

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Tuesday, 31st of March

Markets Outlook

Equity indices rallied yesterday with the US leading the pack, S&P 500 gained nearly 3.3% while NASDAQ 100 was up 3.6%. In Europe this morning, we are seeing Germany's DAX up over 2% and EuroStoxx up 1.5%. If we finish the day in positive territory, Europe will have seen 8 green days out of the last 11.

For currencies: We saw the US Dollar start to gain some traction on Monday, ahead of what could be a volatile few days for the currency at the end of this week. GBP remains to be the currency outlier of 2020 so far, currently down -7% vs the dollar.

For safe-havens: Gold has been rangebound for the last week, finding fair value between \$1,600 - \$1,650. Bond yields were mixed yesterday, mostly having grinded slowly lower over the past week. US yields will likely continue lower over the coming months.

Looking ahead: We will see PMIs and jobs data from the US this week. America's weekly 'Unemployment Claims' figure has become a hot topic for traders for obvious reasons. At Seaspray, we will likely remain in wait-and-see mode for the rest of the week, not adjusting any of our positions until we have more clarity from the US.

Key Events to Watch

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

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,625	3.29%	-18.70%
DAX	9,815	1.90%	-23.99%
EuroStoxx	2,772	1.61%	-24.42%
ISEQ	4,943	0.55%	-28.78%
FTSE	5,563	0.97%	-24.71%
Nikkei 225	18,848	-1.24%	-20.04%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1048	-0.80%	-2.09%
EUR/GBP	0.8898	-0.55%	5.36%
GBP/USD	1.2418	-0.27%	-7.02%
USD/CHF	0.9585	0.83%	-0.37%
USD/JPY	107.82	0.39%	-0.14%
EUR/JPY	119.14	-0.43%	-2.23%

Fixed Income	Value	Daily Change
US 10yr	0.726	0.059
US 2yr	0.230	-0.014
Bund 10yr	-0.496	-0.020
Irish 10yr	0.046	0.024
Gilt 10yr	0.329	0.022
JGB 10yr	0.018	0.020

Financial News Round Up

Looking at China

Overnight we saw the release of Manufacturing and Non-Manufacturing PMI figures from China, both beating expectations and in fact coming in above the 50.0 mark, indicating expansionary territory. Amazingly, Manufacturing PMI came in at 52.0 vs expectations of 45.0, while the Non-Manufacturing equivalent was 52.3 vs 42.2 expected. These reassuring results come after the country saw its worst ever readings for these PMIs in February.

This is an impressive recovery in just one month, but we must remember that we could see fluctuations in this figure in the coming months as global demand for China's goods will be effected by the shutting of countries borders etc.

Global equities are seeing a boost this morning on the back of this release from the Asian giant.

China are the first to begin to emerge from this health crisis, as other nations watch closely to see what could be store for them over the coming months. There are now only 2,100 active cases in the region, over 76,000 Chinese people recovered from the virus and 3,300 died which roughly equates to a 4% death rate. Importantly, daily new cases and daily deaths have fallen dramatically throughout March.

JCDecaux Update

In our 'Daily Update' last Monday the 23rd of March (available from our website), we referred to the potential for French multinational advertising corporation JCDecaux to acquire smaller advertising firms that are now running into liquidity problems during this virus outbreak. We stand by our previous forecast that JCDecaux are entering into this crisis in a position of relative strength when compared to their competitors.

The advertising giant this morning announced that it is part of an investors consortium that is launching an offer for Clear Media Ltd to the tune of circa 3.86b Hong Kong Dollars (US\$ 497m). JCDecaux are planning to gain a 23% minority stake in the Hong Kong listed advertising company.

JCDecaux remain on our stock watchlist for the time being.

Johnson & Johnson

J&J shares jumped 8% on Monday after news broke that the pharmaceutical and medical devices giant has identified a lead vaccine candidate from projects that it has worked on since January. J&J are now planning to commence clinical studies of this potential COVID-19 vaccine at latest September, with it possibly becoming available for public use as early as January 2021.

J&J shares are just over 13% off their 2020 highs, vs the S&P 500 in which the company is a component, which is down over 18% off its highs.