

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Monday, 16th of March

## Markets Outlook

**Stock market** volatility continues on Monday as we push lower across the board. European equities are deep in the red once again, with both DAX 30 and EuroStoxx 50 down over 7% this morning. US equities are set to open lower despite an emergency rate cut from the Fed last night. In the US, we saw a volatile bounce in prices on Friday which caused markets to hit their circuit breakers which is very rare on a green day.

**For currencies:** Volatility is at multi-year highs for many currency pairs, as markets are unsure of how to digest these irregular and unscheduled rate cuts and easing packages from central banks.

**For safe-havens:** US bond yields have pulled back over the last week before what feels like another inevitable move towards 0. Gold has seen strong pullbacks in recent days as investors liquidate gold positions to pay for their losses in the equity markets.

**Looking at today:** We will see finance ministers and central bankers from seven of the world's largest economies (G7) holding talks today and potentially releasing market moving statements this evening. More European countries continue to enter lockdown as the days go on.

## Key Events to Watch

16/03/2020 - G7 Meetings

17/03/2020 - German Economic Sentiment

17/03/2020 - US Retail Sales

19/03/2020 - SNB Rate Decision

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,711	9.29%	-16.09%
DAX	9,232	0.77%	-35.62%
EuroStoxx	2,586	1.60%	-36.80%
ISEQ	5,148	0.44%	-36.59%
FTSE	5,366	2.46%	-33.33%
Nikkei 225	17,002	-2.46%	-28.13%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1106	-0.71%	0.13%
EUR/GBP	0.9045	1.67%	7.80%
GBP/USD	1.2277	-2.35%	-7.05%
USD/CHF	0.9498	0.60%	-2.91%
USD/JPY	107.92	3.13%	-2.49%
EUR/JPY	119.86	2.40%	-2.36%

Fixed Income	Value	Daily Change
US 10yr	0.983	0.160
US 2yr	0.508	0.013
Bund 10yr	-0.548	0.125
Irish 10yr	0.192	0.095
Gilt 10yr	0.410	0.116
JGB 10yr	-0.002	0.046

## Financial News Round Up

### Federal Reserve Rate Cut

The Federal Reserve made an emergency and unscheduled interest rate cut last night just one hour before the reopening of the futures markets. This is their second emergency meeting this month so far and was a full 1% cut, which is the equivalent of four normal 25 basis point cuts.

The central bank announced plans to purchase \$700 billion worth of bonds, which equates to \$500b of US treasuries and \$200b of agency debt. Interest rates in America are now at a range of 0.00 - 0.25% which is the same level that they got to in December 2008 during the financial crisis.

"The actions we have announced today will help American families and businesses, and indeed, our entire economy weather this difficult period and will foster a more vigorous return to normal once the disruptions from the coronavirus abate." Fed Chair Jerome Powell said.

The Fed were scheduled to make this rate decision on Wednesday but that meeting will no longer go ahead as scheduled.

The Bank of Japan also made its interest rate decision ahead of schedule, in the early hours of this morning. The central bank did not cut rates but did decide to double down on its purchasing of ETFs to the Yen equivalent of \$112b.

### Airlines

Airlines around the globe are cutting staff and desperately seeking state support in their attempts to survive what will be a tough month. Ryanair have announced this morning that they plan to ground most of their fleet over the next week and will likely cut seat capacity by 80% for the next 8 weeks. IAG will cut their capacity by at least 75% in April and May, the Aer Lingus and British Airways owner has stated they have €9.3b of total liquidity.

Airlines shares are down as follows in early morning trade: IAG -24.5%, Air France-KLM -16.6%, Ryanair -19%, Lufthansa -11%. We expect US airlines to suffer similar blows to share prices when trading commences in the States this afternoon.

Airline consultancy group 'Centre for Aviation' has issued warnings that by the end of May most airlines will be bankrupt if we do not see coordinated government and industry action soon.

### Inditex

Credit Suisse have maintained their 'underperform' view on Spanish multinational clothes maker Inditex, ahead of the company's earnings results which will be released this Wednesday.

Shares are down -12% today vs Spain's benchmark IBEX which is -11%.

Credit Suisse have lowered their target price on the stock to €21 from €24, Inditex currently trades in the €18.70s. The Swiss bank also decided to cut its 2020-21 EPS forecasts on the company by an additional 20% due to their exposure to European markets.