

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities were mostly positive yesterday, with the Nikkei 225 trading broadly flat overnight in Japan. In Europe this morning, DAX and EuroStoxx are both down just over half a percent. We expect equities to remain fairly quiet ahead of the US data at 13:30. Volatility has fallen this week, with the VIX index down from 67 to current levels of around 52.

For currencies: The US Dollar is gaining strength on Friday, having moved higher since Monday. EUR/USD, GBP/USD, and USD/JPY all saw a significant increase in daily volume traded in March, with heightened volatility coming as a result.

For safe-havens: Gold gained almost 3% yesterday, trading quietly this morning ahead of the NFP release. Bond yields all rose slightly yesterday. The positive yielding US treasury bonds have seen slow and steady demand over the last week or so.

Looking ahead: We will be focusing on the US data releases which are set to come at 13:30. US Non-Manufacturing PMI will also come out today, at 15:00. This PMI is broadly expected to be in contractionary territory, we are forecasting a reading of 43.8.

Key Events to Watch

03/04/2020 - US Non Farm Payrolls
03/04/2020 - US Unemployment Rate
03/04/2020 - US ISM Non-Manufacturing PMI
06/04/2020 - OPEC Meetings

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,526	2.28%	-21.79%
DAX	9,569	0.25%	-27.92%
EuroStoxx	2,689	0.34%	-28.40%
ISEQ	4,880	-2.22%	-32.14%
FTSE	5,480	0.47%	-27.93%
Nikkei 225	17,815	-0.02%	-24.67%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0858	-0.97%	-3.64%
EUR/GBP	0.8761	-1.10%	3.59%
GBP/USD	1.2394	0.13%	-6.91%
USD/CHF	0.9738	0.85%	0.90%
USD/JPY	107.92	0.70%	-0.45%
EUR/JPY	117.18	-0.28%	-4.05%

Fixed Income	Value	Daily Change
US 10yr	0.611	0.039
US 2yr	0.228	0.026
Bund 10yr	-0.434	0.029
Irish 10yr	0.219	0.036
Gilt 10yr	0.330	0.024
JGB 10yr	-0.004	-0.031

Financial News Round Up

Non-Farm Payrolls

At 13:30 Irish time today we will see two very important pieces of economic data from the US, Non-Farm Payrolls and the Unemployment rate. NFP is basically the change in the number of people employed in the US over the previous month, excluding the farming industry and non-profit employees. The US Unemployment rate is pretty self-explanatory, it is the percentage of the total workforce (not total population) that is unemployed during the previous month.

Our in-house expectations for the NFP are -100k, negative results are very rare for this figure with 2009 being the last period of sustained negative readings. For the Unemployment rate, we are expecting a rise to 3.8%. Last month's 3.5% was a 50 year low.

Yesterday we saw a new record high in weekly Unemployment Claims from the States, over 6.6 million.

Global Cases Surpass 1m

As of Friday morning, total COVID-19 cases are just shy of 1,020,000. It is important to note however, that this only includes 750,000 active cases with 95% of these cases in mild condition. So far, we have seen 53,000 reported deaths worldwide, and notably 213,000 full recoveries from the virus. The United States has the most active cases currently, now at 245,000 with under 5% of these in critical condition. COVID is now officially in all 50 states.

The Coronavirus has spread to over 190 countries, all eyes are now on the US who are still in the acceleration phase. On a positive note, countries that were hit the worst in March such as Italy and Spain are on the verge of turning the corner and seeing death numbers begin to decrease, which has come as a result of weeks of strict lockdowns in these badly affected regions.

AkzoNobel

Investment bank Berenberg have promoted Dutch multinational paints-maker AkzoNobel to a 'buy' rating this morning. AkzoNobel shares are up 0.5% after the upgrade, outperforming the Dutch 'AEX' equity index by 2% on the day.

"It has the most secure capital position, and its portfolio is best-placed for a medium term recovery in demand and lower raw material costs, while ongoing cost-savings should support margins" Berenberg said in a statement on the stock.

AkzoNobel are now the investment bank's top pick for the paints and coatings subsector over the next 12-18 months, citing the recent fall in share price as an attractive entry point for long term positions.