

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Thursday, 20th of February

## Markets Outlook

Global equities returned to their grind higher yesterday, with the EuroStoxx 50 index reaching its all time high, up 0.75% on the day.

Currency volatility has started to increase over recent days, as we saw the Euro gaining vs all other major currencies, up 1.37% vs JPY. The Japanese Yen also weakened in dollar terms, USD/JPY burst through its 110.30 resistance, the pair is trading its highest prices since April last year.

Gold continues to push through multi-year highs as it gained again yesterday, up nearly 3% since this time last week. Oil markets have bounced slightly over the past week, after what was a hefty drop after the Coronavirus sparked Chinese oil demand and indeed global oil demand concerns. WTI Crude Oil is up nearly 5% over the past week.

Looking forward, today should be relatively quiet, we will see the ECB Monetary Policy Meeting Accounts at 12:30, we do not expect this to be market moving as the ECB's January meeting was a non-event. Tomorrow will be a big day for data points, throughout the day we will see both Services and Manufacturing PMIs from France, Germany, UK, and US. Tomorrow we see earnings reports from AIA Group, RBC, Allianz, Kingspan Group, and AngloGold Ashanti.

## Key Events to Watch

20/02/2020 - UK Retail Sales

21/02/2020 - European PMIs

21/02/2020 - UK PMIs

21/02/2020 - US PMIs

## Market Moves

FX	Value	Daily Change	YTD Change
EUR/USD	1.0810	0.16%	-3.64%
EUR/GBP	0.8363	0.73%	-0.98%
GBP/USD	1.2926	-0.56%	-2.62%
USD/JPY	111.19	1.20%	2.91%
EUR/JPY	120.21	1.37%	-0.85%

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,386	0.47%	4.81%
DAX	13,789	0.79%	3.87%
EuroStoxx	3,865	0.75%	2.85%
FTSE	7,457	1.02%	-1.14%
Nikkei 225	23,479	0.34%	-0.75%

Fixed Income	Value	Daily Change
US 10yr	1.568	-0.003
US 2yr	1.426	0.000
Bund 10yr	-0.420	-0.017
Gilt 10yr	0.601	-0.022
JGB 10yr	-0.047	0.003

## Financial News Round Up

### FOMC meeting minutes

Last night at 19:00 Irish time we saw the minutes from the Federal Reserve's January meeting, which turned out to not be market moving but served more as a confirmation of where the Fed sees the economy and the direction of rates.

S&P 500 futures and the US Dollar did not change based on the release of these meeting minutes last night. Policymakers in the Fed maintain their view that rates and the current stance of monetary policy in the US remains appropriate and is likely to stay that way "for a time".

Some key takeaways from the statement are as follows:

"Policymakers expected economic growth to continue at a moderate pace"

"Policymakers cited easing of trade tensions, receding risks from Brexit and stabilizing global growth as reducing downside risks but also generally expected trade uncertainty to remain somewhat elevated".

### Ires REIT

The Ires REIT (Irish Residential Properties REIT) has reported a profit of €86.3 million for 2019. This is a step down from 2018's €119.8 million profit, the REIT has cited a lower revaluation gain on its portfolio as the main reason. NAV per share is €1.56 this morning, which is a 9% increase y-o-y.

REITs are Real Estate Investment Trust's that own and operate income producing commercial/residential real estate.

"We have delivered another strong set of results for 2019 underpinned by our continued investment in growing the rental portfolio, active property and asset management, strong operating metrics, as well as a further portfolio valuation increase." said CEO Margaret Sweeney.

### Lloyds Bank

British retail and commercial bank Lloyds shares are rallying this morning, up nearly 3% in early morning trade. The bank actually missed earnings expectations, seeing a gross profit of £4.39 billion, which is down by 26% from 2018's profits. This fall in profits comes after the lending giant was hit with a £2.5 billion bill for the payment of protection insurance scandal. A positive for Lloyds was that their capital ratio came in higher than expected, at 13.8% vs 13.6% expectations. This has been received well by traders this morning and is good news in the context of capital adequacy concerns.

### Air France-KLM

Air France-KLM group has seen a drop in share price this morning, down over 4% to €9.30. The group has released FY2019 earnings results this morning, which shows that its net income is down 31% y-o-y to €290m, while operating income is down 19% to €1.14b.

Passenger traffic was actually up by 2.7% to 104.2 million.

The Franco-Dutch airline has said it plans to reduce unit costs by 1% in 2020, if fuel costs and exchange rates remain unchanged. It also plans to reach a debt/EBITDA ratio of 1.5.