



Friday, 17th of July

Markets Outlook

Equities: Stocks in Europe are flat to slightly higher this morning ahead of today and tomorrow's EU Summit meetings. The VIX volatility index is back down below \$27 on Friday morning. Asian trade was flat to marginally lower overnight.

Currencies: FX could see a quiet end to the week, with no major economic data to be released today. The Dollar has weakened somewhat, EUR/USD trading above the 1.14 mark while GBP/USD has traded very tight this week between 1.25 - 1.26.

Safe-havens: Sovereign bonds had another quiet week, yields continued to slowly grind lower as Covid cases steadily grew. US 10yr yields are down to the 0.6% mark on Friday, while German bunds slowly head for the -0.5% level.

Gold looks set to finish the week flat, having last week burst upwards to yearly highs, gold remains above \$1,800 for now.

Looking Ahead: Friday will be relatively quiet on the economic data front, during the afternoon we will see monthly Consumer Sentiment data from the US. Focus will remain on the EU leaders summit today and tomorrow. Later today we are due to see Q2 earnings results from BlackRock and State Street.

Key Events to Watch

17/07/2020 - EU Recovery Summit
 17/07/2020 - US Consumer Sentiment
 18/07/2020 - G20 Meetings
 24/07/2020 - European PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,215	-0.34%	-0.47%
DAX	12,874	-0.43%	-2.68%
EuroStoxx	3,365	-0.38%	-10.24%
ISEQ	6,261	-0.04%	-13.52%
FTSE	6,250	-0.67%	-17.19%
Nikkei 225	22,696	-0.32%	-4.06%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1384	-0.24%	1.70%
EUR/GBP	0.9071	0.01%	7.53%
GBP/USD	1.2550	-0.25%	-5.36%
USD/CHF	0.9455	0.13%	-2.53%
USD/JPY	107.27	0.31%	-1.35%
EUR/JPY	122.11	0.08%	0.33%

Fixed Income	Value	Daily Change
US 10yr	0.618	-0.010
US 2yr	0.147	-0.006
Bund 10yr	-0.469	-0.026
Irish 10yr	-0.036	-0.006
Gilt 10yr	0.131	-0.034
JGB 10yr	0.007	-0.009

Financial News Round Up

EU Recovery Summit

Leaders from the European Union's 27 member states will meet today to discuss the region's €750 billion Coronavirus recovery fund, along with their 2021-27 group budget which is forecast to come to just over €1tn.

The summit, which will take place over the next 2 days, will be primarily focused around any changes that need to be made to the Covid fund, which is currently proposed to be made up of €500b worth of grants to member states and €250b of loans.

A major breakthrough is not widely expected by analysts tomorrow, on how the fund will be funded, fairly allocated, and subsequently used.

Markets are quieter on Friday as investors wait for more clarity on the above matters, EuroStoxx +0.15% and DAX +0.4%.

Yesterday, ECB President Lagarde warned that further "ample stimulus" was needed to counter high uncertainty around efforts to combat the virus and mitigate the economic output.

Netflix

Shares in the media services provider initially fell yesterday on the back of their Q2 earnings results and forward guidance to investors, before paring losses and finishing the session up 0.8% on Wall Street last night.

Netflix has announced diluted earnings per share of \$1.59 for the second quarter, missing consensus forecasts for a \$1.81 result. However on a positive note, revenue did climb by 25% to \$6.1b over the quarter, and 10.1m new streaming subscribers joined the service over the period as lockdowns around the world forced whole populations to stay at home.

For the third quarter of the year, Netflix forecasts that it will add 2.5 million new paid streaming customers, disappointing investors to some extent. Analysts on average had expected 5.3m new customers.

Netflix stocks, which have ranked among the biggest gainers of the pandemic, are almost 63% higher in 2020 so far.

Volvo Group

Swedish car and truck maker AB Volvo have reported better than expected core profits from Q2, despite production disruptions and lower orders. Adjusted operating profit for the period dropped to 3.27 billion Swedish Crowns (\$360m worth) from 15.1b in Q2 2019, well exceeding our expectations for the group.

"When countries started to open up again, both fleet utilisation and order intake began to recover" said CEO Martin Lundstedt today, "However, there is still significant uncertainty about the future economic development and demand for our products".