

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Wednesday, 29th of April

Markets Outlook

Equities were mixed on Tuesday as Europe edged higher once again. We expect very low volatility this morning ahead of the US GDP figure and the Fed's rate decision this evening. Japan's Nikkei 225 did not trade overnight due to a bank holiday in the region.

For currencies: FX had another relatively muted day yesterday, and will continue this way until we see further clarity from central banks over the next two days. EUR/USD remains between 1.08 - 1.09, GBP/USD sitting at 1.24.

For safe-havens: Yields were all slightly lower on Tuesday with much of the same this morning. Volatility is expected to pick up tonight. Gold was largely unchanged yesterday as the safe haven awaits the important data to come.

Looking ahead: At 13:30 Irish time today we will see the release of the US' quarterly GDP, we expect -4.0% which would be the lowest result since Q1 2009. This figure will be followed by the Federal Reserve's rate decision and monetary policy statement tonight at 19:00, Powell will speak at 19:30.

At 2am tonight China will release its monthly Manufacturing PMI which will likely have an influence on Asian markets. Some bigger European nations will release GDP data on Thursday followed by the ECB rate decision at 12:45pm.

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	2,863	-0.52%	-11.37%
DAX	10,796	1.28%	-18.41%
EuroStoxx	2,930	1.68%	-21.89%
ISEQ	5,481	1.63%	-22.81%
FTSE	5,958	1.91%	-20.23%
Nikkei 225	19,771	-0.06%	-16.42%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0820	-0.09%	-3.03%
EUR/GBP	0.8709	-0.05%	3.42%
GBP/USD	1.2425	-0.04%	-6.18%
USD/CHF	0.9752	-0.03%	0.38%
USD/JPY	106.88	-0.34%	-1.98%
EUR/JPY	115.64	-0.43%	-4.96%

Fixed Income	Value	Daily Change
US 10yr	0.616	-0.049
US 2yr	0.215	-0.012
Bund 10yr	-0.468	-0.015
Irish 10yr	0.201	-0.003
Gilt 10yr	0.288	-0.011
JGB 10yr	-0.045	-0.003

Financial News Round Up

US GDP Today

At 13:30 today we are due to get an important piece of economic data which should give us more clarity as to the initial damage that the American economy has taken so far this year. The quarterly figure, which came in at 2.1% for Q4 2019, is widely expected among institutional investors across the globe, to be a negative reading later today indicating that the US economy is now in contraction. Our in-house forecast is for a -4.0% result, this was only exceeded once during the financial crisis when Q1 2009's reading came in at -6.1%.

Over the past 5 weeks we have seen a historic 26 million Americans file for new unemployment insurance claims, we also saw the region's retail sales figure put in record lows of -8.7% last month.

We would not be surprised for equity markets to begin pricing in a deeper fall in Q2's GDP figure over the coming weeks and start to test those March lows. Email info@seasprayfs.ie for more detail on our monthly macroeconomic outlook.

Airbus

Airbus shares are up over 2.5% this morning after the release of the group's quarterly earnings, having already fallen over 60% from their January all-time highs. The firm beat most analysts' expectations, and notably 'net orders' for commercial aircraft weren't hit as badly as previously suspected, only falling by 58 year-on-year to 290 in Q1. The aircraft manufacturer's adjusted EBIT was nearly halved to \$281m, while revenues fell 15% to €10.6b.

International financial services group Oddo BHF have subsequently confirmed their buy rating on the stock, with a target price of €74 which would represent a 36% increase from today's prices. Oddo have deemed the group's liquidity (€39b) to be sufficient in order to survive the current situation.

AstraZeneca

British-Swedish multinational pharmaceutical company AstraZeneca has seen shares touch their all-time high in London this morning, currently up 1% today and 8.8% YTD. The company, along with others in the pharmaceutical space, has benefited hugely from the global medicine stockpiling that has occurred as a direct result of the COVID pandemic.

Q1 revenues were up by 17% to \$6.3b, pushing core EPS up to \$1.05. Net profit rose to \$780m, up from \$593 just one year ago.

"Our new medicines performed extremely well, and our pipeline continued to deliver. The progress made on all fronts provides confidence that we will, once again, meet our full-year commitments" said CEO Pascal Soriot earlier today.