

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Thursday, 16th of April

Markets Outlook

Equities: A general risk-off tone was evident across markets on Wednesday after the US saw very weak monthly Retail Sales results. Equity indices across the board were lower, not just in the States, however stocks are partially rebounding this morning in Europe. Japan was down over 1.3% overnight.

For currencies: USD was slightly stronger yesterday, benefiting from intra-day safe-haven flows out of equities and into bonds and the Dollar. EUR/USD continues to find fair value between 1.08 - 1.09 on Thursday while GBP/USD lingers around that 1.25 level.

For safe-havens: Most government bonds saw a healthy bid yesterday as global risk-sentiment took a slight knock. Yields were of course lower as prices rose and demand for fixed income securities increased. Gold was slightly higher but traded fairly quietly.

Looking ahead: This afternoon's US Unemployment Claims figure will be closely watched by investors, this weekly figure has come to the forefront in terms of importance and market moving ability in the short to medium term. We are forecasting a 5.2m reading after 2 consecutive weeks of over 6.6m. In the early hours of tomorrow morning we will see Chinese GDP.

Key Events to Watch

16/04/2020 - US Unemployment Claims

17/04/2020 - Chinese GDP

22/04/2020 - UK CPI

23/04/2020 - European PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,783	-2.20%	-13.85%
DAX	10,278	-3.91%	-21.36%
EuroStoxx	2,807	-3.79%	-23.93%
ISEQ	4,970	-4.11%	-29.87%
FTSE	5,597	-3.34%	-25.51%
Nikkei 225	19,280	-1.38%	-18.46%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0909	-0.66%	-3.01%
EUR/GBP	0.8716	0.20%	3.09%
GBP/USD	1.2516	-0.86%	-5.86%
USD/CHF	0.9646	0.46%	-0.05%
USD/JPY	107.49	0.25%	-0.75%
EUR/JPY	117.25	-0.40%	-3.75%

Fixed Income	Value	Daily Change
US 10yr	0.635	-0.111
US 2yr	0.201	-0.018
Bund 10yr	-0.462	-0.085
Irish 10yr	0.182	-0.028
Gilt 10yr	0.292	-0.037
JGB 10yr	0.007	-0.010

Financial News Round Up

Recovery Planning

Countries in Europe are planning ahead and beginning to look at schedules for reopening their respective economies and easing restrictions on the public. This will undoubtedly have to be done in a very slow and controlled manor to avoid any spikes in new cases or new waves of the virus.

Germany, Denmark, Austria, and the Czech Republic have already announced their plans to ease restrictions and begin returning to normality in the coming days and weeks. Italy saw its lowest reading for 'new daily cases' in over a month yesterday, with daily deaths also starting to look somewhat under control and gradually falling.

It is still unclear whether Ireland is currently in the process of peaking in terms of new daily cases. Our lockdown has unquestionably flattened the curve and saved countless lives, it will soon become a matter of very gradually easing back into normal life while remaining vigilant for a possible 'second wave'. Our new daily cases are fluctuating slightly, still growing slowly with over 1,000 reported yesterday.

Ryanair

Ryanair boss Michael O'Leary has said the budget airline are preparing for the inevitable price war that will ensue once Coronavirus restrictions across Europe are lifted and passengers return to the skies. The CEO claims that Ryanair's robust balance sheet means they are better prepared than their competitors to slash prices in order to boost passenger traffic.

O'Leary also added that "2021 has every prospect of being a bumper year in terms of earnings", "Pricing might be lower but oil prices will be lower".

Ryanair have always been one of the industry's leading thinkers and doers, we fully expect the airline to take advantage of any unique opportunities that arise as a result of this crisis. Ryanair remain on our 2020 stock watchlist.

"I don't think there are that many airlines out there at the moment looking to order more aircraft. I would think the pricing would be pretty keen in the next 12 months" said O'Leary.

ASML

Stockbroker Oddo BHF has reiterated its 'buy' rating on the shares of Dutch semiconductor ASML after the release of their Q1 earnings results this week. The broker also confirmed that ASML will remain their top pick for the sector in 2020.

Oddo's target price on the stock has been raised this morning from €285 to €300, which would be nearly a 12% gain from today's levels.