

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities around the world have mostly bounced on Monday, or at least paused their hefty down-move from last week. In Asia, we saw markets finish their Monday session in the green, with Japan's Nikkei 225 finishing up 0.95% and China's Shanghai Composite up 3.15%. The US session will begin at 14:30 today, however futures are open and trading; S&P 500 futures are in the green this morning, up 0.5%. In Europe, equity indices are mostly flat this morning.

On the FX front, the US Dollar saw losses on Friday against every major currency except Sterling. This pullback in the Dollar has been exacerbated by fears of an outbreak of COVID-19 in the US, after the first cases of unknown origin were confirmed last week.

Most sovereign bonds continue to see demand, this morning the US 10-year treasury yield has continued its journey into lows, currently trading below 1.1% for the first time ever.

Looking ahead, the main focus today, apart from Coronavirus updates, will be America's ISM Manufacturing PMI figure which will be released at 15:00 Irish time. We expect a 50.4 reading, a beat of this figure would keep the US in expansionary territory and would be positive for the USD and US equities.

Key Events to Watch

02/03/2020 - Chinese Caixin Manufacturing PMI

02/03/2020 - US ISM Manufacturing PMI

03/03/2020 - RBA Rate Decision

04/03/2020 - BOC Rate Decision

Market Moves

FX	Value	Daily Change	YTD Change
EUR/USD	1.1026	0.24%	-1.12%
EUR/GBP	0.8600	0.74%	2.69%
GBP/USD	1.2821	-0.50%	-3.74%
USD/JPY	108.08	-1.38%	-0.57%
EUR/JPY	119.18	-1.14%	-1.79%

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,954	-0.82%	-8.56%
DAX	11,890	-3.86%	-9.23%
EuroStoxx	3,329	-3.66%	-9.73%
FTSE	6,580	-3.18%	-10.65%
Nikkei 225	21,142	1.95%	-9.78%

Fixed Income	Value	Daily Change
US 10yr	1.163	-0.119
US 2yr	0.931	-0.148
Bund 10yr	-0.608	-0.035
Gilt 10yr	0.440	0.029
JGB 10yr	-0.153	-0.037

Financial News Round Up

Fresh Stimulus Hopes

Markets are now pricing in a double rate cut (50 basis points) from the Federal Reserve at their next meeting and rate decision which will take place on March 18th. Furthermore, investors are pricing in a 73% chance of another cut (25bps) in the Fed's April meeting, and a majority 45% chance of another (25bps) in June. This huge change in market sentiment comes after Fed Chair Jerome Powell released a statement on Friday stating that the Fed will act as appropriate to support the economy. Bank of Japan's Governor Kuroda also came out and said the BOJ will take necessary steps to stabilise markets.

The ECB is expected to cut rates by 10bps at its April meeting, to -0.6%. At Seaspray we continue to believe that is not necessarily the Coronavirus itself that has affected markets and put a dent in economic activity in China and the world, but it is more so the efforts to contain the disease that has caused these effects. China is a vital part of the supply chain for multinational corporations that make up indices like the S&P 500. When the Chinese population cannot work temporarily, global equity indices suffer temporarily.

Oil bounce

WTI Crude Oil and Brent Oil futures are bouncing somewhat this morning after seeing 6 consecutive red days of trade. After opening lower on Sunday night, Crude and Brent have since bounced higher, up as much as 6% at one point from the lows, currently up c.3.5% from the Sunday night open. Crude Oil shed over 16% of its value last week alone, currently trading down 25.8% in 2020 at \$45.

This bounce in price last night and this morning comes after fresh stimulus hopes from central banks which has offset fears of a major drop in global demand for the fuel.

In addition, we have seen new hopes of large production cuts from OPEC nations in an attempt to support oil prices. If OPEC fails to expand its production cut plans in the coming weeks and months, we expect oil prices to hit yearly lows once again.

Saint-Gobain

Investment analysts Oddo BHF have reiterated their 'buy' rating on the stock of French construction multinational Saint-Gobain.

Only 2% of Saint-Gobain's sales are exposed to China, where it actually has 40 factories. However, Saint-Gobain is not very dependant on Chinese products, they only make up roughly 1% of its total raw materials.

Oddo BHF maintained their target price of €42, which would be a very healthy 33% upside from current levels.

Shares are down -0.4% this morning at €31.46.