

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Thursday, 5th of March

Markets Outlook

US equities were supported yesterday by the surprisingly strong performance of Joe Biden in the 'Super Tuesday' voting, it is now looking less likely that the socialist Sanders will be the democratic candidate for the US. American equities were especially strong on the news that we will see further stimulus (government and otherwise), while yesterday's US Non-Manufacturing PMI came in at a strong beat of expectations at 57.3 vs our 55.0 forecast.

Looking at safe havens: gold took a breather yesterday and traded sideways, after what has been an extremely volatile week for the asset. Global government bonds were mixed, with US 10 year yields pulling back slightly after having fallen steadily for all of 2020 so far.

On the currency front, the US dollar took a slight pause yesterday in its recent pullback, currently around its weakest levels since mid January. EUR/USD is gaining slowly this morning, heading for the 1.12 mark and USD/JPY continues into its 2020 lows, now below 107.00.

Looking ahead to today, OPEC nations will be meeting in Vienna to discuss the possibility of deeper cuts to their oil production over the coming months. Oil prices will be sensitive to any OPEC announcements today.

Key Events to Watch

05/03/2020 - OPEC Meetings

06/03/2020 - US Non-Farm Payrolls

09/03/2020 - Chinese Trade Balance

11/03/2020 - US CPI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,130	4.22%	-5.07%
DAX	12,127	1.19%	-9.14%
EuroStoxx	3,420	1.44%	-9.30%
ISEQ	6,538	0.80%	-8.71%
FTSE	6,815	1.45%	-10.86%
Nikkei 225	21,329	1.09%	-9.84%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1138	-0.31%	-0.66%
EUR/GBP	0.8654	-0.77%	2.19%
GBP/USD	1.2871	0.46%	-2.73%
USD/CHF	0.9567	0.05%	-1.30%
USD/JPY	107.71	0.54%	-1.41%
EUR/JPY	119.98	0.23%	-2.06%

Fixed Income	Value	Daily Change
US 10yr	1.052	0.064
US 2yr	0.698	0.019
Bund 10yr	-0.634	0.021
Irish 10yr	-0.211	-0.002
Gilt 10yr	0.370	0.006
JGB 10yr	-0.140	-0.002

Financial News Round Up

Global Stimulus

Equities rallied yesterday as we saw more commitments from governments, central banks, and other organisations around the globe to provide further stimulus in an attempt to fight COVID-19 and calm markets. We saw international organisations come to the market's aid yesterday as COVID-19 deaths outside China continue to rise. The IMF announced it would make \$50 billion available to fight the disease while the World Bank also agreed to provide emergency funding, to the tune of \$12 billion.

In the States, Congress yesterday approved an \$8.3 billion emergency funding package in the wake of fresh fears of Coronavirus spreading across the country. 11 people have now died in the US from the virus.

Central Banks

As the days go on and the markets remain volatile, investors are pricing in more and more easing from the Federal Reserve this year. There is now deemed to be a 61% chance of a 25bp cut in two weeks when the central bank has their March meeting. A further cut is priced into the market in the April meeting and yet another by year end: this would bring rates in America down to a range of 0.25 - 0.50%.

We are seeing a 90% chance of the ECB cutting their deposit rate by 10bp to -0.60% when they meet in one week. European equity markets will be majorly disappointed if this cut doesn't come now, and would likely sell off aggressively.

The Bank of Canada cut as expected yesterday, following in the Fed's footsteps and lowering rates by 50bp to 1.25%.

Flybe

Flybe, the largest regional airline in the UK, today announced that it has stopped flying and gone into administration. After a challenging few months for the airline, the lower than usual demand due to the Coronavirus was the final blow.

Interestingly, 75% of Belfast City Airport's flight traffic has been handled by Flybe in recent times. "It is simply outrageous that the government has not learned the lessons following the collapse of both Monarch and Thomas Cook that the much promised airline insolvency review has still not materialised." the UK's Unite national officer commented.

This failure indicates potentially difficult times ahead for airlines around the world.

Nokia

Nokia shares are down over 2% this morning, slightly more than the relevant European equity indices. The Finnish multinational telecommunications firm today announced that it will partner up with Intel in an attempt to accelerate its shift to develop its 5G radio portfolio. This comes only a day after Nokia said they will also be working with US chipmaker Marvell to make custom silicon and infrastructure processors or 5G solutions.