



Tuesday, 26th of May

Markets Outlook

Equities: DAX and Eurostoxx are continuing their rally on Tuesday morning, each up circa 0.7%, after a robust move higher yesterday on lower volatility. Japan's Nikkei 225 was up over 2.5% overnight, with yesterday's risk-on tone spilling over into Asian trade.

For currencies: There was very little action with lower daily volume traded on currency markets on Monday, with US and UK markets shut for bank holidays. The Dollar is on the back foot this morning, pushing EUR/USD towards the top of its range, currently at 1.096. We expect FX to remain relatively quiet until Thursday's data is released.

For safe-havens: Yields are pushing higher this morning following yesterday's fund flows into risk assets. German 10yr bunds edge towards -0.4% while the benchmark US 10yr Treasuries remain rangebound between roughly 0.575% and 0.775%. Gold has traded slightly lower in recent days, down to \$1,720.

Looking ahead: Tuesday and Wednesday are set to be very quiet in terms of economic data releases, this week's focus will be on the release of quarterly US GDP results on Thursday at 13:30 Irish time. Fed Chair Jerome Powell will speak on Friday afternoon.

Key Events to Watch

- 28/05/2020 - US GDP
- 28/05/2020 - US Unemployment Claims
- 29/05/2020 - US Core PCE
- 31/05/2020 - Chinese Manufacturing PMI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,955	(Closed)	-8.52%
DAX	11,384	2.80%	-13.34%
EuroStoxx	2,970	2.25%	-19.80%
ISEQ	5,722	1.23%	-18.81%
FTSE	6,108	(Closed)	-19.04%
Nikkei 225	21,286	2.63%	-10.08%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0900	-0.07%	-2.43%
EUR/GBP	0.8942	-0.10%	5.50%
GBP/USD	1.2190	0.03%	-7.46%
USD/CHF	0.9722	0.10%	0.20%
USD/JPY	107.71	-0.04%	-0.75%
EUR/JPY	117.40	-0.10%	-3.16%

Fixed Income	Value	Daily Change
US 10yr	0.659	0.002
US 2yr	0.172	-0.002
Bund 10yr	-0.498	-0.007
Irish 10yr	0.105	-0.008
Gilt 10yr	0.174	0.002
JGB 10yr	0.004	0.003

Financial News Round Up

Risk-On Sentiment

Global equities have shown lower volatility and a generally positive sentiment for over a week now, as daily new case rates and new deaths in Europe continue to fall and head for zero, reflecting what may be ahead for the United States over the coming weeks and months.

Each week, we are hearing new positive stories regarding progress towards a potential vaccine this year, we are learning more about the virus and the steps that have been underway towards herd immunity. This flow of positive news, along with the concept of zero interest rates for longer and unlimited monetary support coupled with massive fiscal stimulus across the globe is encouraging investors to price in a relatively quick recovery.

Having said this, from a broader macro view we have not forgotten the ongoing and ever-rising tensions between the US and China, and we see scope for further bouts of volatility later in the year related to trade tensions, albeit nothing compared to the March volatility spike. Nasdaq futures are just 1.83% off their all-time highs at the time of writing this morning, up an impressive 9.5% YTD. S&P 500 futures are down just over 11% from all-time highs while down 6.75% YTD as of Tuesday morning.

Aryzta

Zurich-based food group Aryzta's shares are up on Tuesday by almost 5%, while still down 54.5% YTD, following their steep decline in March and April revenue.

Aryzta's fiscal Q3, which was the three months up to April 30th, saw a 24% fall in revenue to €644.2 million.

"Our Q3 revenue has been strongly impacted by the pandemic but our facilities and products are positioned to recover and compete as economies stabilise and return to growth. Our management focus is on serving customers through this difficult period while preserving the value of our assets."

On a more positive note, the group has stated that it has seen three consecutive weeks of pick up in May revenue.

Ryanair

Ryanair CEO Eddie Wilson has reiterated the budget airlines intentions to resume 40% of its normal flight schedule from the beginning of July.

"After four months of lockdown, we welcome these moves by governments in Italy, Greece, Portugal, Spain and Cyprus to open their borders, remove travel restrictions and scrap ineffective quarantines" Wilson also added.

This move to resume flights will require all passengers and employees to wear face masks in airports and on aircraft, in line with EU guidelines.