

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities in Europe saw another wave of strong risk-on sentiment yesterday as the continent looks to be turning the Coronavirus corner and subsequently planning to ease restrictions on the public. Stock markets have undone some of these recent gains this morning with DAX and EuroStoxx trading 1.3% and 2% lower. Japanese equities were up over 2% overnight.

For currencies: USD pulled back yesterday as equities in Europe rallied, reflecting the dollar's tendency to act as a safe-haven that is often inversely correlated with risk assets like stocks.

For safe-havens: German bund yields moved higher on Tuesday, displaying positivity in Europe while bonds were mixed in the States, with the benchmark US 10 year yield up marginally.

Looking ahead: We will get the release of the minutes of the most recent Federal Reserve meeting later today, we do not expect this to be largely market moving. Tomorrow we see a few important economic data points, with most of our focus on US Unemployment Claims which will come in the afternoon. We expect markets to calm down somewhat on Friday as we head into Easter weekend.

Key Events to Watch

09/04/2020 - US Unemployment Claims

09/04/2020 - UK GDP

10/04/2020 - US CPI

10/04/2020 - Good Friday

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,659	-0.16%	-17.69%
DAX	10,356	2.79%	-22.07%
EuroStoxx	2,857	2.18%	-24.45%
ISEQ	5,115	1.95%	-29.10%
FTSE	5,704	2.18%	-25.05%
Nikkei 225	19,367	2.20%	-18.19%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0891	0.91%	-3.14%
EUR/GBP	0.8831	0.08%	4.36%
GBP/USD	1.2339	0.89%	-7.13%
USD/CHF	0.9693	-0.97%	0.41%
USD/JPY	108.71	-0.47%	0.17%
EUR/JPY	118.43	0.45%	-3.00%

Fixed Income	Value	Daily Change
US 10yr	0.726	0.031
US 2yr	0.268	-0.006
Bund 10yr	-0.325	0.103
Irish 10yr	0.355	0.053
Gilt 10yr	0.413	0.052
JGB 10yr	0.020	0.008

Financial News Round Up

COVID-19 Update

As we alluded to in recent Daily Update's, the US has become the centre of attention in April with regard to the Coronavirus spread. The States has had by far the most infections in the world (if you believe China's figures) and is approaching Italy and Spain's death count. As of Wednesday morning, there are 1.05 million active cases globally, with over 300,000 full recoveries and 82,000 deaths. Currently 48,000, which equates to 5%, of these active cases worldwide are in critical condition.

The United States has seen a rise in both new daily cases and new deaths for 3 consecutive days now. In contrast, Spain and Italy have seen a steady fall in new cases and deaths for over a week, indicating that Europe could emerge from this pandemic faster than originally thought, and importantly faster than markets had priced in. We acknowledge that equities could remain subdued throughout April as poor figures from the US weigh on global risk sentiment.

Irish Debt

Ireland's National Treasury Management Agency carried out its largest bond sale in the last decade yesterday.

These will be 7 year bonds, yielding circa 0.24%. NTMA has managed to raise an impressive €6 billion as a direct result of this issuance, beating their own expectations of somewhere between €3-4 billion.

"The accommodative stance of the ECB and in particular its newly announced PEPP program has helped keep interest rates low and this has been supportive for European sovereigns issuers" said NTMA CEO Conor O'Kelly on Tuesday.

We calculate that annual interest repayments will cost roughly €49 million, compared to during the financial crisis where the equivalent amount of borrowing would have cost the NTMA in excess of €1 billion per year.

Capgemini

Credit Suisse have reiterated their 'outperform' rating on the stock of French multinational tech corporation Capgemini.

"IT services are cyclical and it is inevitable that global macroeconomic uncertainty will weigh on the outlook. Significantly, we see limited operational risks as the IT services business model has evolved to accommodate offshore working" the Swiss bank said in their report.

Shares are trading at €75.90 today having bounced over 30% from their March 2020 lows. Credit Suisse have raised their target price to €121.00 which represents a potential upside of almost 60% from today's levels.