

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

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## Markets Outlook

**Global equity** indices attempted to push higher yesterday, with the S&P 500 rallying by 6% after news broke about the US government's plan for over \$1 trillion in fiscal spending to help fight the virus' effect on their economy. European equities have opened lower this morning with the DAX 30 at -5% and EuroStoxx 50 at -5.2%. Similarly, S&P futures are in the red this morning while the VIX remains above 70.

**For safe-havens:** US 10 year yields have pulled back over the last week, showing very high volatility and are now trading above 1.1%, having touched 0.32% last Monday. Gold registered its first green day in 6 sessions yesterday, currently just above the \$1,500 mark. Despite the recent unwinding of gold positions by market participants, we envisage the metal making new 2020 highs in the coming months as central banks continue to print vast amounts of new money.

**Looking at today:** We expect volatility to persist in all markets today, with a sustained higher level of daily volume traded on all equity indices for the rest of the week. We will not see any major economic data points from Europe or the US.

## Key Events to Watch

19/03/2020 - SNB Rate Decision

24/03/2020 - G7 Meetings

24/03/2020 - European PMIs

24/03/2020 - US PMIs

## Market Moves

| Equity Indices | Value  | Daily Change | YTD Change |
|----------------|--------|--------------|------------|
| S&P 500        | 2,529  | 6.00%        | -21.72%    |
| DAX            | 8,939  | 2.25%        | -35.64%    |
| EuroStoxx      | 2,530  | 3.27%        | -35.68%    |
| ISEQ           | 4,731  | -0.18%       | -37.50%    |
| FTSE           | 5,294  | 2.79%        | -33.07%    |
| Nikkei 225     | 16,726 | -1.68%       | -29.29%    |

| FX      | Value  | Daily Change | YTD Change |
|---------|--------|--------------|------------|
| EUR/USD | 1.0997 | -1.66%       | -1.77%     |
| EUR/GBP | 0.9092 | -0.25%       | 8.51%      |
| GBP/USD | 1.2117 | -1.23%       | -9.40%     |
| USD/CHF | 0.9596 | 1.32%        | -1.05%     |
| USD/JPY | 107.38 | 1.44%        | -1.31%     |
| EUR/JPY | 118.30 | -0.08%       | -3.04%     |

| Fixed Income | Value  | Daily Change |
|--------------|--------|--------------|
| US 10yr      | 1.069  | 0.322        |
| US 2yr       | 0.498  | 0.090        |
| Bund 10yr    | -0.415 | 0.052        |
| Irish 10yr   | 0.338  | 0.059        |
| Gilt 10yr    | 0.577  | 0.093        |
| JGB 10yr     | 0.013  | -0.010       |

## Financial News Round Up

### Further Worldwide Stimulus

Volatility remained high as equities and bond yields surged yesterday after news broke of governments around the world planning new fiscal spending packages which, similarly to central bank stimulus, will attempt to offset most of the blow that the global economy is currently taking.

The United States government proposed a \$1.2 trillion stimulus plan which pushed the main 3 US equity indices up 5.2%, 6.0%, and 6.23% and caused a huge selloff in bonds as investors sought cash.

The UK also announced fiscal measures yesterday, adding an additional £20 billion in Coronavirus-related spending and £330 billion of loan guarantees. European governments are announcing similar fiscal spending packages as the days go on.

In the central bank space, ECB today have said they are willing to ease further if necessary, the bank "stands ready to adjust all of its measures, as appropriate, should this be needed to safeguard liquidity conditions in the banking system and to ensure the smooth transmission of its monetary policy in all jurisdictions."

Yesterday we saw the Fed announce two emergency lending programs that were last used in the height of the financial crisis over 10 years ago. These schemes are intended to ensure that banks and large businesses within the US have sufficient cash to pay employees and cover short term costs.

### Oil Weakens Further

WTI Crude Oil prices have sunk over 27% over the past week as the commodity now trades below \$25 per barrel. This further drop in prices comes after months of sustained weakness in the energy market, Crude prices have more than halved in 2020 so far, we haven't seen oil this cheap since 2003.

**On the supply side,** Russia and Saudi Arabia are continuing their battle for market share, with Saudi Arabia at record levels of production and both nations attempting to flood the market with their oil reserves in attempts to drive prices lower and put pressure on the other nation, while also selling at a discount to find the most amount of buyers possible.

**On the demand side,** the rampant COVID-19 is putting serious pressure on all markets, with oil as no exception. As governments move to suspend overseas flights, and social lockdowns become the new norm, demand for oil is simply not there. Employees are working from home, airlines are grounding most of their aircraft, and nobody is quite sure how long this may last. Oil at these low prices isn't too surprising.

### Siemens Healthineers

German-headquartered Siemens Healthineers, the mother company for several medical technology companies in Europe, has seen share prices fall of over 30% in 2020.. Despite this fall (which is not out of line with other large European corporations), Credit Suisse has upgraded its rating on the stock from 'neutral' to 'outperform'. The Swiss bank has a €36 target on this stock, which would be 21% upside from current levels, citing the defensive nature of healthcare stocks, especially given the current global situation.