

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Wednesday, 1st of April

## Markets Outlook

**Equity indices:** Dax 30 and EuroStoxx 50 have opened lower this morning, undoing the gains of the past 2 days. Both indices are down circa 3% this morning. US indices will lead the pack towards the end of this week.

**For currencies:** FX trading has been quieter at the start of this week, with EUR/USD seeing lower daily volume traded and GBP/USD trading sideways since Monday. We expect to see increased currency volatility by Friday and the start of next week.

**For safe-havens:** Bond yields were quiet again and mixed, with the benchmark US 10 year seeing a steady grind lower over the past week. This yield is likely to break its yearly lows of 0.32% in the coming months. Gold has quietened somewhat in recent days, up 5% YTD. We will likely remain overweight gold for the remainder of 2020.

**Looking ahead:** We have an important 3 days of data ahead of us now, mostly from the US, with PMIs and employment figures. We expect markets to remain relatively quiet ahead of today's Manufacturing PMI release. Bigger market participants will begin to re-position as things become clearer from the US towards the end of this week.

## 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	2,584	-1.60%	-20.00%
DAX	9,942	1.28%	-27.85%
EuroStoxx	2,788	0.83%	-28.54%
ISEQ	5,153	4.25%	-30.64%
FTSE	5,671	1.95%	-28.01%
Nikkei 225	18,077	-4.44%	-23.63%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1031	-0.15%	-2.14%
EUR/GBP	0.8882	-0.17%	5.01%
GBP/USD	1.2420	0.01%	-6.73%
USD/CHF	0.9610	0.26%	-0.41%
USD/JPY	107.54	-0.26%	-0.96%
EUR/JPY	118.63	-0.42%	-3.04%

Fixed Income	Value	Daily Change
US 10yr	0.668	-0.054
US 2yr	0.253	0.027
Bund 10yr	-0.481	0.026
Irish 10yr	0.097	0.055
Gilt 10yr	0.362	-0.018
JGB 10yr	0.009	0.007

## Financial News Round Up

### Q1 2020

It has been one to remember, with stocks around the globe seeing their biggest quarterly declines since the 2008 financial crisis.

**Equities** had a speedy drop, with the S&P 500 taking just 23 trading sessions to reach the current yearly lows of \$2,190 from its all time highs. The S&P's VIX index simultaneously surged to above 85.0, nearly reaching 2008 highs.

**Oil markets** have been crippled by the outbreak of COVID-19, causing a massive worldwide demand shock, with prices falling to their lowest levels since 2002, last quarter. This was not helped by oil giants Saudi Arabia and Russia entering into a price war while this virus was already hitting commodity prices.

**In the currency space**, Q1 brought massive volatility, with some currency pairs seeing their highest monthly volume traded in years. The US Dollar index gained almost 4% in Q1, as we saw the beginning of what could be a huge dash for cash and specifically for the USD in the coming months.

**Government bonds** were really shaken last quarter, yields headed quickly lower, followed by a volatile pullback in March. These markets were rocked by central banks and governments around the globe coming out with massive spending packages last quarter, coupled with massive rate cuts.

Rather than getting caught up in the panic and short-term bearish sentiment, we continue to urge our clients to take a step back and see the bigger picture here. We see a massive opportunity in the coming months from a longer-term investments perspective.

### Looking at the US

All eyes will be on the United States for the rest of this week, as we see a few important data releases beginning today at 14:00 Irish time with Manufacturing PMI. Our in-house expectation for the figure today is 45.0, its lowest reading since 2009.

On Tuesday, President Trump said that the Coronavirus death toll in the US could reach a quarter of a million people quite quickly. Trump has dramatically changed his tone on this outbreak over recent weeks: "I want every American to be prepared for the hard days that lie ahead. We're going to go through a very tough two weeks".

As of Wednesday morning, the States has the most active COVID-19 cases of any nation, over 177,000, with 2% in critical condition. They have seen 15,000 full recoveries and 12,000 deaths so far.

### UK Banks

Banks in the UK have followed in the footsteps of their European counterparts and have agreed to suspend dividend payments in 2020. This move comes after the Bank of England exerted pressure on banks, issuing a statement welcoming all dividend cancellations.

Last night, Barclays, Lloyds, RBS, Santander and Standard Chartered all released similar statements, within a short time of each other. The banks agreed to halt any share buyback plans that were in place, in addition to cancelling dividends.