



Thursday, 13th of August

Markets Outlook

Equities: Big tech names led the charge in the US yesterday as funds continued to flow into equities and out of sovereign debt. We saw a positive session pretty much across the board in Asia overnight. New daily cases seem to have topped off in the US, for now, helping risk assets push higher. Stocks are slightly lower today in Europe.

Currencies: The Euro is gaining again this morning, up almost another full percent over the past 48 hours. Gains in risk assets on Wednesday mixed in with the inability of US lawmakers to come to any sort of consensus regarding the nation's latest stimulus package are both factors which are driving the Dollar lower. EUR/USD now back above 1.1850 and climbing.

Safe-havens: Bond yields in the US have paused on Thursday, after pushing higher this week. Government bonds saw their strongest outflows this week since early June. Gold has steadied today, pausing along with bonds for now.

Looking ahead: Europe is set to be very quiet this morning in terms of economic data points. This afternoon's highlight will come from the US when we get the weekly Unemployment Claims release, expected to come in at 1.12m down from last week's 1.18m.

Key Events to Watch

- 13/08/2020 - US Unemployment Claims
- 14/08/2020 - US Retail Sales
- 19/08/2020 - FOMC Meeting Minutes
- 21/08/2020 - European PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,380	1.40%	4.63%
DAX	13,058	0.86%	-1.68%
EuroStoxx	3,363	0.93%	-10.39%
ISEQ	6,487	0.84%	-10.07%
FTSE	6,280	2.04%	-17.67%
Nikkei 225	23,249	1.78%	-1.72%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1782	0.37%	5.47%
EUR/GBP	0.9038	0.48%	7.01%
GBP/USD	1.3032	-0.12%	-1.38%
USD/CHF	0.9120	-0.51%	-5.99%
USD/JPY	106.89	0.39%	-1.78%
EUR/JPY	125.94	0.75%	3.59%

Fixed Income	Value	Daily Change
US 10yr	0.673	0.041
US 2yr	0.161	0.014
Bund 10yr	-0.449	0.031
Irish 10yr	-0.101	0.015
Gilt 10yr	0.237	0.036
JGB 10yr	0.041	0.007

Financial News Round Up

TUI

TUI, the world's largest tourism company, has reported a net loss of €2.3b in the nine month period ending on June 30th, with €1.5b of this loss in the group's third quarter alone. Revenues fell last quarter by an astonishing 98% when compared with the same period in 2019, down to €75m and worse than we had anticipated. TUI's underlying EBIT loss for the three month period came in at -€1.1b, a stark difference to last year's €102.3m profit it made during the same time period.

No financial guidance was given by the group with this earnings release, investors were disappointed and expected some sort of sign of mid to longer-term upside for the firm. Yesterday, The Hanover-based group secured a further €1.2b in funding from the German Government to secure credit lines and bolster their balance sheet. TUI are said to be weighing up a rights issue or the sale of parts of its business in order to generate some much needed shorter term cash.

Shares are over 7% lower today following the poor release, down to €3.78 and 66% lower YTD. TUI shares currently trade at FY21 P/E ratio of 55.6x (no profit turned for FY20), we remain on the sidelines with this particular name and await further vaccine clarification before we form a view on the stock.

Carlsberg

Danish multinational brewer Carlsberg has seen Q2 sales drop 15% y/y to 15.9 billion Danish Crowns, while also seeing a fall in total volumes of 8%. Citing Covid uncertainties, the world's third largest brewer has decided to scrap the second tranche of its share buyback plan, during which 2.5 billion Danish Crowns were due to be spent in the second half of this year.

Following in the footsteps of many firms in the industry, Carlsberg suspended any guidance back in April, as countries locked down especially across many of its key locations in Western Europe.

"Recognising that we're faced with a new market reality, including changed consumer preferences and a reduced level of on-trade activity, we're taking measures to adapt our business accordingly" said Chief Executive Cees 't Hart.

Having reached their all-time high in late January of this year, Carlsberg shares are over 5% lower on Thursday and down 10% YTD. The stock is currently trading at a forward looking P/E of 25.0x and an EV/EBITDA of 12.1x, equating to a 23% discount when compared to its peers.