



Wednesday, 25th of March

Markets Outlook

Stock markets in Europe are down circa 2% on Wednesday morning after what was a massive surge yesterday on the announcement of the \$2 trillion US Government spending package. Similarly, US equity futures are pulling back slightly this morning after yesterday's rally, S&P 500 futures down just 1% today.

For currencies: USD has been pulling back slightly this week, with EUR/USD back above 1.08 today and GBP/USD back above 1.19. Given the current economic climate, we think it is inevitable that both of these currency pairs breach their yearly lows over the coming months.

For safe-havens: Gold has surged 5.6% and 5.95% over the last 2 days on the back of massive stimulus news from the Fed and the US Gov. The metal reached \$1,698 yesterday and nearly burst up through yearly highs, before pulling back slightly overnight. Bond yields remained relatively quiet yesterday, gaining slightly.

Looking ahead: Today will be quiet in terms of data points. Tomorrow we will see the BOE Rate Decision followed by Unemployment Claims in the US. We feel have have seen a short term bottom in equities over the last few days.

Key Events to Watch

- 26/03/2020 - BOE Rate Decision
- 26/03/2020 - US Unemployment Claims
- 29/03/2020 - Europe Daylight Savings Time Shift
- 31/03/2020 - China Manufacturing PMI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,447	9.38%	-24.25%
DAX	9,745	11.49%	-23.80%
EuroStoxx	2,733	9.98%	-24.62%
ISEQ	4,781	6.94%	-29.60%
FTSE	5,446	9.05%	-24.12%
Nikkei 225	19,547	8.04%	-17.37%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0789	0.62%	-3.31%
EUR/GBP	0.9176	-1.17%	7.70%
GBP/USD	1.1759	1.81%	-10.17%
USD/CHF	0.9817	-0.30%	1.21%
USD/JPY	111.22	0.01%	2.49%
EUR/JPY	120.00	0.62%	-0.90%

Fixed Income	Value	Daily Change
US 10yr	0.858	0.083
US 2yr	0.382	0.062
Bund 10yr	-0.352	0.015
Irish 10yr	0.315	0.020
Gilt 10yr	0.479	0.042
JGB 10yr	0.042	0.008

Financial News Round Up

COVID-19 Update

The latest figures this morning indicate that worldwide there are now almost 430,000 confirmed cases of COVID-19, with over 19,000 deaths and importantly over 110,000 full recoveries.

We have seen huge fiscal stimulus packages from governments around the world, the most market-moving of which came from the United States yesterday.

At home, we have 1,329 cases confirmed in Ireland as of Wednesday morning, with 7 deaths so far and 5 recoveries. It is of course too early to tell, but it would seem that as a result of social distancing we are indeed flattening the confirmed cases curve in Ireland and as a result our healthcare system has been well able to cope so far. We have not yet seen a spike in this curve which would come from widespread and uncontrolled transmission of the virus, and would of course outnumber and overload the healthcare's capacity.

Opportunity Arises

Global equity markets have reacted positively this week to news of the Federal Reserve's new QE scheme that amazingly has no set end date, along with yesterday's news that US congressional leaders have come to an agreement regarding a massive \$2 trillion stimulus package in a bid to help stabilize the world's largest economy. Equity indices rallied yesterday on this news, in the region of +10%, with some indices having their biggest green days since 2008.

It is currently our view at Seaspray that most equity markets will put in their long-term lows in late May or June. We would strongly encourage any of our clients with excess cash to think about taking advantage of this upcoming opportunity and these discounted prices.

We actively invest our clients' money for the long term, in specific stocks. We plan to drip feed our capital into stock markets over the coming weeks and months, fully accepting that we cannot pick a perfect bottom, and mitigating timing risk. Markets price in future events and scenarios well before they happen, we expect equities to price in a global recovery in the coming months.

Gilead Sciences

At Seaspray, we have added Gilead Sciences to our stock watchlist this week. The American firm has secured a de facto monopoly in the States for an experimental drug seen as a potential treatment for COVID-19. Gilead has attained 'orphan status' for this drug, allowing it to exclusively sell and set its prices for the next 7 years.

The drug is named remdesivir and was originally developed to treat Ebola. It is currently undergoing clinical trials for the treatment of COVID-19 in humans.

Gilead's shares have seen elevated levels of volume traded over recent weeks, currently up 13.8% YTD which is impressive in comparison to its struggling peers. Shares traded at \$74 in New York yesterday.