



Wednesday, 8th of July

Markets Outlook

Equities: European markets are in the red this morning for the second day in a row, DAX and EuroStoxx down 0.7% and 0.9% respectively. Stocks slipped in Australia, Japan, and South Korea following a new lockdown in Melbourne. The VIX remains below \$30 in the current quiet summer trade, investors may also be sitting on the sidelines to some degree as we approach earnings season.

Currencies: GBP was the main mover on Tuesday, albeit with no obvious reason for the currency's intra-day gains apart from speculation of progress within the ongoing EU-UK trade talks this week. USD saw some in-flows as equities sold off yesterday.

Safe-havens: Bonds continue their sideways trade with German bund yields largely flat on the week, trading at roughly -0.45% today. Gold futures are in their fifth straight week of gains, trading through yearly highs above \$1,800.

Economic Data: Volatility should remain subdued on Wednesday, there will be no economic releases of any major significance today. Investors will have the US' new infection rate to focus on, many States have had to slow down or halt their emergence from lockdown over the past week, in desperate attempts to contain the virus.

Key Events to Watch

- 09/07/2020 - US Unemployment Claims
- 10/07/2020 - US PPI
- 14/07/2020 - UK GDP
- 15/07/2020 - BOJ Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,145	-1.08%	-2.65%
DAX	12,616	-0.92%	-5.02%
EuroStoxx	3,321	-0.85%	-11.63%
ISEQ	6,141	0.21%	-14.66%
FTSE	6,189	-1.53%	-18.13%
Nikkei 225	22,438	-0.78%	-5.15%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1272	-0.33%	0.66%
EUR/GBP	0.8987	-0.73%	6.41%
GBP/USD	1.2542	0.39%	-5.35%
USD/CHF	0.9423	0.02%	-2.76%
USD/JPY	107.52	0.14%	-1.05%
EUR/JPY	121.19	-0.19%	-0.39%

Fixed Income	Value	Daily Change
US 10yr	0.646	-0.033
US 2yr	0.161	0.002
Bund 10yr	-0.438	-0.004
Irish 10yr	0.018	0.019
Gilt 10yr	0.181	-0.017
JGB 10yr	0.029	-0.003

Financial News Round Up

Irish House Prices

According to a new report on Irish housing from Daft.ie, prices in Ireland fell by an average of 3.3% in the 12 months leading up to June, while rents actually rose by 0.2% in the same period of time.

Average sale price across the nation last month came in at €253,868, with average monthly rent at €1,402. Dublin was higher, with its average house price standing at €369,000 for June, average rent at €2,023.

The monthly report also indicated a distinct recovery in the level of new properties posted for sale and to rent during the month of June, up from very low activity in April and May. This figure was just 15% lower than that of June 2019.

"This is particularly the case for sales, where over 5,200 homes were listed for sale during the month, compared to roughly 2,000 in both April and May. Nonetheless, the figure remains below the total for June 2019" said Ronan Lyons, economist and author of the Daft.ie report.

"While the new government may want to favour the construction of owner-occupied homes, the fundamental shortages are in the social and market rental segments and it is those segments that must be the focus for policymakers over the coming years".

DS Smith

American investment bank Jefferies Group have downgraded their rating on the shares of London-headquartered international packaging business DS Smith following recent disappointing results, from 'buy' to 'hold'. Forecasts for DS Smith's full year 2020/21 EBITA have been reduced by the bank, down to £500m from the previous £556m, citing higher than expected pandemic-related costs and a raw material squeeze. EBITA expectations for the following year, up until April 2022, were also cut to £600m from £638m, while the price target was reduced from 350p to 310p.

Shares are flat on Wednesday, trading just below 282p, and are almost 27% lower YTD.