



Friday, 14th of August

Markets Outlook

Equities: Benchmark indices EuroStoxx and DAX are down circa 1.5% on Friday as a slight risk-off sentiment across equity markets persists from yesterday. The FTSE 100 is over 2% lower, weighed down by the travel industry after the UK adds more countries to its quarantine list. Asian stocks were flat to marginally higher in the overnight session. The VIX trades at \$23.30 today.

Currencies: The Dollar lost ground again on Thursday as focus remains on the lack of a new relief package to help the US recover from the damage caused by the pandemic and subsequent lockdowns. EUR/USD -0.20% this morning, EUR/GBP -0.25%.

Safe-havens: Bonds are seeing a slight bid this morning, leading to yields falling somewhat after a solid move this week which saw the US 10yr yield rise to above 0.7% for the first time since early July.

Looking ahead: This afternoon we will get July Retail Sales results from the US, with 'Core Retail Sales' m/m reading expected at 1.3% and 'Retail Sales' m/m expected at 2.0%. We will also see Consumer Sentiment data from the States later today. The highlight of next week will likely come on Friday 21st as European nations, the UK, and the US all report PMI results for August so far.

Key Events to Watch

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

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,373	-0.20%	4.42%
DAX	12,993	-0.50%	-2.88%
EuroStoxx	3,342	-0.60%	-11.85%
ISEQ	6,457	-0.46%	-19.39%
FTSE	6,185	-1.50%	-19.30%
Nikkei 225	23,289	0.17%	-1.55%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1812	0.25%	5.29%
EUR/GBP	0.9041	0.03%	6.86%
GBP/USD	1.3063	0.24%	-1.40%
USD/CHF	0.9096	-0.26%	-5.94%
USD/JPY	106.92	0.03%	-1.72%
EUR/JPY	126.92	0.28%	3.48%

Fixed Income	Value	Daily Change
US 10yr	0.717	0.043
US 2yr	0.165	0.006
Bund 10yr	-0.410	0.041
Irish 10yr	-0.060	0.050
Gilt 10yr	0.247	0.010
JGB 10yr	0.041	0.004

Financial News Round Up

UK Quarantine Rules

Last night UK PM Boris Johnson announced the nation's decision to add France and the Netherlands to the UK's quarantine list from this weekend, obligating returning travellers to self-isolate for 14 days. Paris is expected to retaliate today with similar measures. France's amount of daily new cases has exceeded 2,000 four times in the past week, setting a new post-lockdown record for the nation and indicating the very real risks of a second wave across the continent if restrictions are eased with complacency.

"We've worked so hard in this country to get our level of infections down, the last thing we want to do is have people returning and bringing the infection back with them. It's to protect everybody" said Grant Shapps, UK Transport Secretary.

Moves like this from Government officials continue to weigh on the travel industry who have already been dealt a massive blow this year with the existing travel restrictions.

Budget airline EasyJet has seen a 7% drop in share value this morning after the news broke, while British Airways parent company IAG is over 6% lower and similarly TUI 5.5%.

FTSE -2.10%, GBP/USD +0.10%, EUR/GBP -0.25%, Gilt 10yr yield +0.005 to 0.250%.

Yew Grove REIT

Irish real estate investment trust Yew Grove REIT released its interim earnings results on Friday in which it reported robust rent collection figures for Q2 and Q3 to-date of 97% and 98% respectively, and adding that the value of its portfolio fell "marginally" in H1 of this year when the total spent on new acquisitions is factored in. With a portfolio of €141m, it saw a fall in value of just 0.01% or €15,000 from a combination of 2019 and the price of the 2020 property purchases so far. Annualised rent roll was up from €8.9m to €10.4m at the end of Q2, and has since risen further to €11.1m. 95% of the REIT's income stems from Government bodies, multinational and large Irish companies.

Yew Grove reported an EPS of 2.76 cent, 2.45 cent of this has been paid out as dividends so far this year.

The group invest more heavily in commercial assets rather than residential, and as a result has seen strength in its tenants' covenants despite pandemic-related economic strains on real estate markets.

"The company has increased its asset portfolio and rent roll, completed major lettings and associated asset management works and continued to deliver quarterly dividends to shareholders. We have a programme of further asset management works underway and a pipeline of accretive investments identified".

Shares are valued at €0.805 in Dublin on Friday morning, down 13.5% YTD.