



Thursday, 9th of July

Markets Outlook

Equities: Wednesday was mixed for equities, with Europe in the red and the US somewhat higher. The continent's equity benchmark: the EuroStoxx 50 index, is trading sideways this week, having pared some of yesterday's losses this morning. Asia was mixed overnight, Nikkei 225 up a half percent.

Currencies: The Dollar is weaker on Thursday ahead of the jobs data due from the US later on, EUR/USD trading flat while GBP/USD is up 0.3%. Although unlikely, a major surprise in today's US unemployment data could trigger a decent move in major currency pairs.

Safe-havens: Bonds have been very quiet over recent weeks, little changed on Thursday morning. German bund yields are happy to remain at -0.45% while the US' benchmark 10yr is yielding between 0.65% and 0.7% this week.

Looking Ahead: Today we will see Eurogroup meetings run all day, with the US weekly unemployment claims figure due in the afternoon. On Friday we will get the release of both the US monthly PPI figure, along with Canada's unemployment rate and monthly unemployment change. Europe will be relatively quiet for the remainder of the week.

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	3,169	0.78%	-1.88%
DAX	12,494	-0.97%	-4.62%
EuroStoxx	3,286	-1.07%	-11.69%
ISEQ	6,038	-1.68%	-15.66%
FTSE	6,156	-0.55%	-18.38%
Nikkei 225	22,529	0.40%	-4.77%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1330	0.51%	1.13%
EUR/GBP	0.8984	-0.04%	6.19%
GBP/USD	1.2611	0.55%	-4.72%
USD/CHF	0.9383	-0.42%	-3.18%
USD/JPY	107.26	-0.24%	-1.26%
EUR/JPY	121.53	0.27%	-0.15%

Fixed Income	Value	Daily Change
US 10yr	0.666	0.020
US 2yr	0.163	0.004
Bund 10yr	-0.439	-0.006
Irish 10yr	0.002	-0.005
Gilt 10yr	0.176	-0.004
JGB 10yr	0.016	-0.006

Financial News Round Up

US Jobs Data

At 13:30 Irish time today we are due to get the weekly 'Unemployment Claims' release from the United States, this figure records the number of individuals who filed for unemployment insurance for the first time during the past week across the 50 states. We see some potential for a miss of analysts' expectations this week, given the fact that many populous states in the south such as Texas, Florida, and California are currently experiencing a resurgence of the virus and a delayed emergence from their respective lockdowns.

Markets are pricing in a 1.375m result for this week, down again from last week's 1.427m. US unemployment claims have dropped for 13 consecutive weeks, having initially fallen sharply from its 6.6m peak in early April. Over 48 million Americans have filed for this unemployment insurance since the virus reached the country.

Grafton Group

Woodies and Chadwicks parent company Grafton Group have released a trading update, in which they are reporting a 19.4% fall in group revenue for H1 2020 to £1.06b. In this update, Grafton stated that by the end of June nearly all of its trading locations were back open for business, with like-for-like revenues falling by only 1.1% in June.

"While we face many challenges in the months ahead, we are encouraged by the group's trading and financial performance in the month of June which represented an important milestone on the road to recovery" said CEO Gavin Slark, "Grafton is in a strong financial position and our resilient portfolio of market leading businesses is emerging stronger from this crisis and remains well positioned for future growth."

This fall in H1 revenues is much less severe than we had anticipated, at Seaspray we are maintaining our 'buy' rating on this stock at these current levels. Shares are up almost 4% today to 664p in London.

SAP

German multinational software company SAP's shares have gapped up on this morning's open, currently almost 8% stronger on the day, at their all-time highs. This move comes after the company issued an early release of its Q2 earnings results this morning.

Total revenue for the quarter increased by 2% to €6.74b, while operating profit was 7% higher, beating our expectations and jumping to €1.96b.

SAP also reiterated its outlook for 2020, for an €8.1 - €8.7 billion operating profit, given constant currency rates from today's levels.