

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Friday, 6th of March

Markets Outlook

Markets have resumed their strong risk-off tone from last week, with all major equity indices in the red on Friday as we approach the European closing bell. Earlier today we saw an impressive beat of expectations for America's NFP figure. Despite this positive news for the US economy, Coronavirus fears and developments have driven investors around the planet into fear-mode.

For the safe-havens: gold futures have rallied this week, up nearly 6% and quickly approaching yearly highs. As per our 2020 outlook, we are currently overweight gold. US treasuries have seen massive demand over the past 2 days, as investors panic and sell equities in favour of something less risky that can also produce an annual yield. US 10 year yields are currently trading below 0.7%, their 2 year and 30 year equivalents are now below and 1.3% and 0.5% respectively.

The US Dollar continues to extend downwards, EUR/USD has surged by almost 5% in the past 2 weeks, currently trading above the 1.300 round figure.

Looking to next week, our focus will be on the ECB's Rate Decision which will come on Thursday 12th. We expect the central bank to cut deposit rates from -0.5% to -0.6%.

Key Events to Watch

06/03/2020 - US Non-Farm Payrolls

09/03/2020 - Chinese Trade Balance

11/03/2020 - US CPI

12/03/2020 - ECB Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,932	-3.03%	-9.18%
DAX	11,474	-3.94%	-13.40%
EuroStoxx	3,223	-4.16%	-13.93%
ISEQ	6,191	-3.97%	-13.76%
FTSE	6,443	-3.91%	-14.56%
Nikkei 225	20,749	-2.72%	-12.29%

FX	Value	Daily Change	YTD Change
EUR/USD	1.3145	1.09%	1.14%
EUR/GBP	0.8712	0.52%	3.04%
GBP/USD	1.3020	0.54%	-1.79%
USD/CHF	0.9322	-1.46%	-3.63%
USD/JPY	105.14	-1.05%	-3.16%
EUR/JPY	119.31	0.04%	-2.05%

Fixed Income	Value	Daily Change
US 10yr	0.674	-0.227
US 2yr	0.408	-0.176
Bund 10yr	-0.745	-0.038
Irish 10yr	-0.215	0.008
Gilt 10yr	0.201	-0.086
JGB 10yr	-0.133	0.007

Financial News Round Up

Coronavirus Update

Over 100,000 people have now been infected with the infamous coronavirus in more than 90 countries, with almost 3,300 confirmed deaths. Despite these alarming figures, 50,000 people in China and an additional 5,000 elsewhere have recovered from the flu-like virus.

The US has now seen over 200 confirmed cases with 14 deaths reported.

Governments and multinational organisations such as the International Monetary Fund and the World Bank have committed to emergency funding packages in an attempt to contain the virus and prevent a serious worldwide spread. Central banks around the globe are now in easing mode as they try to calm financial markets and provide stimulus to the global economy, whose growth has already taken a significant hit as a result of this outbreak.

Non-Farm Payrolls

The US saw strong figures earlier today in its NFP and unemployment figure releases at 13:30. Unemployment came in at 3.5% vs our 3.6% expectation, this is a 50 year low for this figure. In terms of Non-Farm employment change: 273,000 jobs were added to the US economy last month vs general consensus expectations of just 175,000. This strong data release did little to support US equities, which remain very sensitive to negative developments surrounding COVID-19.

Looking closer at the figure, transport and warehousing payrolls actually dropped last month by 4,000. Nearly all other sectors saw strong gains.

OPEC

WTI Crude Oil and Brent Crude are both at their 2020 lows today, WTI is fast approaching the \$42 mark which has acted as major support in recent years. Oil prices haven't traded below this important level since 2016. This negative trade has come after details have been released about yesterday's OPEC (Organisation of the Petroleum Exporting Countries) meeting in Vienna, and today's OPEC+ meetings (OPEC plus 11 other oil rich nations). OPEC+ have today failed to agree on a deal to make deeper cuts to their oil production in the coming months, which has severely disappointed oil markets. Russia, the largest non-OPEC nation at the talks, has outright refused to cut more than they already have, while OPEC nations have announced that they will not cut without Russia on board.

WTI and Brent are both down over 8% today alone.

Irish Economy

Ireland's GDP rose by a robust 5.5% last year, according to the Central Statistics Office (CSO) today. This makes us the EU's fastest growing economy once again, however Finance Minister Paschal Donohoe today alluded to the fact that the country's economy will be impacted negatively by the expected global slowdown related to COVID-19. Currently, our economy is expected to grow by 3.9% in 2020, a relatively strong figure. Ireland's exports were up in 2019 by 11.1%, while imports surged by 35.6%.