

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Wednesday, 6th of May

## Markets Outlook

**Equities:** Stocks mostly rose yesterday as positive news flow continues to increase regarding the reopening of economies in Europe and North America this month. DAX and EuroStoxx are broadly flat this morning and will probably remain relatively quiet today. Japanese markets remained closed overnight for national bank holidays.

**For currencies:** The dollar is gaining again this morning, EUR/USD and GBP/USD are now below 1.08 and 1.24 respectively. FX as a whole had a fairly indecisive April, most pairs staying range bound. We would expect yearly highs in the dollar index if equities make another leg lower this month.

**For safe-havens:** Another mixed yet quiet day for government bonds, the month long range in US treasuries continues into the beginning of May.

**Looking ahead:** Wednesday trade should be fairly muted, with no economic data releases of any major importance. Tomorrow the BOE will meet and release their rate decision and monetary policy statement, followed by the weekly US Unemployment Claims figure in the afternoon which is expected to be lower for the 6th consecutive week. Markets will likely be moved on an intraday basis by Friday's Non-Farm Payrolls result for April.

## Key Events to Watch

07/05/2020 - BOE Rate Decision  
07/05/2020 - US Unemployment Claims  
08/05/2020 - US Non-Farm Payrolls  
12/05/2020 - US CPI

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,868	0.90%	-11.22%
DAX	10,730	2.52%	-19.25%
EuroStoxx	2,875	2.09%	-23.42%
ISEQ	5,379	-0.13%	-25.20%
FTSE	5,849	1.66%	-22.29%
Nikkei 225	(Closed)	(Closed)	-17.07%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0840	-0.62%	-3.53%
EUR/GBP	0.8715	-0.59%	3.07%
GBP/USD	1.2436	-0.06%	-6.34%
USD/CHF	0.9727	0.79%	0.63%
USD/JPY	106.60	-0.14%	-2.13%
EUR/JPY	115.52	-0.79%	-5.59%

Fixed Income	Value	Daily Change
US 10yr	0.662	0.024
US 2yr	0.190	0.004
Bund 10yr	-0.575	-0.012
Irish 10yr	0.113	0.001
Gilt 10yr	0.203	-0.025
JGB 10yr	(Closed)	(Closed)

## Financial News Round Up

### Our View on Equities

Equity indices around the world have seen a sharp rally since their low point in late March, with April producing some of the strongest monthly gains in decades for some of these equity groups. Many analysts have made the case that we are in the midst of a bear market rally, which is not an uncommon occurrence during crises and downturns alike. At Seaspray, we believe there will likely be one more move lower in equity markets, whether this will breach the March lows remains to be seen.

It is important to emphasize that our focus has now shifted to H2 2020, we expect to see a gradual global economic recovery during this period, after a weak first half to the year. The recovery will of course be slower than the descent, but following the extraordinary monetary and fiscal responses that we have seen recently, we feel the global economy will be lifted back into expansion before the end of this year.

Historically, equity markets put in their lows 3-6 months before recessions end.

### Mortgages in Ireland

The Banking and Payments Federation of Ireland have released figures showing that a total of 8,728 new mortgages worth €1.9 billion were drawn down by borrowers during Q1 of this year. These figures represent a 1.8% rise in volume year-on-year and a 28.8% drop month-on-month. The BPFi alluded to the fact that the first quarter is usually the weakest of the year with the fourth normally showing the highest volumes. Mortgage approvals for March alone were up by 6.2% month-on-month but down 9.9% year-on-year.

We would like to remind clients that opportunities to switch mortgages are becoming more and more attractive as rates continue to fall in Ireland. An area often overlooked in our country, we know from experience that there is value to be had in switching providers for a cheaper rate, and what better time is there to decrease your monthly expenditure than now.

### UniCredit

Italian multinational banking and financial services company UniCredit is broadly flat this morning in Milan, trading at €6.70. This is following the group's Q1 earnings release this morning, which show the bank to have had a net loss of €2.7b during the quarter.

Revenues came in at €4.38b, 8% lower than that of Q1 2019, while the bank booked €1.26b in net loan writedowns.

In the height of the Italian lockdown last month, the bank announced that it plans to book €900m in additional loan loss provisions in Q1 to take into account the fall in Italian and European growth during the same period.