

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Friday, 20th of March

## Markets Outlook

**Stock markets** are rallying this morning in Europe, DAX 30 and EuroStoxx 50 are both up over 5% after what was a green day yesterday for nearly all major equity indices around the world. Volatility is beginning to fall of slightly, the VIX is down to 65.00 this morning after reaching highs of 85.00 two days ago.

**For currencies:** US Dollar has continued to see extraordinary demand this week with EUR/USD finishing below 1.07 last night. USD/JPY pulled back slightly overnight but remains above 110. GBP continued its slide vs all major currencies yesterday as the BOE held its second emergency meeting in just one week.

**For safe-havens:** Bond yields were mixed yesterday, showing lower volatility than in recent days and basically taking a breather going into this weekend. Gold has traded sideways this week around the £1,500 mark after seeing heavy losses last week. Gold will likely see a sustained bid in the coming weeks/months and begin to head for yearly highs once more.

**Looking at today:** We will see no major economic data points from Europe or the US today. Japanese markets will remain shut until Monday due to a bank holiday.

## Key Events to Watch

24/03/2020 - G7 Meetings  
24/03/2020 - European PMIs  
24/03/2020 - US PMIs  
26/03/2020 - BOE Rate Decision

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,409	0.47%	-25.42%
DAX	8,610	2.00%	-31.79%
EuroStoxx	2,454	2.86%	-30.84%
ISEQ	4,432	1.50%	-33.49%
FTSE	5,151	1.40%	-29.43%
Nikkei 225	16,552	-1.04%	-30.03%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0655	-2.46%	-4.39%
EUR/GBP	0.9308	-1.27%	7.94%
GBP/USD	1.1487	-1.04%	-11.37%
USD/CHF	0.9861	1.84%	1.60%
USD/JPY	110.71	2.16%	1.47%
EUR/JPY	118.37	-0.19%	-2.98%

Fixed Income	Value	Daily Change
US 10yr	1.158	0.009
US 2yr	0.459	-0.039
Bund 10yr	-0.245	0.130
Irish 10yr	0.391	0.185
Gilt 10yr	0.621	-0.185
JGB 10yr	0.105	0.043

## Financial News Round Up

### Buy the Dip

Massive stimulus from central banks and governments around the world is starting to support global equity markets and slow down the selloff, as intended by these organisations. We don't expect any of these new measures to be removed early, we forecast that central bank led bond purchasing programmes will indeed span for the rest of 2020 and will underpin risk assets during this time.

We acknowledge that some European countries and US states such as California have entered lockdown which will affect the global economy, but much of this negativity has already been priced into equity markets in recent weeks. No new local cases of COVID-19 have been reported in China for 2 days in a row now, this indicates that even in countries like Italy and Spain where the virus is rampant, the spreading of the disease is not endless and we can get it under control. We expect equity markets to put in a bottom over the coming weeks/months, they will start pricing in the slowdown of the virus-spread before it happens in Europe and the US. We will likely be looking to go overweight specific stocks sometime over the next month or two. We invest our clients money for the long term, and on this timeframe we expect to see an opportunity arise relatively soon.

### Bank of England

BOE held yet another out of schedule emergency monetary policy meeting yesterday, their second of this kind in just one week. Rates were cut again by the central bank, this time from 0.25% to a brand new record low of 0.10%. Just over a week ago interest rates in the UK were up at 0.75%.

BOE also announced their plans to restart Quantitative Easing to the tune of £200 billion which was arguably more market moving than the rate cut. The bank will buy government bonds of all durations with this newly printed money.

This move by the bank has served to further weaken GBP, and sent investors rushing into the UK Gilt bond space. UK 10 year Gilt yields are back trading below the 0.6% mark on Friday as a result, having been above 1.0% yesterday before the BOE announcement. FTSE 100 gained 1.4% yesterday on the news and is in the green again today, up over 1.5%.

### Latest from Ireland

The latest reports on Friday suggest that Ireland has over 550 confirmed cases of the virus with 3 having died so far. It has been 3 weeks now since the first confirmed case on the island. 58,000 Coronavirus-related social welfare applications have been submitted so far in the country, based on this figure we forecast that employment levels could fall by between 2-2.5% if the country remains in partial-lockdown in April and May. Ireland has half a million people employed in the retail and hospitality space, which is understandably the worst affected sector during this crisis.

Ireland's ISEQ equity index is up nearly 3% on Friday along with other European equities, having gained yesterday too.