

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Thursday, 26th of March

Markets Outlook

Stock markets in Europe and the US rallied for a second consecutive day, albeit rising more modestly yesterday. Equity indices are in the red this morning with DAX and EuroStoxx down over 2% each. S&P 500 futures trade quietly ahead of the vital US Unemployment Claims figure to be released at 12:30 Irish time, down just 1% this morning.

For currencies: The US Dollar is continuing its grindy pullback today, with EUR/USD slowly approaching 1.1000 before the unemployment figure at 12:30. Similarly, GBP/USD has grinded higher in recent days, after what was a damaging couple of weeks for Sterling vs all major currencies.

For safe-havens: Bond yields remained relatively quiet yesterday, with US 10 year yields hovering around the 0.80% mark. German 10 year bund yields have risen significantly this week and last, however still sitting in negative territory.

Looking ahead: Today we will see a Rate Decision from the Bank of England at midday. BOE have already had two emergency rate cuts recently and are expected to leave the UK's interest rates unchanged at 0.10%. We expect the bank to announce a new asset purchasing programme to stimulate their economy as the virus spreads.

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	2,475	1.15%	-23.38%
DAX	9,874	1.79%	-26.78%
EuroStoxx	2,800	3.13%	-26.66%
ISEQ	4,970	3.95%	-30.75%
FTSE	5,688	4.45%	-26.23%
Nikkei 225	18,664	-4.51%	-21.10%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0882	0.86%	-2.41%
EUR/GBP	0.9159	-0.18%	8.53%
GBP/USD	1.1887	1.09%	-10.01%
USD/CHF	0.9770	-0.48%	0.44%
USD/JPY	111.21	-0.02%	1.11%
EUR/JPY	121.01	0.85%	-1.31%

Fixed Income	Value	Daily Change
US 10yr	0.869	0.02
US 2yr	0.340	-0.031
Bund 10yr	-0.278	0.064
Irish 10yr	0.342	0.045
Gilt 10yr	0.442	-0.035
JGB 10yr	-0.005	-0.055

Financial News Round Up

COVID-19 Update

The latest figures this morning indicate that 478,000 people have been infected with COVID-19 worldwide since it emerged on December 31st, with 115,000 of these people having since recovered and 21,000 of them dying. This leaves us now with circa 341,000 active cases around the globe, with 96% of these in mild condition and just 4% (14,800 people) in critical condition.

10,700 of these worldwide 14,800 active cases in critical condition are confined to Italy, Spain, France and China. These countries are examples of a quick and steep '# of cases curve', leading to hospitals being overloaded with too many patients all in one go, exceeding capacity. These stats serve to highlight the important job we all continue to do in Ireland by social distancing, flattening our '# of cases curve' and buying valuable time for our whole healthcare system.

As of Thursday morning, Ireland has just 1,550 active cases, with just 3% (39 people) in critical condition. 5 have recovered in Ireland and 9 have died so far. Social distancing is indeed saving lives.

US Unemployment Claims

Early this afternoon, at 12:30 Irish time, we will see a highly anticipated economic data point released from the US. This 'Unemployment Claims' is expected to be one of the worst readings in the history of the figure, which is reported weekly. Financial news organisation Reuters have conducted a poll that predicts today's figure could range anywhere from 250,000 initial claims up to an astonishing 4 million. The median forecast from the poll is circa 1 million, which would well exceed the highest reading from the financial crisis, 669,000. Similarly, the figure came in at 695,000 one week in 1982.

We expect today's result to have an impact on US equity indices, gold futures, and the USD.

Dublin Airport

Figures from the DAA yesterday show that passenger numbers at the airport are down over 76%, and are fully expected to fall further in the coming weeks. The number of flights operating in and out of Dublin is down 53%.

Dublin airport will remain open over the next month for cargo and repatriation flights, two once-off flights will run today by Air Alitalia to return 500 Italian nationals home and bring Irish citizens back here.

British Airways announced this week that Dublin is now on a list of European airports which it has cancelled all flights to. All regular flights to and from Italy and Spain are cancelled the DAA said yesterday.

Interestingly, Ryanair are arranging rescue and repatriation flights for some European governments, and have stated that they are offering aircraft for emergency medical flights around the world, including China.

We don't imagine the low-cost airline will provide these aircraft to governments for free, it is Ryanair's opportunistic mindset and general savvy business approach that makes it stand out. We will be keeping Ryanair on our stock watchlist in the coming months, likely going overweight the stock when peak fear has passed in the air travel subsector.