

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Monday, 6th of April

## Markets Outlook

**Equities** in Europe have gapped up this morning as a risk-on tone returns to markets to start the week off. DAX 30 is up almost 4.5% on Monday morning while EuroStoxx 50 has gained 4%. This positivity comes with hopes that the virus in Europe is peaking and we will now turn the corner towards recovery.

**For currencies:** The dollar is relatively calm this morning, after gaining some ground vs the Euro last week. We have our eyes on that 1.07 EUR/USD level and see it as vulnerable to being breached this week.

**For safe-havens:** Gold traded mostly flat last week, remaining in the \$1,600 - 1,650 range, showing lower volatility than in March. Gold is a must in the modern-day portfolio, during these times of unprecedented easing from governments and central banks. Bonds were very quiet on Friday, with yields slightly higher this morning.

**Looking ahead:** We have a quieter one this week, with nothing of major importance on Monday. OPEC are scheduled to meet on Wednesday or Thursday, with today's meeting being postponed. We will also see minutes from the most recent Federal Reserve and ECB meetings. In terms of data points, UK GDP will come on Thursday and US CPI inflation figures on Friday.

## Key Events to Watch

07/04/2020 - RBA Rate Decision

09/04/2020 - US Unemployment Claims

09/04/2020 - UK GDP

10/04/2020 - Good Friday

## Market Moves

| Equity Indices | Value  | Daily Change | YTD Change |
|----------------|--------|--------------|------------|
| S&P 500        | 2,488  | -1.51%       | -22.97%    |
| DAX            | 9,525  | -0.47%       | -25.55%    |
| EuroStoxx      | 2,662  | -0.95%       | -26.64%    |
| ISEQ           | 4,784  | -1.96%       | -31.20%    |
| FTSE           | 5,415  | -1.18%       | -26.95%    |
| Nikkei 225     | 18,563 | 4.17%        | -21.48%    |

| FX      | Value  | Daily Change | YTD Change |
|---------|--------|--------------|------------|
| EUR/USD | 1.0809 | -0.45%       | -3.59%     |
| EUR/GBP | 0.8815 | 0.62%        | 4.05%      |
| GBP/USD | 1.2262 | -1.07%       | -7.30%     |
| USD/CHF | 0.9779 | 0.42%        | 0.98%      |
| USD/JPY | 108.46 | 0.51%        | 0.45%      |
| EUR/JPY | 117.24 | 0.06%        | -3.15%     |

| Fixed Income | Value  | Daily Change |
|--------------|--------|--------------|
| US 10yr      | 0.599  | -0.012       |
| US 2yr       | 0.227  | -0.004       |
| Bund 10yr    | -0.441 | 0.000        |
| Irish 10yr   | 0.240  | 0.043        |
| Gilt 10yr    | 0.312  | -0.014       |
| JGB 10yr     | 0.009  | 0.013        |

## Financial News Round Up

### Markets eye up COVID-19 peak

Stock markets and bond yields push higher this morning as global markets begin to look for a possible peak in Europe's new daily cases and new daily deaths. Spain and Italy, the country's worst affected in the region, have seen new daily cases and deaths decline for a number of days now with new deaths peaking on April 2nd and March 27th respectively.

It is possible that equity markets have already priced in most of the damage that the global economy will take in Q2, if not having already priced in the absolute worst case scenario. This would lead us to believe that there is room for positive surprises in the coming weeks, especially from Europe. Having said this, the US is at an earlier stage of the infection and could weigh on all equities in April, we would not be surprised to see major equity indices head for those yearly lows this month. Longer term lows will likely be put in when the US reaches peak daily new infections.

### Irish Politics

Fine Gael and Fianna Fáil are set to meet today in the midst of the nation's Coronavirus lockdown, as part of their ongoing attempt to form a government together.

Currently, FF and FG when united are still 8 seats shy of the number needed to form a coalition, the two are rumored to be close to agreeing a joint framework report which we expect will be circulated to each party except for Sinn Féin.

The political landscape in Ireland has changed drastically since our general election 2 months ago, with the handling of the COVID-19 pandemic now at the forefront of all politicians minds. Coronavirus-related issues such as unemployment will now be a huge focus for Ireland's new government this year.

### Inditex

Spanish multinational clothing company Inditex will remain on our stock watchlist this month for when we begin allocating new money to specific equities. At Seaspray, we have a revised target price on this stock of €30.00, this would offer a 30% gain from today's levels if reached. We forecast that Inditex's annual sales will fall by more than 20% as a direct result of COVID-19 lockdowns, which has likely been priced into the share price in March.

Inditex's flexible business model coupled with their stable financial situation points to the firm's potential to absorb smaller European competitors over the coming months as retail outlets run into cash flow issues soon.

Shares are up 5% on Monday morning vs Spain's IBEX 35 which is up just over 3%.