



Wednesday, 26th of August

Markets Outlook

Equities: A very topsy-turvy day in global markets with early gains reversed in afternoon trade driven by poorer than expected economic news in a number of countries. With German GDP lower than forecast and UK retail sales also down markets took a negative stance. Irish market drifted in very light volume. Today is expected to open fairly mixed with markets focused to tomorrow's US data and Fed speech

Currencies: The Dollar index is expected to edge higher today but investors will be very focused towards Thursday's speech from US Fed Reserve Chair. Sterling - Dollar was weaker on fears of lack of progress in Brexit talks. The Eur/USD has been facing some weakness with analysts targeting 1.20 by the end of the next month.

Safe-havens: Gold continued to track a little higher on light volume. All assets are focused towards Thursday's Fed speech. Oil traded higher in US over fears that hurricane damage might hurt production.

Looking ahead: Today the economic calendar is very light. The market will continue to digest the weaker US consumer confidence numbers and the stronger IFO business sentiment in Germany. Focus will be to tomorrow's Fed speech.

Key Events to Watch

- 27/08/2020 - Fed Chair Powell Speaks
- 27/08/2020 - Jackson Hole Symposium
- 28/08/2020 - Day 2 of Jackson Hole Symposium
- 28/08/2020 - Italian 10 year bond auction
- 28/08/2020 - Chicago PMI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,444	0.36%	6.59%
DAX	13,061	-0.04%	-1.41%
EuroStoxx	3,330	-0.06%	-11.09%
ISEQ	6,469	0.13%	-8.20%
FTSE	6,037	-1.11%	-19.96%
Nikkei 225	23,281	-0.07%	-1.56%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1809	-0.20%	5.32%
EUR/GBP	0.8997	0.00%	6.46%
GBP/USD	1.3128	-0.17%	-1.00%
USD/CHF	0.9099	0.27%	-6.00%
USD/JPY	106.41	0.05%	-2.05%
EUR/JPY	125.69	-0.15%	3.17%

Fixed Income	Value	Daily Change
US 10yr	0.706	0.024
US 2yr	0.158	0.004
Bund 10yr	-0.432	-0.006
Irish 10yr	-0.099	-0.014
Gilt 10yr	0.267	0.002
JGB 10yr	0.038	0.007

Financial News Round Up

Economic Data

The markets were hit yesterday by conflicting economic data. In Germany the Q2 GDP figures showed that the economy shrank by 9.7% down slightly on previous forecasts. The impact of Covid 19 was most noticeable in the figures for the economy with the country recording a total budgetary deficit of €51.6 billion in H1 2020. This compares to a budget surplus of €45 billion in H1 2019. Against this the German IFO survey of business confidence provided a fourth month of positive readings which suggested that the German economy would grow by 7% in Q3, which if it continues to hold up will indicate a recovery is possible in H2 2020. The index rose to 92.6 from 90.4 in July.

Elsewhere in Ireland the latest unemployment figures indicate that unemployment rose to 23.1% in Q2 2020. These figures were expected on the back of the Covid lockdown but it is hoped that the next figures in Q3 will indicate a slow reversal in these levels as certain parts of the hospitality sector reopens.

In the UK retail sales the Confederation of British Industry (CBI)'s long-running Distributive Trades Survey recorded the sharpest drop in retail employment in the UK since 2009 in the year to August. The CBI said worse was to come in September.

Salesforce.com

Salesforce.com, who reported strong results after hours last night, sells software and cloud-based services to corporate clients, and has expanded massively in recent years after a spree of acquisitions—part of its plan to diversify its revenue base and power further growth. The San Francisco-based customer relationship management firm last year acquired software maker Tableau Software for \$15.3 billion, its largest transaction to date. The deal was part of its move to expand into the business intelligence market. The company's latest earnings report shows that these bets have begun to pay off. Salesforce has been profitable for 10 of the 12 most recent quarters, and acquisitions have helped the company become less reliant on its premier Sales Cloud product. Founded in 1999, Salesforce was one of the best-performing stocks of the bull market following the global financial crisis, rising 27-fold since March 2009. Shares closed on Tuesday at \$216.05, after rising about 29% in 2020. Investors and analysts are excited about the Salesforce growth prospects even after the surprise departure of co-chief executive officer Keith Block early this year, making Marc Benioff the sole CEO once again. Salesforce has a strong track record of delivering consistently higher growth over the past decade. Despite a trimmed sales forecast for the current fiscal year, Wall Street analysts remain confident in its growth going forward, especially after its latest acquisitions that provide the company with a broader presence in a number of key markets.