

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Friday, 21st of February

## Markets Outlook

Wall street has opened lower on Friday, with the S&P 500 down over 1% this afternoon. There is a general risk-off tone sweeping across global markets today, with fixed income seeing further demand as US 10-year treasury yields have dropped from 1.580 to 1.450 in 2 days. Gold continues to rally through 7 year highs, the precious metal is up 3.8% this week, and over 1.8% today alone. Currencies have seen more volatility this week than any other week in 2020 so far, with EUR/USD and GBP/USD currently around +0.60% on Friday, after each region saw PMI releases earlier. USD/JPY rallied during the week with growing fears about the further spread of Coronavirus to Japan, pulling back slightly today and currently up 1.8% for the week.

In terms of economic releases today, we saw a beat in German and UK Manufacturing PMIs this morning, however Germany still remain below the all-important 50.0 level and therefore still in contractionary territory. Germany and France saw mixed Services PMI readings while the UK was in line.

After lunch we saw the same figures from across the pond, the US registered 50.8 vs 51.5 expected for manufacturing and 49.4 vs 53.3 expected for services.

## Key Events to Watch

24/02/2020 - German IFO Business Climate

25/02/2020 - US Consumer Confidence

27/02/2020 - US GDP

28/02/2020 - European CPIs

## Market Moves

FX	Value	Daily Change	YTD Change
EUR/USD	1.0788	-0.17%	-3.56%
EUR/GBP	0.8375	0.14%	-1.10%
GBP/USD	1.2881	-0.31%	-2.44%
USD/JPY	111.97	0.55%	3.00%
EUR/JPY	120.79	0.37%	-0.67%

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,373	-0.38%	3.36%
DAX	13,664	-0.91%	2.49%
EuroStoxx	3,822	-1.09%	1.33%
FTSE	7,436	-0.27%	-1.96%
Nikkei 225	23,386	-0.39%	-1.14%

Fixed Income	Value	Daily Change
US 10yr	1.519	-0.059
US 2yr	1.391	-0.043
Bund 10yr	-0.443	-0.024
Gilt 10yr	0.578	-0.016
JGB 10yr	-0.043	-0.007

## Financial News Round Up

### PMIs Today

EUR/USD is rallying this afternoon after what was a disappointing reading for both US Manufacturing PMI and US Services PMI's on Friday. Gold is surging today while the dollar has weakened somewhat after the US saw their services figure enter contractionary territory for the first time since February 2016, coming in at 49.4 vs our in-house expectations of 53.3. Global equities are in the red for the second day in a row, with these poor US figures today only serving as a further catalyst to this down-move.

French Services and Manufacturing PMIs were 52.6 and 49.7 vs our forecast of 51.4 and 50.8 respectively. German figures were 53.3 (services) and 47.8 (manufacturing) vs expectations of 53.9 and 44.8.

In the UK we saw a beat in the manufacturing figure at 51.9 vs forecast of 49.7 and an in-line services reading.

German 10-year bunds are flat on the day, whereas US treasury yields are dropping fairly sharply after today's news.

### Coronavirus Update

Attention is beginning to switch to outside of China as confirmed Coronavirus cases in South Korea have now reached over 200 people, with all South Korean military bases now in lockdown after three soldiers tested positive. 2 fatalities have been reported from Korea.

Yesterday we saw an announcement from the International Airline Transport Association that forecasts the global airline sector will lose the equivalent of \$29 billion in revenue due to the outbreak, with Asian airlines obviously being the worst hit. 2/3rds of Chinese passenger planes are now grounded.

This recent sharp spread has helped to give global markets a risk-off sentiment on Thursday and Friday as we head into what could be an important weekend for the containment or further spread of the deadly disease.

### AkzoNobel

Dutch multinational paint-maker AkzoNobel shares finished Friday at -1.38% after what has been a poor week for the stock, down over 3% following their FY2019 results last Friday.

Investment bank Berenberg have maintained their 'sell' rating on the stock, but have altered their target price this week from €71 to €75.

"We continue to believe it is a low-growth business that will struggle to grow absolute profitability beyond 2020 and, as such, will underperform the sector" a Berenberg report states.

### Nestlé

Credit Suisse today upgraded its rating on Swiss multinational food conglomerate Nestlé from 'underperform' to 'neutral'. Credit Suisse's new target price for the stock in 2020 is 103 Swiss Francs vs their old 93 forecast, shares are currently trading at 109 Francs.

Nestlé is up over 4% YTD and could present a potential shorting opportunity in the coming months.