

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: A risk-off tone returned to stock markets yesterday with all major indices in the red. As we alluded to in recent days, the US led the charge with S&P 500 falling by 4.4% vs Europe only falling by between 3.5 and 4%. We expect to see this continue, with all markets paying close attention to important data releases from the US today and tomorrow.

For currencies: FX was mixed on Wednesday with safe havens USD and JPY gaining slightly against other currencies. Forecasts are very wide ranging for today's Unemployment Claims figure, however if we see a big beat of most expectations we will likely see a strong bid in EUR/USD and GBP/USD as funds flow out of the dollar.

For safe-havens: Yesterday we saw another relatively quiet day in the bond space, after what was an extremely volatile March. Yields were mixed throughout the day. Gold trades steady at \$1,600 this morning.

Looking ahead: We will see the weekly US Unemployment Claims figure this afternoon. Similar to last week, forecasts are ranging wildly, estimates in a Reuters poll range from 1.5m to 5.25m. Last week's figure came in at just over 3.2m.

Key Events to Watch

02/04/2020 - US Unemployment Claims

03/04/2020 - US Non Farm Payrolls

03/04/2020 - US Unemployment Rate

03/04/2020 - US ISM Non-Manufacturing PMI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,470	-4.41%	-23.53%
DAX	9,539	-3.99%	-28.08%
EuroStoxx	2,686	-3.60%	-28.40%
ISEQ	4,990	-3.16%	-31.09%
FTSE	5,454	-3.83%	-27.52%
Nikkei 225	17,777	-1.59%	-24.68%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0964	-0.61%	-2.48%
EUR/GBP	0.8858	-0.27%	4.26%
GBP/USD	1.2378	-0.33%	-6.41%
USD/CHF	0.9656	0.48%	-0.12%
USD/JPY	107.17	-0.35%	-1.21%
EUR/JPY	117.50	-0.95%	-3.66%

Fixed Income	Value	Daily Change
US 10yr	0.602	-0.061
US 2yr	0.243	0.001
Bund 10yr	-0.463	0.049
Irish 10yr	0.160	0.078
Gilt 10yr	0.307	-0.054
JGB 10yr	-0.008	-0.035

Financial News Round Up

Looking at the US

With much of Europe having been in full lockdown for weeks now, and many of its countries anticipating the turning down of 'new infections' curves this month, attention is starting to shift away from Europe and towards the US.

With already over 200,000 active cases, more than any other country, the US currently makes up 29% of all active cases worldwide. There have been over 5,000 US deaths so far and nearly 9,000 full recoveries.

Looking at specific states, New York is by far the worst affected by the pandemic with 75,000 active cases. Deaths in New York and New Jersey have doubled in the last three days. New York Governor Andrew Cuomo said yesterday that we may not see the peak of COVID-19 in the state until the end of this month. If this scenario envisaged by the Governor does indeed play out, we see a strong possibility of US equities bottoming out just as the virus peaks and as the daily rate of infection begins to turn downwards. Markets are constantly living in the future and pricing in future events, looking back at the 2008/09 recession as an example, equity markets put in their lows a full 3 months before the end of the recession.

Oil Update

Donald Trump has stirred up oil markets on with comments in a press conference after market close last night. Trump has claimed to have spoken with Russia and Saudi Arabia this week and now believes that the two oil giants will be able to make a deal that would end the current price war. "I think that they will work it out over the next few days. Both know what they have to do" he said on Wednesday. The President also indicated that he will meet with US oil industry bosses on Friday.

Both WTI Crude and Brent oil prices rallied by over 10% on the back of this announcement, albeit only reaching \$22.55 and \$27.87 respectively. Some oil market analysts have argued the case in recent weeks that even if all oil producing nations could agree on hefty production cuts, the current demand shock is so severe that these potential cuts would have a limited impact on oil prices.

Ryanair

Investment bank Credit Suisse have this morning said that they are maintaining their 'outperform' rating on Ryanair stock, and that the budget airline could come out of this crisis as the "best positioned" European airline. In a note on the airlines subsector, the bank said that compared to its peers, Ryanair is "the most resilient and is likely to gain most from sector consolidation".

While they have reiterated their rating on the Irish airline, Credit Suisse have reduced their target price from €14.16 to a revised €11.90. This new target would represent 34% upside potential from current levels, if reached.