

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: Indices in Europe have pulled back slightly on Wednesday morning after yet another day in the green yesterday. Germany's DAX index reached its highest prices since early February yesterday as it briefly traded flat year-to-date. Asian equities were mixed, with Japan's Nikkei slightly lower overnight.

Currencies: After another positive day for the Euro following the Recovery Fund agreement, the EUR/USD pair has breached resistance to touch its highest levels since January 2019, trading above 1.15 this morning. EUR/GBP is at the higher end of its 4-year range, over 0.91 today.

Safe-havens: Gold continues its surge, rising by another 1.5% on Tuesday, currently in its fourth consecutive green day, and trading above \$1,850. Yields have been extremely quiet in July, grinding slowly lower to the lower end of their ranges in the US as a risk-on tone grips FX and equity markets.

Looking Ahead: In terms of economic data points: tomorrow afternoon we are due to get the US' weekly Unemployment Claims, on Friday we will get Services and Manufacturing PMIs from key European regions along with the US. This afternoon we are due to see Q2 earning release from Nasdaq Inc, followed by releases from Microsoft and Chipotle Grill this evening.

Key Events to Watch

23/07/2020 - US Unemployment Claims

24/07/2020 - European PMIs

24/07/2020 - UK Retail Sales & PMIs

24/07/2020 - US PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,257	0.17%	0.82%
DAX	13,171	0.96%	-0.51%
EuroStoxx	3,405	0.50%	-9.21%
ISEQ	6,303	0.61%	-12.51%
FTSE	6,269	0.13%	-16.96%
Nikkei 225	22,751	-0.58%	-3.83%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1528	0.71%	2.85%
EUR/GBP	0.9054	0.15%	7.56%
GBP/USD	1.2731	0.54%	-4.32%
USD/CHF	0.9333	-0.60%	-3.68%
USD/JPY	106.78	-0.45%	-1.62%
EUR/JPY	123.11	0.28%	1.17%

Fixed Income	Value	Daily Change
US 10yr	0.605	-0.007
US 2yr	0.143	-0.006
Bund 10yr	-0.462	-0.018
Irish 10yr	-0.053	-0.005
Gilt 10yr	0.137	-0.008
JGB 10yr	0.012	0.003

Financial News Round Up

Coca-Cola

Last night in the US we saw the second quarter earnings release from multinational beverage-giant Coca-Cola, in which the group saw its steepest quarterly fall in sales growth for over 25 years.

Coca-Cola said it would cut its "zombie" brands as part of efforts to protect its bottom line after the closure of bars, restaurants and other venues pushed Q2 sales 28 per cent lower when compared to Q2 2019, down to \$7.2 billion.

Earnings per share dropped by \$0.32 to \$0.41 per share, the group declined to give financial guidance for the remainder of 2020.

"We are shifting to prioritizing fewer but bigger and stronger brands across various consumer needs" said CEO James Quincy, "At the same time, we need to do a better job nurturing and growing smaller, more enduring propositions and exiting some zombie brands not just zombie SKU's (stock-keeping units)".

Coca-Cola's shares rose by over 2% yesterday after the release, leaving them just under 15% lower YTD compared to rival PepsiCo's -1.5% YTD.

United Airlines

Calling the second quarter of this year "the most difficult financial quarter in its 94-year history", the Chicago-based airliner reported a \$1.6bn loss and revenues 87 per cent lower from a year earlier. Its \$1.5bn in operating revenue compared with more than \$11bn in the second quarter of 2019.

The company forecast that cash burn will fall to \$25m in the third quarter from what was \$40m in the second, and that it will hold \$18bn of cash at the end of September, up from the current \$15.2bn. It had previously forecast end-of-September liquidity of \$17bn.

"We expect United produced fewer losses and lower cash burn in the second quarter than any of our large network competitors" said chief executive Scott Kirby in a statement.

"We accomplished this by quickly and accurately forecasting the impact that Covid would have on passenger and cargo demand, accurately matching our schedule to that reduced demand, completing the largest debt financing deal in aviation history and cutting expenses across our business".