

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Friday, 13th of March

Markets Outlook

Stock markets were deep in the red on Thursday, with the worst of the losses being suffered by European equity indices, however equities have bounced this morning, Germany's DAX 30 currently up over 3.5% while S&P 500 futures are up 4% ahead of the index's open at 14:30.

For currencies: the US Dollar index is entering its 4th day of gains as currency markets are beginning to see increased volatility and are unsure about how to take fresh news of aggressive central bank easing around the planet. We remain flat EUR/USD, which is now trading below 1.1200.

For safe-havens: gold prices saw a relatively large pullback yesterday as a fresh wave of profit taking took over this particular market. Investors have needed to liquidate their winning positions in gold to cover their equity losses of the past few weeks. Government bonds have seen lower volatility over recent days, after yields began aggressively diving in February as some sort of safety was sought by traders, in what has been very uncertain global markets.

Looking at next week: we will see an array of central banks make interest rate decisions and release monetary policy statements, these will come from the US, Japan, and Switzerland.

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	2,480	-9.51%	-23.22%
DAX	9,161	-12.24%	-29.44%
EuroStoxx	2,546	-12.35%	-30.34%
ISEQ	5,125	-9.94%	-28.50%
FTSE	5,237	-10.87%	-28.36%
Nikkei 225	17,431	-6.08%	-26.27%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1183	-0.76%	-0.29%
EUR/GBP	0.8895	1.20%	5.02%
GBP/USD	1.2573	-1.94%	-4.99%
USD/CHF	0.9445	0.60%	-2.48%
USD/JPY	104.68	0.12%	-2.41%
EUR/JPY	117.06	-0.64%	-2.70%

Fixed Income	Value	Daily Change
US 10yr	0.812	-0.037
US 2yr	0.471	-0.064
Bund 10yr	-0.743	0.009
Irish 10yr	0.071	0.211
Gilt 10yr	0.267	0.013
JGB 10yr	-0.053	-0.008

Financial News Round Up

Central Bank Easing

Central banks around the world have entered into a phase of hefty easing as deep rate cuts and massive asset-purchasing programs are being announced and subsequently priced into all markets. Central banks are seeking to stimulate the economy, provide institutions and governments with emergency aid during this virus crisis, and simultaneously lower volatility in capital markets.

Yesterday, we saw a big increase in the ECB's plans for purchasing both European government and corporate bonds for the rest of 2020 in a desperate attempt to stimulate what is a potentially vulnerable economy and currency.

Sweden's Riksbank announced this morning it would be lending \$51b worth of Swedish Crowns to local companies in this time of uncertain credit supply. Norway's Norges Bank has also made an emergency cut to its rates, bringing them down from 1.5% to 1.0%.

We also saw the Bank of Canada yesterday state that they will broaden their bond buyback program.

Next week we will see rate decisions from the Federal Reserve on Wednesday, followed by the Bank of Japan and the Swiss National Bank on Thursday. Incredibly, markets are currently expecting roughly a half chance of a 75 basis point rate cut from the Fed next week and another half chance that they will cut by a full 1%. A 1% cut would bring interest rates in America to a range of 0.00-0.25%.

Short-Selling Ban

We are beginning to see desperate attempts from regulators in some countries to calm stock markets and slow down the panic selling wave that we are currently witnessing. After what was Europe's worst day for stock declines since Black Monday in 1987, Italian and Spanish securities regulators have now banned short selling today on certain stocks. The UK's Financial Conduct Authority also announced the banning of short selling any Italian or Spanish stocks today in the UK.

Spain's IBEX equity index plummeted 14% on Thursday while Italy's FTSE MIB was down 17%.

German regulators are considering similar bans according to a spokesperson yesterday, while South Korea has banned shorting on all of its stock exchanges.

Total

Oddo BHF have maintained their view that French multinational oil and gas company Total are their top pick for the sector this year. Total's dividend is not at risk with these recently lower oil prices which could last for months, as they have relatively low debt compared to peers. The same cannot be said for BP, Shell, or Eni. Oddo have downgraded Eni and Shell to a 'Neutral' rating where Total remains a 'buy'.

Oddo analysts believe that oil prices should remain weak for now, but will recover in H2 2020 to circa \$45 this year and then \$55 going into next.

Total's shares are up over 10% in a strong bounce in Paris this morning.