

Tuesday, 27th August 2019

Morning Round Up

G7 concludes with progress on several fronts

The G7 summit had offered opportunity for several issues to increase tensions, from Boris Johnson on Brexit to President Trump on tariffs to Macron pushing his agenda as the heavyweight politician in Europe. However, the summit did not offer up any gaffs and the ended with a more optimistic outlook. An agreement was reached between France and the US to deliver a multilateral accord on taxation for technology companies. While President Macron looked to salvage the Iran Nuclear deal and ease tensions in the Gulf by brokering a meeting between US and Iranian leaderships. The group also committed funding to aid Brazil fight the Amazon wildfires as President Macron pushed a climate change agenda. Boris Johnson and President Trump held their first meeting, with both sides looking to complete a trade deal post Brexit. Considering the last G7 summit say President Trump walked out of and refused to sign the group communiqué (which President Macron scrapped), Biarritz has been success.

Italy looks set to scramble together a coalition

Italian 10-year bonds surged yesterday as Italy's Five Star Movement and the Democratic Party were reported as getting close to forming a coalition with signs that Giuseppe Conte will remain in place as PM. Party leaders were pushed to collaborate in order to appoint a premier, or President Sergio Mattarella would be forced to dissolve parliament and trigger new elections. This comes after Matteo Salvini, leader of Italy's Lega Nord party cut ties with the Five Star Movement last week in attempt to capitalise on his popularity and become PM, a move that appears to have backfired. A coalition between the Democratic Party and Five Star would be the most market friendly scenario, as the tone towards Brussels would be less confrontational. This was reflected in the nations yield spread over Germanys, a key metric for political risk, fell to a one-month low as 10-year bond yields pushed to their lowest level since 2016. The remainder of the week will be telling as the head of state will hold second round talks with party leader today and tomorrow, any news of a deal solidifying will be positive for markets sentiment.

Cairn Homes confirms sale of 282 residential units

Cairn Homes this morning confirmed that they have sold 282 apartments at their Citywest development site for €94m implying an average price of over €320,000 per unit. The units are expected to be delivered to PRS scheme operator Urbeo from the end of 2020. This transaction will help support Cairn Homes unit sales outlook over the next few years.

Johnson and Johnson Opioid case settlement lower than expected

Johnson and Johnson is to pay the state of Oklahoma \$572m in a case against the company regarding Opioid based products. The judge found that JNJ's marketing of the products created public nuisance. JNJ will appeal the settlement. The amount is considerably below the average amount estimated by analysts and may signal that other cases maybe settled at a lower cost than currently envisaged. JNJ stock increased by 4% after hours.

Key Upcoming Events

01/09/2019 US China Tariff increase
06/09/2019 US Nonfarm payrolls

Market View

European markets have opened lower this morning. Volatility has been high this month as US -China trade and central bank policy dominates headlines. While President Trump's most recent optimistic comment on the prospect of a trade deal led US stocks to rise yesterday, investors remain rightly sceptical. German GDP released this morning confirmed the economy contracted quarter on quarter (-0.1%) in Q2. Faltering external demand hindered exports and investment in construction declined. Elsewhere, gold pushed above the \$1,530 an ounce mark, displaying the general cautious tone in financial markets at present.

Market Moves

	Value	Change	% Change	% Change YTD
Dow Jones	25899	269.93	1.05%	11.02%
S&P	2878	31.27	1.10%	14.82%
Nasdaq	7854	101.97	1.32%	18.36%

Nikkei	20456	195.04	0.96%	2.20%
Hang Seng	25664	-16.26	-0.06%	-0.70%

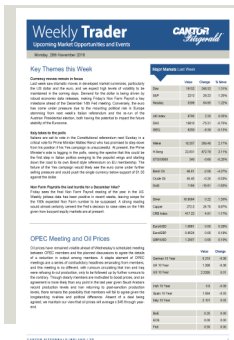
Brent Oil	59	0.30	0.51%	9.67%
WTI Oil	54	0.36	0.67%	18.92%
Gold	1531	3.98	0.26%	19.40%

€/\$	1.1114	0.00	0.11%	-3.08%
€/£	0.9069	0.00	-0.17%	0.89%
£/\$	1.2255	0.00	0.31%	-3.91%

	Yield	Change
German 10 Year	-0.669	0.00
UK 10 Year	0.56	0.08
US 10 Year	1.5148	-0.02

Irish 10 Year	-0.049	-0.01
Spain 10 Year	0.11	-0.02
Italy 10 Year	1.23	-0.0940

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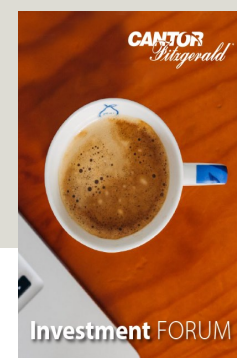
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