



Thursday, 6th of August

Markets Outlook

Equities: Markets were stronger yesterday after the beat of expectations for the US' Non-Manufacturing PMI figure in the afternoon. European stocks are paring some of yesterday's gains, while FTSE 100 is over 1% lower after the BOE this morning.

Currencies: The dollar is broadly flat on Thursday morning after another day lower yesterday. GBP/USD is seeing somewhat of a boost on Thursday after the BOE revised the fall in UK 2020 GDP from -14% to -9.5%. US jobs data this afternoon will be of some interest for Dollar traders, as will tomorrow's NFP release.

Safe-havens: Gold has pushed another 4.5% higher this week, now trading 33.5% higher YTD. Despite a pullback yesterday, bond yields in the US are in their fifth week of lower trade as uncertainty looms around the planet.

Looking Ahead: After the BOE rate decision before market open this morning, we have the weekly US Unemployment Claims figure to look forward to this afternoon, followed by Chinese trade balance figures tonight and the US' Non-Farm Employment Change and monthly Unemployment Rate tomorrow to round off the week.

Key Events to Watch

06/08/2020 - US Unemployment Claims
 07/08/2020 - Chinese Trade Balance
 07/08/2020 - US Non-Farm Payrolls
 12/08/2020 - UK GDP

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,327	0.64%	3.00%
DAX	12,660	0.47%	-3.94%
EuroStoxx	3,268	0.43%	-12.62%
ISEQ	6,262	1.32%	-13.16%
FTSE	6,104	1.14%	-19.79%
Nikkei 225	22,418	-0.43%	-5.24%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1863	0.52%	5.67%
EUR/GBP	0.9046	0.17%	6.50%
GBP/USD	1.3115	0.40%	-0.73%
USD/CHF	0.9085	-0.54%	-6.11%
USD/JPY	105.58	-0.13%	-2.77%
EUR/JPY	125.25	0.38%	2.74%

Fixed Income	Value	Daily Change
US 10yr	0.549	0.037
US 2yr	0.119	0.006
Bund 10yr	-0.506	0.043
Irish 10yr	-0.116	0.048
Gilt 10yr	0.127	0.051
JGB 10yr	0.013	0.007

Financial News Round Up

Bank of England

The BOE decided to leave interest rates unchanged as expected this morning at 0.10% having already cut rates twice from 0.75% since the beginning of the pandemic. The central bank also kept its target for the total stock of its asset purchasing programme at £745 billion. The bank's Monetary Policy Committee voted unanimously to leave both of these unchanged.

The BOE have extended out their forecast for a full recovery in the region to "at least the end of 2021", having previously estimated that the UK could recover to pre-Covid GDP levels in the second half of next year. However, on a more positive note, the policymakers said they now expect a GDP drop of just -9.5% in 2020, compared to their -14% forecast back in May. UK GDP is then anticipated to grow by a robust 9% during 2021 and 3.5% in 2022. The bank said that this recovery will "depend critically on the evolution of the pandemic, measures taken to protect public health, and how governments, households and businesses respond to these factors."

GBP/USD +0.45%, EUR/GBP -0.45%, FTSE 100 -1.25%.

AIB

AIB have this morning announced a €700 million loss for H1 of 2020, having set aside €1.2 billion with the aim of covering potential loan losses due to the virus.

"Against the backdrop of this sudden and ongoing emergency, the bank has taken a €1.2 billion expected credit loss charge in H1 2020 which represents the significant majority of the FY 2020 anticipated ECL charge. The strength of our capital base allows us to take this conservative, forward looking and comprehensive approach" said the bank's CEO Colin Hunt.

Net lending fell by 27% (€1.6b) to €4.4b, with retail banking new lending down just 13%. Net interest income reduced to €967m, 8% lower than H1 2019. Capital ratio came in at a relatively strong 16.4% for the period.

Shares are just under 5% lower in Dublin on Thursday morning following the release. Trading at just €1.13, having bounced from €0.73 March lows.

Siemens AG

German multinational conglomerate Siemens AG on Thursday reported a 5% fall in revenue for the group's fiscal third quarter, bringing the figure down to €13.49b ahead of market expectations for an even steeper fall to €12.68b. Net income came in at €997.7m, well ahead of consensus forecasts for €233m.

Siemens currently trades at 21.8x FY20 P/E, rallying by over a percent today after the release. The stock has recovered all of its pandemic-related fall during February and March.