall after breaching the 1.09 level in dollar terms, currently the EUR/USD is at -3.26% YTD as we see a further demand for USD which is required for investors who seek the positive yielding US sovereign bonds. EUR/GBP also continues to fall, touching the £0.83 level yesterday, this was aided by Boris Johnson's cabinet reshuffle yesterday which gave GBP a boost vs other major currencies.

Looking ahead to today, we will keep an eye on US Retail Sales figures which will be released at 13:30 Irish time. Next week we will see earnings from Unilever, HSBC, Allianz, Walmart, and Kerry Group.

### Key Events to Watch

14/02/2020 - German GDP

14/02/2020 - US Retail Sales

18/02/2020 - German Economic Sentiment

19/02/2020 - UK CPI

### Market Moves

FX	Value	Daily Change	YTD Change
EUR/USD	1.0841	-0.29%	-3.26%
EUR/GBP	0.8310	-0.94%	-1.47%
GBP/USD	1.3046	0.65%	-1.76%
USD/JPY	109.78	-0.28%	1.10%
EUR/JPY	119.00	-0.58%	-2.20%

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,373	-0.16%	4.43%
DAX	13,745	-0.03%	3.73%
EuroStoxx	3,846	-0.20%	2.53%
FTSE	7,452	-1.09%	-1.26%
Nikkei 225	23,687	-0.59%	0.13%

Fixed Income	Value	Daily Change
US 10yr	1.619	0.012
US 2yr	1.446	0.023
Bund 10yr	-0.386	0.013
Gilt 10yr	0.651	0.064
JGB 10yr	-0.034	0.000

### Financial News Round Up

#### Irish Election Update

After its general election nearly one week ago, Ireland is now faced with a three way deadlock which is proving to be a major speed-bump in the process of forming a government. Fianna Fáil, who won 38 seats vs Sinn Féin's 37, yesterday ruled out entering into government with the left-wing SF. Fine Gael won 35 seats, the numbers point to the fact that at least two of these three major parties will realistically need to come together if they are to reach the number of seats necessary to form a government. FF will likely commence talks with FG in the coming days, who will both allude to the fact that despite SF's sudden surge in this election, the fact remains that 75% of the electorate did not vote for them. As it stands, FF and FG are the most suitable for each other, if a coalition agreement is to be reached between any of these three parties. If none is reached, the nation will return to the polls.

#### US Retail Sales today

Today at 13:30 Irish time we will see Retail sales and Core Retail Sales figures from the US, this figure will indicate the level of spending by US consumers at retail outlets during the first month of the year. We are forecasting a 0.3% reading for both figures, which would be a step down from last months core figure of 0.7%.

The outcome of today's figures will be felt on the US' Q1 GDP data, however we do not expect today's reading to be market moving.

#### RBS

Royal Bank of Scotland has released its Q4 earnings statement this morning, and has announced that it will rename its parent company to NatWest later this year. This move by the bank was met with some scepticism by investors, as share price is currently down over 8% in London this morning, despite seeing its operating profit increase to £4.2 billion from £3.4 billion in 2018.

#### Ulster Bank

Ulster Bank, who are owned by RBS, have reported a significant increase in operating profits y-o-y, rising to €55 million from 2018's €15 million figure. The Irish bank saw a fall in total income from €689 million to €647 in 2019, reduced income from non-performing loans and some accounting changes have been cited by the bank's officials as reasons for the figure drop.

Operating expenses shrank by 3% in 2019 to €630 million which has been attributed to reduced project and pension costs after the bank reduced its staff members.