

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Global markets were quieter than usual yesterday as we expected, with US equity and bond markets remaining shut for President's Day. European equity indices have opened lower this morning amid weak earnings results from banking giant HSBC, coupled with a revenue warning from the world's second largest company by market capitalization: Apple. Bond yields outside of the US were little changed yesterday with the lower volatility across all markets.

Currencies were very quiet in light of the Federal holiday, with the British Pound showing slight weakness. The Euro continues to grind lower vs USD, currently nearly -3.5% YTD and trading through lows this morning, the weakest it has been since 2017 Q2. We remain flat EUR/USD for the time being.

Gold has continued to steadily climb over the last week and a half, currently trading in the \$1590s and approaching its highest levels since 2013.

Looking to the day ahead we have German ZEW Economic Sentiment this morning, followed by a very quiet US session in terms of data. This morning we have seen weak HSBC earnings, while later we will see results from Walmart and Medtronic.

Key Events to Watch

18/02/2020 - German Economic Sentiment

19/02/2020 - UK CPI

19/02/2020 - FOMC Meeting Minutes

20/02/2020 - UK Retail Sales

Market Moves

FX	Value	Daily Change	YTD Change
EUR/USD	1.0836	-0.05%	-3.42%
EUR/GBP	0.8332	0.31%	-1.40%
GBP/USD	1.3005	-0.35%	-1.99%
USD/JPY	109.83	0.04%	1.01%
EUR/JPY	119.01	-0.02%	-2.44%

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,380	(Closed)	4.62%
DAX	13,783	0.29%	3.23%
EuroStoxx	3,853	0.32%	2.28%
FTSE	7,433	0.33%	-2.00%
Nikkei 225	23,193	-1.40%	-1.96%

Fixed Income	Value	Daily Change
US 10yr	1.547	(Closed)
US 2yr	1.401	(Closed)
Bund 10yr	-0.401	-0.010
Gilt 10yr	0.643	0.007
JGB 10yr	-0.038	-0.010

Financial News Round Up

Hunt for Yield

Italy and Greece have been experiencing a higher than usual demand for their sovereign bonds ever since the Coronavirus started making headlines and moving other, more likely markets such as gold and Asian equities. These two countries have not traditionally issued what would be perceived to be 'safe-haven' bonds the way that Germany issues Bunds for example. However, in the ever-growing hunt for yield that we find ourselves in nowadays, we see investors opting for Italian and Greek bonds as somewhat of an alternative to the deeply negative yielding German debt.

Italian 10-year bond yields are down from 1.440 on January 22nd to 0.900 today, whereas Greek 10-year yields are down from 1.400 to 0.930 in the same period of time. These Greek 10-year yields are at record lows and their Italian counterparts are very close.

These bonds are one to keep an eye on.

Apple

US tech giant Apple came out last night and announced that they are now set to miss their revenue forecast in their earnings release which will come in March, as a result of the rapid spreading of the now infamous Chinese Coronavirus, which has claimed over 1,900 hundred lives and has impacted the worldwide supply of iPhones. Supply chains of huge global corporations like Apple supplier Foxconn and car maker Toyota have been adversely affected as some of their major production facilities in China were temporarily closed following the initial outbreak of the deadly virus.

Apple will resume trading at 14:30 today after a 3 day weekend for the stock.

Kerry Group

Kerry Group shares are up over 5.5% in Dublin this morning, after the Irish food company reported its FY2019 earnings this morning before markets opened. The group saw a 12.1% surge in its trading profit y-o-y, up to €903 million, in this release they have proposed a final dividend payout of €0.55 per share which is a 12% increase on last year. Total revenue was up nearly 10% to €7.2 billion.

"The strategy has always been to focus on organic growth and acquisitions. Kerry will always be linked with such opportunities as they become available. We invested over €500m in 11 acquisitions in the last year. We've a strong pipeline and this year I anticipate we will spend another half a billion" said CEO Edmond Scanlon.

HSBC

HSBC stock is currently down over 6% in London trade this morning, after reporting a 2019 Q4 loss of \$3.9b before tax. The bank has said that it has plans to downsize, which will involve shedding circa 35,000 jobs in Europe and the US, they aim to cut annual costs by \$4.5b and shed \$100b worth of assets adjusted for risk by the end of 2022.

We expect HSBC to incur about \$6b in restructuring costs plus \$1.2b of disposal-related costs which will include redundancy packages for the aforementioned 35,000 individuals.