

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

The global risk-off tone continues today as Germany's DAX 30 index enters its sixth day of losses in a row, S&P 500 futures are also selling off this morning, indicating that the US equity index will open lower today at 14:30 for yet another day in the red.

Longer term US treasury yields continue their move into record lows, US 10-year yields have been making lower highs for the last 2 to 3 weeks. Gold traded roughly sideways over the past 2 days, being held up above the \$1,625 level by buyers on all timeframes. Oil futures are in the red this morning, their fifth consecutive down-day. Crude is trading in the \$47.70s as we write, and is exploring these prices for the first time since January 2019. Oil continues to fall as fears escalate around possible travel restrictions and a reduced Chinese and indeed global demand for the fuel.

Looking ahead to today, at 13:30 Irish time we will see Durable Goods Orders and Prelim GDP figures from the States. Markets will obviously remain very sensitive to any negative newsflow surrounding Coronavirus and its possible spread throughout Europe. Tomorrow we will see earnings results from BASF, CRH, 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	1.0886	0.05%	-2.43%
EUR/GBP	0.8436	0.83%	0.19%
GBP/USD	1.2906	-0.77%	-2.56%
USD/JPY	110.38	0.16%	1.33%
EUR/JPY	120.16	0.20%	-1.16%

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,116	-0.38%	-3.54%
DAX	12,774	-0.12%	-5.28%
EuroStoxx	3,577	0.14%	-6.22%
FTSE	7,042	0.35%	-8.18%
Nikkei 225	21,948	-2.13%	-7.22%

Fixed Income	Value	Daily Change
US 10yr	1.335	-0.024
US 2yr	1.165	-0.049
Bund 10yr	-0.501	0.004
Gilt 10yr	0.505	-0.022
JGB 10yr	-0.093	0.013

Financial News Round Up

Coronavirus Update

The number of new cases in China, where COVID-19 originated, seems to have peaked as we are now seeing more new daily cases outside of China than inside. The US Dollar has taken a bit of a hit this morning, over 0.5% weaker vs the Euro in early morning trade, on the back of news last night of the US' first Coronavirus case of which the origin is unknown. There have been over 3,200 confirmed cases outside of China with only 51 deaths, while within China the numbers are about 80,000 infections with 2,800 deaths: this equates to a c.3.5% death rate in China and a c.1.5% death rate outside.

We are aware of supply chain disruptions for multinationals with operations in China, coupled with the fact that equity markets are currently pricing in very poor earnings results for 2020 Q1, however we do not see reason for mass panic in global markets. Equity markets don't move up in straight lines and corrections like this are inevitable.

Central Bank Rates

Over the last week to two weeks, markets have begun to price in further easing from global central banks, as a result of the continued spread of the Coronavirus to new countries around the planet.

Despite the Federal Reserve reiterating their neutral stance during their January meeting and their plan to keep rates steady, investors around the globe are pricing in FOMC rate cuts in 2020. Markets are pricing in one cut in the Fed's April meeting, followed by another in the subsequent June meeting. Amazingly, 3 rate cuts are being priced in by December 2020, which could all change the closer we come to the US Presidential Election this November.

One rate cut is now expected by the BOE by June, while ECB is expected to reduce its deposit rate by a further 10bps to -0.6% in 2020.

FBD Holdings

Irish insurance firm FBD Holdings have reported 2019 gross profits of €112.5m, which is a major increase on 2018's €50m figure. This comes despite a fall in FBD's average premiums by 2.2%, farm was down 2.5% while motor was down 4.2%.

New business levels were up 13% last year, and the insurance company has now proposed a €1.00 per share dividend for investors. FBD's return on equity was an impressive 30% vs the 15% from 2018. Shares are up 0.22% this morning in Dublin, at €8.98.

Engie

French multinational electric utility company Engie have seen a surge in stock price this morning, currently up over 4%, after the release of FY2019 earnings before trading commenced this morning. Organic sales were up last year 4.1%, while gross sales rose 5.4% to €60.1b.

EBITDA increased by 6.8% to €10.4b, as recurrent net income came in at €2.7b which is up on the €2.5b the previous year.