

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Thursday, 12th of March

Markets Outlook

Stock market volatility amazingly continues to climb as we approach Friday, European equity markets saw their worst ever daily fall today after President Trump's overnight announcement indicating US-Europe travel restrictions, along with the ECB failing to reduce interest rates early this afternoon.

On the FX front: we saw some Euro weakness today as ECB announced fresh stimulus plans, which in turn helped boost the USD. EUR/USD is trading below 1.1200 at present while the US Dollar Index is back above 97 for the first time in over a week. GBP/USD also showed major weakness, trading as low as 1.2500 earlier today.

For safe-havens: major government bonds finished the day mostly flat after having pulled back over recent days, US 10 year yields are back above the 0.8% mark, German bunds remain deep in negative territory.

Looking to Friday: We will have no economic data of any significance. We expect markets to remain unusually volatile and to be very sensitive to any talk of stimulus measures from central banks or governments. We will be monitoring any rise in COVID-19 cases and deaths.

Key Events to Watch

17/03/2020 - US Retail Sales

18/03/2020 - Fed Rate Decision

19/03/2020 - BOJ Rate Decision

19/03/2020 - SNB Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,531	-7.67%	-22.15%
DAX	9,160	-12.24%	-30.86%
EuroStoxx	2,546	-12.35%	-32.00%
ISEQ	5,125	-9.94%	-28.64%
FTSE	5,234	-10.93%	-30.61%
Nikkei 225	18,559	-4.41%	-21.55%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1188	-0.73%	-0.25%
EUR/GBP	0.8886	1.11%	5.17%
GBP/USD	1.2586	-1.78%	-5.08%
USD/CHF	0.9455	0.77%	-2.30%
USD/JPY	105.33	0.83%	-3.05%
EUR/JPY	117.80	0.05%	-3.29%

Fixed Income	Value	Daily Change
US 10yr	0.852	0.005
US 2yr	0.507	-0.014
Bund 10yr	-0.743	0.009
Irish 10yr	0.045	0.192
Gilt 10yr	0.275	-0.005
JGB 10yr	-0.056	0.019

Financial News Round Up

ECB Today

At 12:45 today the European Central Bank decided to leave all of their main interest rates unchanged, markets had been pricing in a 10bp cut to the ECB's deposit rate, which was actually left at -0.50%. This was obviously extremely disappointing for all European equity markets who had been demanding unrealistic levels of monetary easing from their central bank.

ECB, in an attempt to somewhat offset the adverse effects that COVID-19 will have on the European economy, announced a new plan to buy more European bonds to the tune of €120b by the end of 2020. The bank already had a scheme in place in which they were purchasing €20b of these bonds every month, with no set end date. Analysts are now estimating that the ECB will purchase circa €33b a month for the rest of this year and then resume their €20b scheme next January. ECB President Lagarde said that these additional bond purchases will be focusing on corporate debt rather than sovereign.

The central bank also announced plans to supply banks with cheap loans in order to encourage them to keep lending to small businesses.

Trump Addresses the Nation

In the early hours of Thursday morning, Donald Trump delivered a speech from the White House in which he attempted to reassure the US population in what is undoubtedly the biggest crisis he has faced as president so far. He announced that the US will restrict travel between itself and Europe (with the exception of Ireland and the UK), "this is the most aggressive and comprehensive effort to confront a foreign virus in modern history" he exclaimed. Equity futures were rattled overnight on the back of this speech, and Europe gapped lower for its open this morning. The S&P 500 Volatility Index jumped up on the news, continuing to climb as the day went on, the index rises when fear is prevalent in the markets, and has now reached 75.00, levels not seen since the height of the financial crisis in late 2008.

The president failed to address any of the fundamental public health issues that the US is now facing. According to the CDC, there are over 1,200 confirmed cases already in the States, and 36 deaths.

Latest from Ireland

The Irish government is acting fast, staying ahead of the curve and taking the Coronavirus seriously. Taoiseach Leo Varadkar seems to have accepted that a temporary shutdown might be exactly what is needed to prevent a serious nationwide spread of the deadly virus. Varadkar, who is currently in Washington DC for his St.Patrick's Day visit to the US, stated that all indoor events with more than 100 people or outdoor events with over 500 should be postponed or cancelled. All of Ireland's colleges and schools will now remain shut for nearly all of March, with home working being encouraged. One of the main aims of the state now is to ensure that the food supply chain remains uninterrupted.

"We have experienced hardship and struggle before. We have overcome many trials in the past with our determination and our spirit. We will prevail." said Leo Varadkar.

Ireland has 43 confirmed cases.