

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: European indices are up over 2% this morning after a mixed Friday last week. S&P 500 futures are up just over 1% ahead of their open at 14:30. Japan gained 2.5% overnight after the BOJ rate decision.

For currencies: We expect to see some increased volatility in the main pairs this week as we get monetary policy releases from both the Fed and ECB on Wednesday and Thursday. FX has had a much quieter April than March.

For safe-havens: Yields are quiet again this morning continuing on from Friday's muted tone. We expect to see volatility pick up somewhat towards the end of this week, especially after the two main central bank meetings.

Looking ahead: A very busy week ahead for both corporate earnings releases and macroeconomic data points. On the macro front, we will see US GDP followed by the Fed rate decision on Wednesday, Chinese PMIs in the early hours of Thursday morning before a range of European GDP readings and the ECB rate decision, finally on Friday we get US Manufacturing PMI.

In terms of corporate releases this week we are due to see HSBC, RBS, Microsoft, Apple, Amazon, Google, Facebook, Visa, Mastercard, Novartis, Merck, Pfizer and many others.

Key Events to Watch

29/04/2020 - US GDP

29/04/2020 - FOMC Rate Decision

30/04/2020 - Chinese PMIs

30/04/2020 - ECB Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,836	1.39%	-12.20%
DAX	10,336	-1.69%	-20.14%
EuroStoxx	2,809	-1.52%	-23.36%
ISEQ	5,294	0.61%	-24.99%
FTSE	5,752	-1.28%	-22.52%
Nikkei 225	19,743	2.50%	-16.37%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0821	0.40%	-3.30%
EUR/GBP	0.8749	0.30%	3.20%
GBP/USD	1.2369	0.20%	-6.24%
USD/CHF	0.9732	-0.29%	0.49%
USD/JPY	107.51	-0.07%	-1.29%
EUR/JPY	116.36	0.34%	-4.55%

Fixed Income	Value	Daily Change
US 10yr	0.605	0.000
US 2yr	0.222	-0.009
Bund 10yr	-0.474	-0.009
Irish 10yr	0.219	-0.045
Gilt 10yr	0.292	0.023
JGB 10yr	-0.019	0.005

Financial News Round Up

Bank of Japan

In the early hours of this morning, the BOJ decided to leave their interest rate unchanged as expected at -0.10%. The central bank did however move to expand its bond buying program, pledging to buy unlimited amounts in an attempt to ensure that borrowing rates remain low. This move to purchase even more government bonds and short term securities brings the BOJ in line with many other central banks around the globe, and reflects the Japanese Government's ongoing plans to spend its way out of this crisis with a massive stimulus package. This Government package has now been increased to a record 1.1 trillion Yen, which in part will be paid for by this BOJ easing.

"The spread of the coronavirus at home and abroad is inflicting a severe impact on Japan's economy" BOJ Governor Kuroda said today, "The achievement of the Bank of Japan's 2% inflation target will take time. The outlook for prices is highly uncertain".

Adidas

The world's second largest sporting goods maker Adidas has this morning released its results for Q1 2020, reporting a considerable 93% drop in quarterly profit and 19% fall in sales. These results were a sharp miss of our in-house forecasts for the stock, the German sports firm announced just a €65m reading for operating profit, compared to most analysts forecasts for roughly €260m.

Revenues were down to €4.75b, from €5.88b this time last year. 70% of Adidas' stores around the globe are now closed, however a 35% rise in e-commerce last quarter has partially offset the damage caused by the temporary closures of physical stores.

The stock, which gained almost 60% in 2019, is down just over 28% YTD, currently trading at €207.60. The company has been unable to provide investors with a yearly outlook, citing uncertainty over the timeframe in which stores in different nations will be able to reopen. Adidas importantly had cash reserves of €1.975 billion at the end of the quarter, while also receiving approval for a €2.4b government-backed loan in mid-April.

Deutsche Bank

Last night the Frankfurt-headquartered Deutsche Bank sought to address uncertainties regarding market expectations for its Q1 earnings release which is due to come on Wednesday morning. The bank did this by upholding its financial targets for the year and reporting a better than expected Q1 gross profit figure of €206m. This equates to a net income of €66m which was above the consensus expectations for the firm, causing the sudden rally in their stock price this morning.

Shares are currently up over 10%, at €6.04 on Monday.