

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Global markets have been thrown into disarray this week as multinational corporations continue to release warnings that the novel Coronavirus will affect their sales figures this year. European equity indices have seen their worst 2-day drop since June 2016 when the UK voted for Brexit, Germany's DAX 30 has plummeted over 8.5% since last Thursday, currently trading its lowest levels since October 2019. S&P 500 futures continue to pull back this morning, they sit 8% off their all time highs which were achieved nearly one week ago. Similar to the equities, WTI Crude Oil has seen 4 consecutive days of losses now as the extended Coronavirus outbreak spurs fears of reduced global demand for the commodity. This morning Crude touched its cheapest price in over a year. Safe haven assets have been in huge demand over the past week, US 10-year treasury yields have hit their all time lows, currently in their eighth red day in a row. We continue to remain overweight gold, the precious metal is up over 8% YTD. Looking to the day ahead we have a quiet macroeconomic calendar, however markets will likely remain very sensitive to any Coronavirus-related developments, positive or negative. Tomorrow and Friday we will see earnings figures from Engie, FBD Group, Bayer, BASF, and Glenveagh.

Key Events to Watch

27/02/2020 - US GDP
28/02/2020 - European CPIs
29/02/2020 - Chinese Manufacturing PMI
02/03/2020 - US Manufacturing PMI

Market Moves

FX	Value	Daily Change	YTD Change
EUR/USD	1.0879	0.23%	-2.87%
EUR/GBP	0.8367	-0.32%	-0.54%
GBP/USD	1.3003	0.57%	-2.28%
USD/JPY	110.29	-0.38%	1.47%
EUR/JPY	120.00	-0.15%	-1.45%

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,128	-3.03%	-3.17%
DAX	12,790	-1.88%	-5.96%
EuroStoxx	3,572	-2.07%	-6.75%
FTSE	7,017	-1.94%	-8.48%
Nikkei 225	22,605	-3.34%	-5.20%

Fixed Income	Value	Daily Change
US 10yr	1.355	-0.032
US 2yr	1.229	-0.043
Bund 10yr	-0.510	-0.042
Gilt 10yr	0.522	-0.043
JGB 10yr	-0.102	-0.018

Financial News Round Up

Coronavirus Update

Risk assets have begun a significant pullback over the past few days as Coronavirus death counts rise and the deadly disease spreads to new countries each week. Italy saw a surge in reported cases last weekend, while nearly 3,000 people are dead in China as a result of the virus, with circa 80,000 infections reported. South Korea has the most confirmed cases outside China with over 1,200. Newspaper headlines and equity markets may lead us to believe that there is reason for mass panic, but we continue to look at the facts: there have been no more than 50 deaths outside of China, this includes 11 in Italy and 16 in Iran.

We do acknowledge that global supply chains are being adversely affected and multinational corporations with operations in China will see lower-than-expected earnings figures for this quarter.

Airline Stocks

Despite rapidly falling fuel prices, we are seeing a major drop in global airline stocks as fears around travel continue to grow thanks to Coronavirus. Markets are pricing in what is set to be a major earnings-figures miss for airlines around the world, not just in Asia. Fears have grown very quickly this week about a possibly serious outbreak in Europe, causing investors to panic and discard their shares in potentially vulnerable companies such as Ryanair, whose shares have dropped over 20% in just under a week.

Air France-KLM have announced that the virus could cost the group up to €200m, shares are down over 19% YTD, 18% of which has come in the last week.

Permanent TSB

Permanent TSB's share price has dropped nearly 6% this morning after the release of their 2019 earnings before market open today.

Gross profits of €42 million have been reported for 2019, which is a healthy 8% increase on the previous 12 months.

In the lending space, the bank's total lending volumes were up 14% y-o-y to €1.7 billion, while its market share of new mortgages lending was up from 15.1% in 2018 to 15.5% last year.

"The bank continues to outperform the market for new mortgage lending and thereby increasing its market share. The bank's rewards-based Explore current account continues to attract new customers; and its personal term lending and SME lending continue to grow" CEO Jeremy Masding said in a statement today.

Irish Wage Growth

Average annual wages in Ireland are now €40,200, up 3.5% in 2019, and actually grew at their fastest pace in over 10 years in Q4 2019, according to CSO data released yesterday. The accommodation and food sector saw the most substantial growth in weekly earnings, followed by the information and communications tech sector.

In addition, 2019 was the first year since the financial crisis whereby house prices rose slower than wages rose.