

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

Wednesday, 11th of March

## Markets Outlook

Equities in Europe have bounced slightly this morning after a surprise rate cut from the BOE at 7am, after what was a mixed day yesterday and what continues to be an extremely volatile time for the risk assets. FTSE 100 is up 0.7% while EuroStoxx 50 is rallying by nearly 2%. On the currency front: EUR/USD pulled back yesterday after having surged for 3 weeks in a row, the pair is currently trading around the 1.1300 mark. GBP/USD has been choppy this morning after the BOE rate cut and the release of UK GDP at 9:30. This figure came in at a miss of expectations (0.0% vs 0.2% exp.).

Looking at safe havens: gold traded lower yesterday as it pulls back slightly from what has been a big surge in March so far. The precious metal touched the \$1,700 level on Monday and has since pulled back to the \$1,660s. US treasury yields have pulled back over the past 2 days, 10 year yields currently back at 0.7% having reached 0.32% this week.

Looking ahead to today, we have UK's Annual Budget Release at 11:30am, followed by the US 'CPI' and 'Core CPI' inflation figures at 12:30. We expect the Euro and European equities to begin to quieten down this afternoon ahead of the ECB's Rate Decision at 12:45 tomorrow.

## Key Events to Watch

11/03/2020 - UK GDP

11/03/2020 - UK Annual Budget Release

11/03/2020 - US CPI

12/03/2020 - ECB Rate Decision

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,882	4.94%	-10.79%
DAX	10,475	-1.41%	-19.23%
EuroStoxx	2,910	-1.66%	-20.40%
ISEQ	5,826	-0.65%	-17.27%
FTSE	5,960	-0.09%	-19.78%
Nikkei 225	19,416	-2.27%	-17.93%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1314	-1.18%	0.93%
EUR/GBP	0.8767	0.56%	3.54%
GBP/USD	1.2905	-1.73%	-2.47%
USD/CHF	0.9369	1.26%	-3.27%
USD/JPY	105.04	2.62%	-3.22%
EUR/JPY	118.85	1.42%	-2.33%

Fixed Income	Value	Daily Change
US 10yr	0.800	0.183
US 2yr	0.546	0.090
Bund 10yr	-0.780	-0.042
Irish 10yr	-0.089	0.038
Gilt 10yr	0.280	0.116
JGB 10yr	-0.041	0.105

## Financial News Round Up

### BOE Emergency Rate Cut

This morning at 7am we saw the Bank of England follow in the Fed's footsteps and make an emergency double rate cut, without waiting for their next monetary policy meeting which will come in 2 weeks. This cut comes after Coronavirus cases continue to rise in the UK and the threat of a nationwide lockdown similar to that of Italy looms large in people's minds. The central bank cut rates from 0.75%, where they had been since August 2018, down to 0.25% which is an all time low. The only other time in its history when its interest rate has been this low was after the Brexit referendum result in the summer of 2016.

"The bank will take all further necessary steps to support the UK economy and financial system, consistent with its statutory responsibilities" they said in a statement today.

Markets weren't overly shocked by the move, they had already been pricing in a 50% chance of a 25bp cut and 50% chance of a 50bp cut at the BOE's next meeting which will take place on March 26th.

GBP/USD spiked lower on the news but has since fully recovered and sits between 1.2900 and 1.3000.

### COVID-19 Update

Coronavirus continues to steadily spread around Europe and the US, as we see confirmed global cases reach the 115,000 mark with 4,200 dead. Financial markets remain very volatile as we continue to see flows into safe haven assets amid fresh monetary stimulus from central banks and governments around the world.

In the US, cases have surpassed 1,000 with 28 reported deaths and 8 complete recoveries. We expect to see further stimulus from the US government if confirmed cases continue to grow at the current rate.

All of Italy is now in complete lockdown, which involves a ban on public events and heavy travel restrictions. Italy now has over 10,000 people infected with the deadly virus with over 600 deaths. Ryanair and Aer Lingus have both cancelled all flights to and from Italy until early-mid April.

### Adidas

Multinational sportswear manufacturer Adidas has seen a sharp fall in share price this morning, down over 7% to €205.40 after an announcement that they expect its Q1 2020 sales to fall by €1 billion in China due to the nationwide lockdown that followed the widespread COVID-19 outbreak. Chinese sales made up 20% of Adidas sales in 2018, while 20% of the company's products are in fact made in China.

### Allianz

Allianz today announced plans to merge its subsidiaries PIMCO and Allianz Real Estate. "This organic move is proposed to strengthen its Alternatives capability by creating one of the world's most preeminent real estate managers. It will manage over €100 billion in core, value add, and opportunistic real estate across Europe, the US, and the Asia-Pacific region" the group said in a statement this morning.

Allianz shares are up 0.8% today.