



Thursday, 30th of July

Markets Outlook

Equities: Stock markets were mixed yesterday as a range of earnings results affected individual nations' equity indices. US markets finished higher as Fed Chair Jerome Powell exercised a cautious tone during his press conference last night, EuroStoxx and DAX are c.2% lower this morning after a weak session in Asia overnight.

Currencies: EUR/USD saw another day in the green on Wednesday, paring most of those gains this morning down 0.5%. The currency pair has been fairly range-bound over the last few days.

Safe-havens: Gold is pulling back somewhat on Thursday as traders take profit after what has been an impressive rally for the precious metal. Gold is now trading back below \$1,950. Bond yields have slowly grinded lower over the past month as an element of uncertainty lingers across markets.

Looking Ahead: Another busy day on the corporate earnings front, this afternoon we see releases from Proctor & Gamble, Apple, Google, and Mastercard, followed by Caterpillar, Engie, Exxon Mobil, and Kerry Group to round up the week tomorrow. This afternoon we will see the US' second quarter GDP reading along with their weekly Unemployment Claims data.

Key Events to Watch

- 30/07/2020 - US GDP
- 31/07/2020 - Chinese Manufacturing PMI
- 31/07/2020 - US Consumer Sentiment
- 03/08/2020 - US Manufacturing PMI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,258	1.24%	0.86%
DAX	12,822	-0.10%	-4.69%
EuroStoxx	3,300	-0.10%	-12.56%
ISEQ	6,220	-0.08%	-14.14%
FTSE	6,131	0.04%	-19.32%
Nikkei 225	22,339	-0.26%	-5.57%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1792	0.65%	4.88%
EUR/GBP	0.9074	0.15%	7.12%
GBP/USD	1.2996	0.49%	-2.04%
USD/CHF	0.9126	-0.58%	-5.57%
USD/JPY	104.92	-0.16%	-3.28%
EUR/JPY	123.72	0.48%	1.45%

Fixed Income	Value	Daily Change
US 10yr	0.577	-0.002
US 2yr	0.133	-0.010
Bund 10yr	-0.499	0.016
Irish 10yr	-0.103	0.025
Gilt 10yr	0.120	0.019
JGB 10yr	0.016	-0.002

Financial News Round Up

GDP Data Today

At 9am this morning we saw the release of the highly anticipated second quarter GDP data from Europe's economic engine Germany. The reading came in at a miss of expectations, -10.1% for the three month period versus consensus -9.0% forecasts. This follows Germany's -2.0% Q1 result, as Covid-19 was starting to spread in the country. This is Germany's steepest fall on record, as spending, investments, and exports collapsed during the pandemic. Germany's GDP records began in 1970.

This afternoon we are due to get the US' equivalent reading, widely expected to come in at a very sluggish -34.5%, Q1's result was -5.0% for the region. This data will offer a look back at a time when many businesses were forced to close, tens of millions of workers were laid off or furloughed and consumers stayed home and cut spending.

Mortgages in Ireland

According to the Banking and Payments Federation of Ireland (BPF) the number of mortgages approved in the country for the month of June rose by 20.4% month-on-month, but were still 49.5% lower than the more regular levels of a year ago. The value of mortgage approvals also rose, by 21.3% since the previous month, but was 48% lower year-on-year.

"This increase indicates a level of resilience and robustness in the market which has been bolstered by the removal of some Covid-19 restrictions since mid-May. However, any indications of a recovery need to be treated with caution as it is early days in the economic journey." said Brian Hayes, CEO of the BPF.

2,263 mortgages were approved in total across the country, with 46.8% of these coming under the 'first-time buyer' title. During Q2 as a whole, 6,622 new mortgages were drawn down in Ireland to the tune of €1.462 billion.

We would urge any would-be mortgage applicants to proceed with the application process, lenders are continuing to approve despite the ongoing uncertainty and unique times we live in, as seen by today's data.

Siemens Gamesa

Siemens Gamesa Renewable Energy have reported a net loss of €466m during Q2, and an EBIT loss of €161m. Revenue came in at €2.41b vs our €2.54b forecast.

Siemens Gamesa has performed very well given the current economic climate, and currently has a forward looking P/E of 31.9x and an EV/EBITDA of 12.3x. We see value in this stock, and see the potential for growth in the sector as a whole as we emerge from the pandemic. We reiterate our 'buy' rating on Siemens Gamesa. Shares are over 6% higher following the release, up to €20.10 and +27.6% higher YTD.