



Wednesday, 22nd of April

Markets Outlook

Equities: Stock markets traded lower on Tuesday as a general risk-off sentiment began to grip most asset classes. We believe major equity indices will have another leg lower over the next few weeks, with a strong possibility of them breaching their March lows subsequently followed by a slow and sustained bid into 2021. The Japanese Nikkei 225 was down slightly overnight.

For currencies: FX has been very quiet this week with the Euro remaining between \$1.08 - \$1.09. GBP/USD was weaker again yesterday, sitting at the 1.23 mark this morning.

For safe-havens: Bond yields were mostly lower Tuesday in line with the broad risk-off sentiment in other markets. Yields are marginally higher in Europe today. Gold futures are up 2% this morning after pulling back in recent days. The metal is currently trading just above \$1,720.

Looking ahead: UK CPI inflation readings were in line with expectations this morning, the rest of Wednesday should be quiet on the economic data front. Tomorrow we will have both Services and Manufacturing PMIs from Europe, the UK, and the US. On Thursday and Friday we will see earnings releases from Intel, Credit Suisse, Unilever, Verizon, Sanofi, to name a few.

Key Events to Watch

23/04/2020 - European PMIs

23/04/2020 - US PMIs

23/04/2020 - US Unemployment Claims

24/04/2020 - UK Retail Sales

Market Moves

| Equity Indices | Value | Daily Change | YTD Change |
|----------------|--------|--------------|------------|
| S&P 500 | 2,736 | -3.07% | -15.30% |
| DAX | 10,252 | -3.97% | -21.84% |
| EuroStoxx | 2,790 | -4.10% | -24.79% |
| ISEQ | 5,120 | -2.19% | -27.36% |
| FTSE | 5,641 | -2.96% | -24.45% |
| Nikkei 225 | 19,127 | -0.80% | -19.10% |

| FX | Value | Daily Change | YTD Change |
|---------|--------|--------------|------------|
| EUR/USD | 1.0858 | -0.05% | -3.13% |
| EUR/GBP | 0.8831 | 1.11% | 4.31% |
| GBP/USD | 1.2294 | -1.15% | -7.08% |
| USD/CHF | 0.9697 | 0.19% | 0.13% |
| USD/JPY | 107.78 | 0.14% | -0.92% |
| EUR/JPY | 117.02 | 0.09% | -4.02% |

| Fixed Income | Value | Daily Change |
|--------------|--------|--------------|
| US 10yr | 0.566 | -0.050 |
| US 2yr | 0.201 | -0.005 |
| Bund 10yr | -0.475 | -0.006 |
| Irish 10yr | 0.251 | 0.031 |
| Gilt 10yr | 0.292 | -0.035 |
| JGB 10yr | 0.007 | -0.008 |

Financial News Round Up

UK Inflation

Before market open this morning we got CPI inflation readings from the UK, with CPI y/y and Core CPI y/y both in line with our expectations, at 1.5% and 1.6% respectively. These figures are both down from their 1.7% March result, reflecting plummeting fuel prices and a fall in clothing and footwear prices according to the Office for National Statistics.

"Prices usually rise between February and March, and this year's fall is the first since 2015 and only the second since the start of the constructed (inflation) series in 1988" the ONS said.

At Seaspray we expect next month's inflation readings to be lower again, the data for today's figure was actually collected on March 17th which was before the UK entered their lockdown period and spending has subsequently slowed.

Similar to other central banks, the BOE has a general target for inflation of 2% and will likely continue to ease at the current pace until the region starts to see some sort of pick up in inflation.

CRH

Building materials group CRH has seen a surge in share price this morning up almost 7% compared to the ISEQ index which is up just 2%, after the release of its 2020 Q1 earnings. The group has suspended its share buyback program in attempts to retain a high cash flow during these uncertain times, but has amazingly still proposed to pay its €0.63 per share dividend which is due to be approved at its AGM on Thursday. CRH have made consistent dividend payments for nearly 50 years now.

The group boasts an excess of \$6 billion cash at hand, reaffirming their ability to ride out this storm and emerge on the other side in a position of relative strength. Sales last quarter rose 3% y/y, including an 8% growth in its Americas materials department.

CRH remains on our stock watchlist at Seaspray Financial, we may be presented with an opportunity to add to our position in coming weeks if we get a broad equity move lower.

Glanbia

Irish global nutrition group Glanbia's stock is up over 2% in Dublin this morning after their Q1 earnings release. Q1 revenues rose by 17% y/y when adjusted for FX moves. The group reported a strong balance sheet and a decrease in net debt by €119m since time last year, now down to €690m.

Our in-house forecasts on the company have been altered since this release, with our EPS projection down to €0.78 from the previous €0.85. Please contact info@seasprayfs.ie for further projections on Glanbia.

"As an organisation Glanbia is highly focused both on navigating the current challenges and emerging strongly to capture growth opportunities that will become available" the firm stated today.