

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Wednesday, 13th of May

Markets Outlook

Equities: The US was lower by roughly 2% on Tuesday after comments from leading virus expert Dr. Fauci regarding the risks of an early reopening of the economy and potential second wave. DAX and EuroStoxx are down circa 1.5% this morning after a mixed day yesterday. The Nikkei 225 was down almost half a percent overnight.

For currencies: The US Dollar continues its 6-week long range, keeping the Euro between \$1.08 - \$1.10. The pair will likely need some sort of catalyst in order to breakout, a global equity selloff could be what breaks this range.

For safe-havens: Yields are lower again today, carrying the risk-off sentiment into Wednesday as German bunds grind lower into negative territory, currently 10yr is trading below -0.54%. Gold is flat on the week so far, showing much lower volatility and finding fair value just above \$1,700.

Looking ahead: This afternoon we will see the Fed Chair Jerome Powell speaking, followed by US Unemployment Claims tomorrow. Equities could become slightly more volatile heading into the weekend as we see the release of German GDP and US Retail Sales on Friday. Next week will be quieter in terms of economic data points.

Key Events to Watch

14/05/2020 - US Unemployment Claims

15/05/2020 - German GDP

15/05/2020 - US Retail Sales

18/05/2020 - Japanese GDP

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,870	-2.05%	-11.16%
DAX	10,816	-0.08%	-19.87%
EuroStoxx	2,884	0.03%	-24.37%
ISEQ	5,391	-0.38%	-26.01%
FTSE	5,994	0.93%	-21.44%
Nikkei 225	20,276	-0.44%	-14.33%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0848	0.37%	-3.33%
EUR/GBP	0.8848	0.99%	4.50%
GBP/USD	1.2261	-0.61%	-7.44%
USD/CHF	0.9695	-0.37%	0.25%
USD/JPY	107.14	-0.49%	-1.46%
EUR/JPY	116.23	-0.12%	-4.75%

Fixed Income	Value	Daily Change
US 10yr	0.667	-0.044
US 2yr	0.167	-0.008
Bund 10yr	-0.516	-0.010
Irish 10yr	0.144	-0.035
Gilt 10yr	0.249	-0.039
JGB 10yr	-0.001	0.009

Financial News Round Up

UK GDP

The United Kingdom has slowly begun its process of reopening its economy today, allowing those who cannot work from home to physically return to their place of employment. This comes as the nation saw the release of their monthly GDP reading, at -5.8% m/m and -2.0% q/q. These figures were in fact a beat of most analysts' expectations, beating our Seaspray forecasts of -8.0% for the monthly reading and -2.5% for the quarter-on-quarter.

Despite coming in more positive than previously feared, these are the worst results for the economic indicator since late 2008, it is also important to remember that GDP is a lagging indicator, with this reading reflecting March activity in the UK. Next month the results for April are expected to be even worse after what was a full month of lockdown, albeit these poor results are already priced into equity markets.

The Pound Sterling is marginally stronger after this morning's figures, while UK Gilts have seen a bid in line with other European bonds.

Sony

Japanese electronics conglomerate Sony have announced their quarterly earnings in the early hours of this morning, showing a 57% fall in quarterly operating profit while also avoiding any guidance or outlook for the remainder of 2020 due to the virus-related uncertainty. Operating profit came in at the Yen equivalent of \$331m, versus \$772m in the same quarter last year. Yearly operating profit was down 5.5%, following two consecutive years of record highs for the figure.

Within the company, specific divisions have seen a positive impact as a result of worldwide lockdowns, including Sony's gaming and entertainment business.

Shares in the corporation were flat in Japan overnight, beating the benchmark Nikkei by nearly half a percent.

Brewin Dolphin

British investment management firm Brewin Dolphin has today reported a drop of 5.1% in first-half earnings, while assets under management fell by £3.6b to £41.4b, as a direct result of the Coronavirus-led selloff in equity markets. Despite increased volatility and fear in markets over recent months, demand for wealth management services has grown in the UK, Brewin Dolphin highlighting their total discretionary net flows of £500m in the first half of the firm's fiscal year, up 2.5% from the same period one year prior.