



### Friday 28th of August

## Markets Outlook

**Equities:** Equity markets diverged in their movements yesterday with European markets ending lower driven by weaker commodity prices and associated falls in resource stocks. The FTSE also was weaker on poor numbers from a number of key stocks including Rolls Royce who all showed the effects of the Covid lockdowns. US markets however moved to new highs on the back of statements from the Fed Chair that they will seek to achieve inflation averaging of 2% over time. Markets will move sideways today as bank holiday weekend in US and UK.

**Currencies:** Forex markets saw the Dollar initially dip on the Fed comments and then it changed direction as investors recognised that cheap money and ample liquidity will attract buyers to US assets and the Dollar. The main weakness in FX markets was the yen which reacted to the PM resignation news. The Euro was also weaker on Covid cases spiking in France and Spain.

**Safe-havens:** Overnight there has been a move back to Gold as concerns mount again at the spiking in Covid cases globally with now 24.4 mln people having been infected. Initially Gold weakened yesterday on the back of the Fed speech which saw 10 year treasury's spike but they turned on negative US employment news and so did Gold.

**Looking ahead:** Today markets will continue to focus Jackson hole event.

## Key Events to Watch

28/08/2020 - Day 2 of Jackson Hole Symposium

28/08/2020 - Italian 10 year bond auction

28/08/2020 - Chicago PMI

01/09/2020 - US ISM manufacturing PMI

02/09/2020 - US ADP non-farm employment change

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,485	0.17%	7.85%
DAX	13,136	0.29%	-1.15%
EuroStoxx	3,340	0.17%	-11.06%
ISEQ	6,537	-0.65%	-7.05%
FTSE	6,034	0.46%	-20.45%
Nikkei 225	22,883	-1.41%	-3.27%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1885	0.54%	5.84%
EUR/GBP	0.8950	-0.04%	5.92%
GBP/USD	1.3279	0.61%	-0.02%
USD/CHF	0.9049	-0.43%	-6.43%
USD/JPY	106.12	-0.41%	-2.24%
EUR/JPY	126.05	0.09%	3.47%

Fixed Income	Value	Daily Change
US 10yr	0.770	0.024
US 2yr	0.160	0.002
Bund 10yr	-0.392	0.016
Irish 10yr	-0.041	0.003
Gilt 10yr	0.360	0.023
JGB 10yr	0.048	0.006

## Financial News Round Up

### Irish companies reporting

#### 1. Irish Continental Group

The Irish shipping Group, ICG, lost €11.2 mln in H1 2020 as Covid 19 measures hit profits. Revenues fell by 21.6% to €130.8 mln in H1 2020. The company Chairman reported that it had been the "most challenging" period encountered by the company since launch. The Covid pandemic had caused passenger numbers to collapse. The company also warned that the impending BREXIT end could impact very hard on UK-Irish trade. This combined with the required 14 quarantine for UK passengers to Ireland despite the common travel area will make it very difficult for passenger numbers. On a positive note the company confirmed that freight volumes were recovering since June and the company continues to operate all its shipping routes. The company also rereported that it had terminated a contract for a new ferry and that it was committed to maintaining loss making routes with government support.

#### 2. Grafton Group

The DIY and builders merchants group reported a 19% fall in turnover and a 61% fall in operating profits from continuing operations. However the company reported that with the gradual lifting of restrictions it has seen recovery in its markets with the Woodies business, which had been closed for 51 days (albeit with online sales continuing) saw its profits for the period running at the same level as 2019. Overall trading at Woodies is up 35% on the same period in 2019. This was driven by people buying items for their gardens as they were forced to stay at home. The company has also repaid €2.5mln of the wage subsidy received for this business. In the builders merchants business things have still not recovered due to slower resumption of construction work. Its Dutch business remained open and it saw increased scale and profitability following the bedding in of its Polvo acquisition in 2019. The company overall saw very strong cashflow from operations of £121.5mln and had liquidity of £693.4mln to 30th June 2020 up from £628.6mln in the same period 2019. The company has also reported that they have had an encouraging start to H2 2020 with daily like for like sales up 3.8%.

#### 3. Datalex

The company reported a strong turnaround from its accounting scandal in 2019 with H1 losses cut by a third to €4mln. This occurred despite the COvid hit to airline bookings. The company expects that it will achieve its targets and expects to be profitable for 2020.