

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Friday, 31st of July

Markets Outlook

Equities: Stock markets are bouncing somewhat in Europe in early morning trade, with the main indices 0.8% stronger after a very weak performance yesterday. Thursday's risk-off sentiment came as concerns grew over rising Covid cases, coupled with a stalemate in the US Senate regarding further fiscal stimulus.

Currencies: The dollar has opened lower again on Friday morning after a tweet from President Trump yesterday in which he questioned whether the upcoming elections may be delayed. This is reflected by EUR/USD now trading above 1.19 and GBP/USD above 1.31, both up another 0.4% this morning.

Safe-havens: Bond markets adopted a risk-off tone on Thursday as money flowed out of equities and into the safe-havens, driving yields lower across the board. Gold prices touched a new all-time high of \$1,980 this morning.

Looking Ahead: This morning we are seeing the release of Spanish, French, and Italian Q2 GDP figures, this will be followed by Canada's GDP result in the afternoon and some smaller releases from the US including consumer sentiment. Later today we will see earnings results from Exxon Mobil and Caterpillar in the US, to round off the week.

Key Events to Watch

31/07/2020 - US Consumer Sentiment

03/08/2020 - Japanese GDP

03/08/2020 - US Manufacturing PMI

04/08/2020 - RBA Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,246	-0.38%	0.48%
DAX	12,379	-3.45%	-6.56%
EuroStoxx	3,208	-2.79%	-14.34%
ISEQ	6,139	-1.31%	-14.54%
FTSE	5,989	-2.31%	-20.58%
Nikkei 225	21,712	-2.81%	-8.22%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1847	0.47%	5.96%
EUR/GBP	0.9047	-0.29%	7.09%
GBP/USD	1.3095	0.76%	-0.99%
USD/CHF	0.9089	-0.41%	-6.21%
USD/JPY	104.74	-0.18%	-3.92%
EUR/JPY	124.08	0.29%	1.80%

Fixed Income	Value	Daily Change
US 10yr	0.545	-0.027
US 2yr	0.121	-0.010
Bund 10yr	-0.545	-0.040
Irish 10yr	-0.139	-0.021
Gilt 10yr	0.084	-0.032
JGB 10yr	0.012	-0.006

Financial News Round Up

Apple

Apple last night announced really strong earnings results for the second quarter of this year, beating analysts' already high expectations for the firm.

- **Revenue:** \$59.7b vs \$52.3b expected.
- **EPS:** \$2.58 vs \$2.07 expected.
- **iPhone revenue:** \$26.42b.
- **Services revenue:** \$13.2b vs \$13.1b expected.
- **Accessories:** \$6.5b vs \$6.1b expected.

The firm also announced a 4 to 1 stock split, in an attempt to lower prices and encourage retail investors to participate in the rally.

Apple benefited hugely from remote work and learning trends last quarter, reflected by impressive sales results in its iPad and Mac segments of \$6.58b vs \$4.88b expectations and \$7.08b vs \$6.06b expectations, respectively. "Both had some really significant product announcements at the end of March, beginning of April. I think we have the strongest product line in both areas that we've ever had" said CEO Tim Cook, "You combine that with the work from home and remote learning, and it's yielding really, really strong results".

Shares were up over 6% in after-hours trade following the release, up to new all-time highs of \$409.50.

Amazon

Another impressive beat of expectations from one of America's big tech firms came from Amazon last night when they reported their biggest profit in the company's 26-year history, as online sales climbed higher during the Coronavirus lockdowns across the planet. Operating cash flow was up by 42% to \$51.2b for the trailing twelve months, while net sales rose by 40% when compared with Q2 2019's result of \$63.4b. The company's cloud operation: Amazon's Web Service (AWS) saw 29% growth as companies were forced to embrace the move into the cloud and into remote working.

Amazon had previously issued an in-house forecast that they may see an overall loss for Q2, as it expected to spend circa \$4b on PPE gear for its workers, along with other Covid-related expenses. Despite this, net income doubled from that of a year ago, coming in at a hefty \$5.2b.

Founder Jeff Bezos stated last night that "this was another highly unusual quarter".

AMZN was 5% higher in after-hours trade overnight in New York, boasting a massive 65% gain in 2020 so far.

Amazon have said they plan to create a further 1,000 jobs in Ireland over the next 24 months, bringing its total workforce here to 5,000.