



Tuesday, 23rd of June

Markets Outlook

Equities: US tech stocks led the charge again yesterday as the S&P rose by over half a percent. DAX and EuroStoxx are rallying on Tuesday, up c.2% each as cases continue to look under control across the continent. Asia was mixed to slightly higher overnight.

Currencies: The Dollar fell on Monday in what was a day of mixed sentiment across financial markets. EUR/USD this morning is back above 1.13, as US Covid cases continue to rise and concerns grow about the spread of the virus in southern states. The Pound this morning reached \$1.25.

Safe-havens: Government bonds are resuming their fairly quiet trade. Gold was flat on Monday, showing lower volumes traded on an intra-day basis. The metal has been slowly approaching the top of its large range over recent days.

Looking ahead: The main focus for the afternoon will be the Manufacturing and Services PMI data from the US, which will come at 14:45 Irish time. The rest of the week is set to be fairly muted, with the US Final GDP reading due on Thursday, not expected to change from the recent prelim result.

Apart from data points, investors will continue to pay attention to Europe's reopening process as well as 'at-risk' States such as Florida and Texas.

Key Events to Watch

- 23/06/2020 - US PMIs
- 24/06/2020 - RBNZ Rate Decision
- 25/06/2020 - US 'Final GDP'
- 02/07/2020 - US Non-Farm Payrolls

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,117	0.65%	-3.50%
DAX	12,262	-0.55%	-5.64%
EuroStoxx	3,241	-0.84%	-11.87%
ISEQ	6,134	-0.64%	-14.10%
FTSE	6,244	-0.76%	-16.38%
Nikkei 225	22,537	0.49%	-4.68%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1260	0.75%	0.69%
EUR/GBP	0.9035	-0.19%	6.84%
GBP/USD	1.2463	0.95%	-5.70%
USD/CHF	0.9477	-0.50%	-2.37%
USD/JPY	106.89	0.05%	-1.42%
EUR/JPY	120.35	0.79%	-0.74%

Fixed Income	Value	Daily Change
US 10yr	0.710	0.015
US 2yr	0.196	0.008
Bund 10yr	-0.436	-0.022
Irish 10yr	-0.078	-0.026
Gilt 10yr	0.188	-0.045
JGB 10yr	0.007	0.004

Financial News Round Up

PMIs This Morning

Equities are rallying in Europe this morning, helped by positive PMI results from Europe's main economic powerhouses. We saw a clean sweep across the board for French, German, and UK data, with beats of expectations for both manufacturing and services PMIs. Manufacturing readings in France and the UK actually came in above the all-important 50.0 mark, showing these economies to in fact be in expansionary territory this month.

- *French Manufacturing:* 52.1 result vs expectations for 46.0.
- *French Services:* 50.3 result vs 44.9 expectations.
- *German Manufacturing:* 44.6 vs 41.5.
- *German Services:* 45.8 vs 41.7.
- *UK Manufacturing:* 50.1 vs 45.2.
- *UK Services:* 47.0 vs 39.1.

EuroStoxx50 is 2.10% higher on the day so far following the release of this morning's data. Germany's DAX30 is 2.50% higher while the UK's FTSE 100 index is lagging at +1.30%.

Attention will now turn to the US' results this afternoon.

Update from IBEC

The Irish Business and Employers Confederation (IBEC) have warned that tens of thousands of businesses in Ireland are likely to go bankrupt in the second half of the year unless there is "dramatic intervention" by the Government. The group made claims yesterday that there are over 100,000 Irish-based SME's that employ half a million workers, impacted by the pandemic and that many of these would go out of business without support from the State.

"Our research indicates that for over seven in ten companies, the minimum period in which they expect 'normal' demand to return is greater than their existing cash reserves. This 'liquidity gap' will need to be bridged by external funding in order for many of these companies to survive" said IBEC's chief economist Gerard Brady.

IBEC have called on the Government to boost spending by an additional €2.7 billion in the form of grants, debt write-offs and loans. This comes after the Irish State announced a €6.5 billion package for businesses back in May.

IBEC also argued that just €95 million in liquidity funding has reached Irish SME's since the virus arrived here in March, while the Central Bank has estimated that up to €5.7 billion will be required for the sector after the three months of lockdown.

"Not every SME will survive but it is imperative that we preserve as much of the SME ecosystem as possible to keep as many people in employment as we can".