

THE WEEK THAT WAS: WEEK 31 – ending 31 July 2020

“Sometimes you win, sometimes you learn.” – John Maxwell

Domestic Irish news



Irish retail sales increase 38.4% in June

The volume of retail sales increased by 38.4% in June compared to May - the largest monthly increase on record - and 3.5% higher than June 2019. These increases follow the substantial drop in sales volume in March (-12.4%) and April (-35.8%). The sectors showing the largest monthly increases were Furniture & Lighting (+296.8%) and Clothing/Footwear/Textiles (+284.2%).

Stock markets



Global stock market up 0.4% for the week, bringing 2020 YTD return to -1.3%

The MSCI AC World TR Index showed a 0.39% return from 24th July to 31st July, as positive earnings news from some of the large tech companies and the U.S. Federal Reserve's reiterated commitment to steer the economy out of recession outweighed the bad news of an increase in Covid-19 cases across the world in reopened economies. The Vix (or Volatility index) finished the week at 24.46, down slightly from 25.84.

The Story of the week



In the town of King's Lynn, in Norfolk, a kitten caused quite a kerfuffle when it had to be rescued from three vehicles in one day after it kept climbing into the engines, supposed safe havens as far as the kitten was concerned. The RSPCA even had to arrange the partial dismantlement of a Volkswagen and a BMW, with the whole operation lasting hours before then climbing into the RSPCA van engine itself where it was rescued.

Economy



U.S. Q2 GDP drops by record 32.9% annualised, compared to the 34.7% expected

The sharp decline in consumer spending was highlighted when the Commerce Department reported that economic growth in the second quarter in the U.S. crashed at an annualised rate of 32.9%, compared to the 34.7% expected by economists surveyed by Dow Jones, the largest ever quarterly fall. Growth in the eurozone dropped by an annualised 40.1%.

U.S. Fed Chief reiterates keeping rates near zero until economy out of recession

The Chair of the Federal Reserve, Jerome Powell, buoyed markets when he said at the latest meeting of the Federal Open Market Committee that the federal funds rate would remain near zero “until it is confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals.”

Politics



U.S. coronavirus relief unemployment benefit of \$600 per week expires without new deal negotiated

Republican and Democratic negotiators remained far apart on a coronavirus relief deal that would restore unemployment benefits of \$600 per week for millions of Americans which expired on 31st July. Democrats are looking for a package totalling about \$3 trillion in additional spending, while Republicans are calling for one closer to \$1 trillion.

This is intended as a general review of investment market conditions. It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person. Any comments on specific stocks are intended as an objective, independent view in relation to that stock generally and not in relation to its suitability to any specific person. ILIM may manage investment funds which may have holdings in stocks commented on in this document. Past performance may not be a reliable guide to future performance. Investments may go down as well as up. Funds may be affected by changes in currency exchange rates.

Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland.

Index performances and market data

Equity & Bond Markets (%) in Local Currency	2015	2016	2017	2018	2019	2020 YTD (to 31/07)
MSCI AC World (Gross TR)	1.8	9.7	20.4	-7.2	26.9	-1.3
ISEQ Overall Return	33.6	-2.7	9.7	-20.5	31.4	-14.2
FTSE 100 TR	-1.3	19.1	11.8	-8.5	17.6	-20.6
Euro Stoxx 50 TR	6.4	3.7	9.2	-12.0	29.3	-13.8
S&P 500 TR	1.4	12.0	21.8	-4.4	31.0	2.4
Nasdaq Composite	5.7	7.5	28.2	-3.9	34.5	19.8
Nikkei 225	9.1	0.4	19.1	-10.2	20.0	-8.2
MSCI Emerging Markets	-8.0	7.1	27.8	-12.2	13.0	0.6
Eurozone Government Bonds 1–5 yr	1.0	0.9	-0.2	0.0	1.1	0.3

Sovereign 10yr Bond Yields (%)	2015	2016	2017	2018	2019	2020 YTD
U.S.	2.2	2.4	2.4	2.7	1.9	0.5
German	0.6	0.2	0.4	0.2	-0.3	-0.6
UK	1.9	1.2	1.2	1.3	0.8	0.1
Japan	0.2	0.0	0.0	0.0	0.0	0.0
Ireland	1.1	0.7	0.7	0.9	0.1	-0.1
Italy	1.6	1.8	2.0	2.8	1.4	1.0
Greece	7.9	7.1	4.1	4.4	1.4	1.0
Portugal	2.5	3.8	1.9	1.7	0.4	0.3
Spain	1.7	1.4	1.6	1.4	0.4	0.3

Central Bank Rates (%)	2015	2016	2017	2018	2019	2020 YTD
ECB	0.05	0.0	0.0	0.0	0.0	0.0
Bank of England	0.50	0.25	0.50	0.75	0.75	0.15
U.S. Federal Reserve	0.50	0.75	1.50	2.50	1.75	0.25

Foreign Exchange Rates	2015	2016	2017	2018	2019	2020 YTD
Euro/Dollar (€/\$)	1.09	1.04	1.20	1.15	1.11	1.18
Euro/Sterling (€/£)	0.75	0.84	0.89	0.90	0.85	0.90
Sterling/Dollar (£/\$)	1.46	1.24	1.36	1.28	1.30	1.31

IPD All Property Return (%) in Local Currency	2015	2016	2017	2018	2019	2020 Q1
Ireland	25.2	12.6	8.0	9.6	5.3	0.8
U.K.	13.3	3.6	10.3	6.2	1.3	-1.3
U.S.	12.5	7.8	7.1	7.5	6.3	4.7

This is intended as a general review of investment market conditions. It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person. Any comments on specific stocks are intended as an objective, independent view in relation to that stock generally and not in relation to its suitability to any specific person. ILIM may manage investment funds which may have holdings in stocks commented on in this document. Past performance may not be a reliable guide to future performance. Investments may go down as well as up. Funds may be affected by changes in currency exchange rates.

Irish Life Investment Managers Limited is regulated by the Central Bank of Ireland.