

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Monday, 30th of March

Markets Outlook

Equity indices saw a meaningful bounce last week, with Germany's DAX up nearly 8% on the week and the EuroStoxx up 7%. Both indices are broadly flat on Monday morning. For the bigger picture, we do not believe the final equity bottom is in yet and are remaining patient on this front. We will not be shocked or taken by surprise if we see a breach of lows this week.

For currencies: EUR/USD saw a rally last week in line with the stock market as the dash for US Dollars has temporarily subsided, and some investors redeploy money into risk assets. We expect this Euro rally to be relatively short-lived. GBP/USD has seen a very volatile month, falling over 13% down to 1.15 which was a 35 year low for the pair, 'cable' as it's known to traders, has since surged back above 1.24.

For safe-havens: Government bonds had a relatively quiet week, the benchmark US 10 year starting to now resume its shift towards 0.00% yield.

Looking ahead: Monday will be quiet in terms of economic data points. From Tuesday on, we will begin to see important releases from China and the US, with Thursday's US Unemployment Claims figure likely to be the most highly anticipated of the week.

Key Events to Watch

31/03/2020 - China Manufacturing PMI
01/04/2020 - US ISM Manufacturing PMI
02/04/2020 - US Unemployment Claims
03/04/2020 - US Non Farm Payrolls

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,541	-3.37%	-21.34%
DAX	9,632	-3.68%	-27.88%
EuroStoxx	2,728	-4.18%	-28.19%
ISEQ	4,916	-5.39%	-33.56%
FTSE	5,510	-5.25%	-28.24%
Nikkei 225	18,999	-2.01%	-19.33%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1142	1.02%	-1.22%
EUR/GBP	0.8944	-1.04%	5.83%
GBP/USD	1.2457	2.09%	-6.61%
USD/CHF	0.9513	-1.23%	-1.20%
USD/JPY	107.90	-1.54%	-0.75%
EUR/JPY	120.23	-0.54%	-1.95%

Fixed Income	Value	Daily Change
US 10yr	0.676	-0.164
US 2yr	0.248	-0.051
Bund 10yr	-0.475	-0.081
Irish 10yr	0.050	-0.050
Gilt 10yr	0.363	-0.001
JGB 10yr	0.005	0.007

Financial News Round Up

The Week Ahead

We expect volatility to remain a constant factor throughout the week ahead. Last week the S&P 500's VIX volatility index traded consistently in the 50s and 60s, levels that before this year we hadn't really seen traded since the financial crisis. The latest COVID-19 figures will of course make headlines each morning, we expect the US to be a hot topic this week as the Trump administration scramble to copy other first-world governments and enforce certain 'lockdown' measures, albeit too late. As of Monday morning, the US has the most confirmed cases of any nation, at 142,000, with 2,500 deaths. US death tolls are now expected to reach over 200,000.

On Thursday and Friday we will see the weekly 'US Unemployment Claims' and the monthly 'US Non-Farm Payrolls' figures, respectively. NFP will likely downplay the adverse effects of the Coronavirus on the US economy somewhat, as its survey period predates the implementation of lockdowns in many states.

Oil Market

Oil futures gapped lower on Sunday night, with WTI Crude Oil trading very briefly below \$20. This is the cheapest the commodity has been since early 2002, before the Iraq War had even begun. The world has seen an unprecedented demand shock due to this outbreak, crippling oil markets and creating an environment whereby it is becoming unprofitable for many oil firms to remain active. As a direct result of aircraft being grounded, commuters working from home, and factories going into temporary shutdown, we expect to see some higher cost oil producers shutting down their production in April.

Even if Saudi Arabia and Russia can put aside their differences, and simultaneously implement production cuts, we don't think there is much they can do for the oil market at a time like this.

Banks Halt Dividends

ECB has come out and asked European banks to halt all dividend payments "until at least October 2020" in order to retain liquidity during this current health crisis. The central bank also requested that banks do not continue any share buyback programmes that were in place for this year. "Unlike in the 2008 financial crisis, banks are not the source of the problem this time. But we need to ensure that they can be a part of the solution" said ECB supervisory board chair Andrea Enria.

AIB, Bank of Ireland, and KBC have this morning announced plans to suspend their dividend payments for the time being, in line with the ECB's wishes.