

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Tuesday, 28th of April

Markets Outlook

Equities: Stocks rallied once again yesterday as news continues to emerge regarding a number of European nations planning to ease restrictions over the coming weeks. DAX and EuroStoxx are both in the green on Tuesday, approaching their highest levels since early March. Japan's Nikkei 225 was down very slightly overnight.

For currencies: The US Dollar is on the back foot this morning, EUR/USD and GBP/USD both up 0.5%. FX will likely see lower volatility this afternoon and tomorrow morning ahead of the Federal Reserve rate decision tomorrow evening.

For safe-havens: Yields were mixed yesterday and remain fairly muted on Tuesday morning. Gold continues to trade between \$1,700 - \$1,750.

Looking ahead: This afternoon we will see the US' monthly Consumer Confidence figure, which is not expected to have a huge effect on markets today. Wednesday and Thursday will be big days this week, with the world's two most influential central banks releasing monetary policy statements: Fed and ECB. Later today we get earnings results from Pepsi, Google, Pfizer, and Caterpillar.

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	2,878	1.47%	-10.90%
DAX	10,652	3.06%	-19.06%
EuroStoxx	2,880	2.55%	-22.57%
ISEQ	5,393	1.86%	-24.30%
FTSE	5,846	1.64%	-22.22%
Nikkei 225	19,743	-0.20%	-16.42%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0830	0.08%	-3.31%
EUR/GBP	0.8713	-0.42%	2.93%
GBP/USD	1.2429	0.51%	-6.03%
USD/CHF	0.9754	0.18%	1.03%
USD/JPY	107.24	-0.26%	-1.44%
EUR/JPY	116.14	-0.18%	-4.70%

Fixed Income	Value	Daily Change
US 10yr	0.664	0.059
US 2yr	0.224	-0.001
Bund 10yr	-0.446	-0.028
Irish 10yr	0.217	0.026
Gilt 10yr	0.301	0.014
JGB 10yr	-0.045	-0.003

Financial News Round Up

Oil Update

WTI Crude Oil's June contract, which is now the 'front month' and currently has the most amount of volume traded out of all the contracts, has continued to see downward pressure over the past week following the May contract's spike down to -\$40 just before its expiration. Fears are of course lingering that demand for the commodity will be very slow to pick up and air travel may not see pre-virus passenger traffic levels until 2021.

Another reason for the sustained offer of Crude prices is that large oil ETF's such as the United States Oil Fund (USO) have been openly getting out of their front month contracts earlier than usual and subsequently rolling forward to later contracts, in an attempt to avoid a possible repeat of those minus figures when we approach June's expiration date. This is causing more and more selling pressure in the June contract which currently denotes the price of crude. WTI is trading just below \$12 this morning.

HSBC

HSBC stock is down -0.65% in London this morning following the release of the bank's 2020 Q1 earnings results today.

Gross profits missed even the massively reduced expectations of \$3.7b, coming in at \$3.2b last quarter vs \$6.2b this time last year. HSBC is Europe's largest bank by assets, and has pledged to increase its expected credit impairment charges by \$2.4b to \$3b, stating that total provisions for 2020 could reach as high as \$11b. This money has essentially been set aside to cover bad loans.

Last month, pressure from the BOE forced HSBC to revoke its dividend payout for the first time in 74 years.

Novartis

Swiss multinational pharmaceutical giant Novartis have this morning reported a sharp rise in Q1 profits and have confirmed their previous guidance for the full year. Before allowing for currency changes, Q1 core net income rose by 24% to an impressive \$2.2b, while sales beat consensus forecasts coming in at \$12.3b and up 13% year on year. Shares are up nearly 1% in Zurich on Tuesday.

BP

London-based oil and gas corporation BP's shares are rallying today, up over 1% following their earnings results which included better than expected Q1 profits, albeit still falling by two thirds. Underlying replacement cost profit (BP's definition of income) came in at \$800m, compared to expectations for circa \$700m and Q1 2019 income of \$2.4b.

BP's net debt at the end of Q1 was unsurprisingly higher, up by \$6b quarter-on-quarter to \$51.4b which is a five-year high.