



Thursday, 7th of May

### Markets Outlook

**Equities:** Stock markets are up circa 1% in Europe this morning following the surprise rise in Chinese exports which came out overnight. Large individual corporate earnings continue to affect different indices on an intraday basis. Japanese markets were up very slightly overnight.

**For currencies:** Wednesday saw a grind higher in the safe-havens Dollar and Yen vs other major currencies. Euro is now trading below \$1.08 and ¥115 this morning. GBP remains rangebound vs other currencies as uncertainty persists in the region.

**For safe-havens:** Gold has had a quiet week, trading broadly flat since Monday and sitting just below \$1,700 on Thursday. We expect to see increased volatility in the precious metal tomorrow following the NFP release.

**Looking ahead:** This afternoon we see the release of US Unemployment Claims, we forecast an even 3 million result today. This would mean a 6th consecutive week of lower figures, indicating that the US economy is moving in the right direction. Tomorrow will be important for American markets, with the release of the Non-Farm Payrolls data along with the nation's unemployment rate.

### Key Events to Watch

07/05/2020 - US Unemployment Claims

08/05/2020 - US Non-Farm Payrolls

12/05/2020 - US CPI

13/05/2020 - RBNZ Rate Decision

### Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,848	-0.70%	-11.83%
DAX	10,610	-1.11%	-19.52%
EuroStoxx	2,845	-1.07%	-23.76%
ISEQ	5,308	-1.32%	-25.48%
FTSE	5,853	0.07%	-22.12%
Nikkei 225	19,639	0.10%	-16.83%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0795	-0.42%	-3.75%
EUR/GBP	0.8746	0.36%	3.28%
GBP/USD	1.2343	-0.75%	-6.75%
USD/CHF	0.9750	0.24%	0.82%
USD/JPY	106.15	-0.41%	-2.05%
EUR/JPY	114.60	-0.80%	-5.73%

Fixed Income	Value	Daily Change
US 10yr	0.709	0.031
US 2yr	0.180	-0.010
Bund 10yr	-0.516	0.052
Irish 10yr	0.191	0.077
Gilt 10yr	0.233	0.030
JGB 10yr	-0.009	0.014

### Financial News Round Up

#### Bank of England

Before market open in London this morning, the BOE decided to leave their main interest rate at 0.10% with all 9 members of the monetary policy committee opting to leave the rate unchanged.

The central bank also left their target for bond purchases consistent at £645 billion.

The BOE has now forecasted that the virus will result in UK output falling by 30% in H1 of this year. They also expect the region's unemployment rate to rise to 9%, while inflation is to dip to 0.5% by next year.

"However the economic outlook evolves, the Bank will act as necessary to deliver the monetary and financial stability that are essential for long-term prosperity and meet the needs of the people of this country" Governor Andrew Bailey said. He also stated that the bank expects that the recovery of the economy will be much more rapid than the pull-back from the GFC a decade ago.

"The financial system was, however, in a much better position to support households and businesses through this period compared with the global financial crisis.

#### Chinese Exports

In the early hours of this morning we saw the release of trade balance data from China, showing the country to have seen an unexpected 3.5% rise in April exports despite the impact of the current global pandemic which originated in this region.

Equities in Europe this morning rallied on the back of this news, which was boosted by China's exports of medical supplies as the rest of the developed world faced the Coronavirus.

Chinese imports expectedly dropped last month, down 14.2% year-on-year.

#### IAG

Aer Lingus and British Airways owner IAG have issued a full release today following the group's pre-release of their Q1 results last week.

The group reported a Q1 operating loss of €186b, compared to a profit of €135m this time last year. Over the whole quarter, passenger traffic fell by 18.5%, while passenger capacity has since been cut by 94% with most of its aircraft now grounded. The airline has forecasted that its Q2 results will be "significantly worse" than Q1, and does not expect passenger traffic to return to pre-virus levels until 2023.

Shares in the 'International Consolidated Airlines Group' are roughly -4% on Thursday and -70% YTD, down to 7-year lows at £189.

Aer Lingus have not officially announced any COVID-related redundancies as of yet.