



Friday, 24th of April

Markets Outlook

Equities: Markets pushed on in Europe yesterday while the main indices in the US finished broadly flat following news that Gilead's COVID treatment flopped during its first trials this week. Equities are down circa 1% on Friday, we expect relatively quiet trade today ahead of what is a big week next week. Japan was down nearly 1% overnight.

For currencies: The slow dollar grind higher continues this morning and has been the case all week. We expect to see currency volatility increase next week with the three major central banks all releasing monetary policy statements.

For safe-havens: Gold is in the green again as bond yields have remained fairly muted yesterday and this morning. We expect they will stay this way today.

Looking ahead: This morning we saw a miss of expectations in the UK's Retail Sales figure, coming in at -5.1% vs our -4.6% forecast. This afternoon we get Durable Goods readings from the US. Next week will be busy on the economic data front, with rate decisions coming from the Fed, ECB, and BOJ. Next week we will also see some big earnings releases from the likes of HSBC, RBS, Microsoft, Apple, Amazon, Google, Facebook, Pfizer, Visa just to name a few.

Key Events to Watch

24/04/2020 - US Durable Goods

28/04/2020 - BOJ Rate Decision

29/04/2020 - US GDP

29/04/2020 - FOMC Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,797	-0.05%	-13.40%
DAX	10,506	0.87%	-22.06%
EuroStoxx	2,852	0.64%	-25.10%
ISEQ	5,262	0.58%	-27.15%
FTSE	5,826	0.97%	-23.89%
Nikkei 225	19,267	-0.83%	-18.58%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0778	-0.42%	-4.14%
EUR/GBP	0.8723	-0.60%	3.31%
GBP/USD	1.2344	0.08%	-7.16%
USD/CHF	0.9760	0.46%	1.07%
USD/JPY	107.60	-0.14%	-0.85%
EUR/JPY	115.96	-0.55%	-4.95%

Fixed Income	Value	Daily Change
US 10yr	0.603	-0.008
US 2yr	0.221	0.010
Bund 10yr	-0.437	-0.018
Irish 10yr	0.287	-0.034
Gilt 10yr	0.289	-0.035
JGB 10yr	-0.020	0.006

Financial News Round Up

Nestlé

Swiss multinational food and drink conglomerate Nestlé has this morning reported its highest quarterly sales growth in almost 5 years as shoppers stockpiled an array of food items towards the end of last quarter. This figure was boosted by stronger than usual sales in Europe and the US during March, leading to an overall 4.3% increase in quarterly sales. Underlying group sales in Asia fell by 4.6% as Chinese consumers were naturally very wary of shops and restaurants.

The group has maintained its FY 2020 growth expectations, which is increasingly rare to see these days given the massive amount of uncertainty the global economy has faced and will face in the coming months.

Shares are up over 3% following the release, and are now just 2% off their February highs in what has been a sharp V for this particular stock. We believe Nestlé are well positioned to ride out the current storm, partly due to their defensive nature but also their wide range of products and extensive geographic presence. Contact info@seasprayfs.ie for further info on our stock watchlist.

Sanofi

French multinational pharmaceutical company Sanofi is trading at -0.4% in Paris this morning vs the French CAC40 index's -0.8% after the release of the firms Q1 2020 earnings. Sanofi has reported a Q1 earnings per share of €1.63 which is a 15.6% increase, stating that they believe roughly half of this growth has come as a direct result of the Coronavirus outbreak. Net income last quarter was up by 16.1% to €2.04b while net sales increased by 6.6% to a notable €8.97b.

The drugmaker is currently working on two COVID-related vaccine projects, one in partnership with GSK. They are also in the process of developing an app which will permit users to test themselves for the virus.

Lufthansa

Lufthansa stock has taken another hit on Friday, down over 7% after warnings last night from the airline group that they will run out of cash reserves within weeks if there is no government aid to help their suffering industry. The German airline, which has grounded nearly all aircraft, reported losses in Q1 of roughly €1.2 billion and expects even higher losses in Q2. Lufthansa group have now applied for government aid in Germany, Austria, Belgium, and Switzerland.

"At present, it is not possible to foresee when the group airlines will be able to resume flight operations beyond the current repatriation flight schedule" the firm said in a statement on Thursday, "The group does not expect to be able to cover the resulting capital requirements with further borrowings on the market".

This is one to keep an eye on in the weeks to come.