



Thursday, 8th of October

### Markets Outlook

**Equities:** Stocks in Europe have opened cautiously higher on Thursday morning helped by renewed confidence of a stimulus package in the US as well as some upbeat corporate updates across the region. Individual nations look to increase their regional lockdowns across the continent: UK, France, and Spain are seeing record highs for new daily cases. VIX is trading just below \$28 today.

**Currencies:** The Dollar is marginally lower on the week so far, in what has been relatively quiet trade for FX markets. Sentiment has been mixed, as Trump's narrative surrounding a stimulus package chops and changes day in day out. EUR/GBP may get volatile next week with the EU Council meetings taking place.

**Safe-havens:** Bonds continued to sell off in the States yesterday as equities rallied, the yield curve looks set to steepen some more with longer-dated bond's respective yields rising this week and potentially into next.

**Looking ahead:** Relatively quiet end to the week in terms of economic data, this afternoon we see weekly US Unemployment Claims followed by the monthly equivalent from Canada tomorrow accompanied by their Unemployment Rate. Next week should be busier with the EU Council meeting on Thursday and Friday and a handful of other releases.

### Key Events to Watch

- 08/10/2020 - US Unemployment Claims
- 09/10/2020 - Canadian Unemployment Rate
- 12/10/2020 - US Bank Holiday
- 14/10/2020 - BOE Monetary Policy Report Hearings

### Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,419	1.74%	5.84%
DAX	12,928	0.17%	-2.05%
EuroStoxx	3,233	0.00%	-13.48%
ISEQ	6,621	1.40%	-7.44%
FTSE	5,946	-0.06%	-21.24%
Nikkei 225	23,647	0.96%	-0.04%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1760	0.22%	4.86%
EUR/GBP	0.9101	-0.08%	7.36%
GBP/USD	1.2918	0.32%	-2.27%
USD/CHF	0.9172	-0.05%	-5.19%
USD/JPY	105.96	0.32%	-2.47%
EUR/JPY	124.61	0.56%	2.27%

Fixed Income	Value	Daily Change
US 10yr	0.784	0.048
US 2yr	0.153	0.002
Bund 10yr	-0.491	0.030
Irish 10yr	-0.142	0.032
Gilt 10yr	0.303	0.041
JGB 10yr	0.038	0.006

### Financial News Round Up

#### EasyJet

British low-cost airline group EasyJet issued a warning to investors today that what will be its first ever annual loss reported next month, looks set to be in excess of £840 million. The budget airline stated that due to ongoing restrictions in the UK, it will fly just 25% of its planned capacity for the remainder of 2020, behind Ryanair who are aiming for 40% this month. CEO Johan Lundgren has urged the UK Government to "step up with a bespoke package of measures" in order to assist the struggling airline industry.

EasyJet have survived the crisis thus far by borrowing £600 million from their government, shedding over 4,500 of their employees, raising over £600m by sale of aircraft, and finally it also tapped shareholders for £419m.

"EasyJet will continue to review its liquidity position on a regular basis and will continue to assess further funding opportunities, including sale and lease backs, should the need arise" the airline said in a statement today.

EasyJet, who will formally announce their annual results in mid-November, have seen their shares lose over 63% of their value since January, trading down at £5.18 on Thursday morning. At present, we prefer Ryanair in the low-cost airline space, whose balance sheet has proven much healthier than that of EasyJet throughout the crisis and whose opportunistic business approach has underpinned their share price despite devastating economic conditions for the industry.

#### ESRI

The Economic and Social Research Institute has come out and said that if more "extreme restrictions" in relation to the virus can be avoided in 2021 and a Brexit deal can be reached, there should be a strong recovery in the Irish economy throughout the year.

In its latest Quarterly Economic Survey, the ESRI outlined its expectations for our economy to surge by 6.3% next year, while also cautioning that if a hard Brexit plays out growth in Ireland could be lower at roughly 3.3%.

Unemployment in the Republic has been forecasted to come in at 16.8% this year, with most of these job losses happening in sectors with lower wages, the institute found.

"While the impact of Covid-19 on headline Irish economic indicators is much less than many other European countries, it is clear that the virus has had a devastating impact on many sectors of the domestic economy" said an ESRI research professor.