

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Stock markets are in the green today after the Fed announcement last night of unlimited QE. Daily volume traded remains seriously elevated at the beginning of this week, with major European equity indices up 6% on Tuesday. In the US, S&P 500 futures are open this morning and are up 5%, indicating a potential short term bottom in stock markets.

For currencies: The US Dollar has pulled back slightly since the QE news broke, EUR/USD is approaching the 1.09 mark this morning. It is likely only a matter of time before we see further stimulus from the ECB and subsequently new yearly lows in this currency pair. We are monitoring this pullback closely.

For safe-havens: High volatility has returned to gold markets, they have seen a massive surge, up over 14% over the past 2 days. This is a result of the Fed's announcement to provide QE with no set end date. Gold is fast approaching yearly highs, trading just below \$1,700 today. At Seaspray we are overweight gold and will likely remain so for the rest of 2020.

Looking at today: This afternoon we will see Services and Manufacturing PMI releases from the US, we also expect to see news come from the G7 meetings that are taking place remotely all day.

Key Events to Watch

24/03/2020 - G7 Meetings

25/03/2020 - UK CPI

26/03/2020 - BOE Rate Decision

26/03/2020 - US Unemployment Claims

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,237	-2.93%	-30.75%
DAX	8,741	-2.10%	-30.63%
EuroStoxx	2,485	-2.47%	-30.59%
ISEQ	4,470	-2.89%	-36.17%
FTSE	4,993	-3.79%	-31.27%
Nikkei 225	18,077	7.04%	-23.58%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0723	0.32%	-3.46%
EUR/GBP	0.9284	0.94%	9.83%
GBP/USD	1.1550	-0.62%	-12.04%
USD/CHF	0.9847	-0.07%	0.95%
USD/JPY	111.21	0.76%	1.93%
EUR/JPY	119.25	1.08%	-1.61%

Fixed Income	Value	Daily Change
US 10yr	0.763	-0.028
US 2yr	0.320	0.023
Bund 10yr	-0.391	-0.051
Irish 10yr	0.263	0.013
Gilt 10yr	0.417	-0.100
JGB 10yr	0.051	0.010

Financial News Round Up

Further Fed Stimulus

Equity markets have seen significant support from the news yesterday that the Federal Reserve will now implement Quantitative Easing with no set end date. This is the US central bank's 'Whatever it takes' moment, and in theory could provide their economy with a never-ending supply of freshly printed dollars. Just a week ago the Fed had set a limit of \$700b of these QE bond purchasing programmes. They are rumoured to be considering the purchase of corporate bonds and bond ETFs in addition to the current plan which will focus on government bonds.

Gold has seen a massive and sudden rally on the back of this news, while the Dollar's recent surge has been put on pause with a slight pullback on the world's most popular currency. Bond markets were surprisingly quiet after the news, having already seen a few weeks of serious volatility.

PMI Releases Today

We have seen a slew of both Services and Manufacturing PMI figures from Europe and the UK this morning, seeing a wide range of mixed results. Services figures mostly disappointed while manufacturing readings came in at a beat of expectations.

From France: Services PMI came in at 29.0 vs 39.5 expectations. Manufacturing PMI was 42.9 vs 39.6 expectations.

From Germany: Services PMI was 34.5 vs our expectations of 43.2. Manufacturing was 45.7 vs 40.0.

From the UK: Services figure came in at 35.7 vs 45.0. Manufacturing was 48.0 vs 45.0 expected.

Markets have been more focused on central bank and potential further fiscal stimulus measures this week and have not reacted too heavily to these PMI figures.

Airbus

Airbus is lagging behind other European stocks this morning, up just 1%, trading in the €55.70s. German investment bank Berenberg have announced they have downgraded Airbus from the previous 'buy' rating to a 'hold', "Airlines are in a cash crisis and will have limited capacity to take delivery of new aircraft in the near term, even with government support" the bank said in a statement. The bank also made a massive cut to their target price on this stock, in light of the damage that the air-travel subsector has taken so far in 2020. Their new target price is €65, which offers 16% upside potential from current levels. Their old target price was €156.

Carlsberg

Berenberg have upgraded Carlsberg stock to a 'buy' rating, forecasting that the company will eventually gain from its defensive profile. Carlsberg are one of the companies that Berenberg have recently recommended, with defensive and geographically diversified businesses under its management. Compared to its competitors, Carlsberg are relatively well prepared for what is and will be a major shock to the alcoholic beverages subsector, and hospitality sector as a whole.