

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Thursday, 19th of March

## Markets Outlook

**Global equities** remain extremely volatile as trading conditions become increasingly more difficult. S&P 500's Volatility Index touched 80.0 yesterday, the highest point reached by this index during the crisis in 2008 was 89.50 which is relatively nearby. European equities are slightly in the red on Thursday morning after another significant drop yesterday.

**For currencies:** US Dollar Index is trading above the 102.00 mark, its highest level in over 3 years. GBP saw heavy losses yesterday, down nearly 13% YTD vs the dollar. This is a 35 year low for GBP/USD.

**For safe-havens:** Gold looks to be calming down somewhat after a huge amount of profit taking in the safe haven. As hedge funds took heavy losses in their equity positions this month, they needed to cash in on their gold longs to pay for these losses. This caused gold to pullback severely.

**Looking at today:** President Trump is set to speak during the US trading session later on, we expect volatility to prevail across all markets for the rest of the week. Focus will be on news of further spending packages from governments and central banks, rather than on traditional economic data releases.

## 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	2,398	-5.18%	-25.77%
DAX	8,441	-5.56%	-35.24%
EuroStoxx	2,374	-6.16%	-34.95%
ISEQ	4,366	-7.72%	-38.16%
FTSE	5,080	-4.05%	-32.13%
Nikkei 225	16,552	-1.04%	-30.03%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0943	-0.49%	-3.42%
EUR/GBP	0.9427	3.33%	10.85%
GBP/USD	1.1608	-3.69%	-12.83%
USD/CHF	0.9682	0.74%	0.62%
USD/JPY	108.37	0.63%	0.29%
EUR/JPY	118.59	0.14%	-3.14%

Fixed Income	Value	Daily Change
US 10yr	1.183	0.139
US 2yr	0.540	0.077
Bund 10yr	-0.230	0.153
Irish 10yr	0.509	0.021
Gilt 10yr	0.790	0.108
JGB 10yr	0.057	0.039

## Financial News Round Up

### Central Banks Update

The ECB held an emergency meeting last night in which they announced plans to purchase a further €750b worth of bonds in an attempt to provide governments with a much needed boost during a time when Europe looks vulnerable to a downturn. This new scheme, named the Pandemic Emergency Purchase Programme (PEPP), will involve the purchasing of both sovereign and corporate debt. This new programme comes on top of what was already a large easing package from the central bank, and means the ECB will now buy over €1 trillion worth of bonds in the rest of 2020, Greece will be included in the PEPP scheme which is new.

Yesterday we also saw the Fed announce its third emergency credit programme in 2 days, which is aimed at supporting money market funds in a time when these funds are seeing huge amounts of redemptions all at once.

The Reserve Bank of Australia held an emergency meeting last night in which they cut interest rates from 0.5% to 0.25%, adding to the list of recent emergency central bank meetings.

Swiss National Bank left their rate unchanged at -0.75% this morning.

### King Dollar

USD, the worlds most liquid currency and renowned safe haven, has seen a massive rally this week with the USD Index trading over 102.00 this morning. EUR/USD is fast approaching the 1.07 level, its lowest level since the pivotal French general election of April 2017. GBP/USD is at its lowest in 35 years, now below the 1.16 mark. USD/JPY continues to whipsaw, fairly flat in 2020 so far.

As equity volatility amazingly continues to surge, and traditional safe haven assets such as sovereign bonds and gold both pullback significantly, we are starting to see a dash for cash across the planet, and more specifically a dash for the most reliable currency of all, USD.

In addition, we could see a sustained bid in the dollar in the coming months, as US treasuries are one of the last sources of positive yielding government debt in the world, and will be highly valued during times of uncertainty like this.

### Ocado

British online supermarket Ocado has seen massive demand in recent weeks, with its growth doubling that of its Q1.

The online store stated that its forecast for retail revenue growth for FY 2020 remains at a range of 10-15%.

"The impact of higher basket values and order demand, amid growing public concern over the Coronavirus, was limited in the quarter, although this has since picked up significantly and growth in the second quarter is so far double that of the first quarter" retail CEO Melanie Smith stated.

At Seaspray, we have carried our 2019 positions in Ocado forward into this year, and maintain our 'outperform' rating on the stock for 2020. Ocado is up over 13% YTD while its peers on the London Stock Exchange struggle massively.