

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: Markets are higher in Europe this morning, following in the footsteps of US equities which finished in the green at the closing bell last night. DAX 30 and EuroStoxx 50 are up 1.90% and 1.20% respectively on Friday morning. Japanese and Australian stocks were positive overnight.

For currencies: Major pairs are mostly flat this morning, with the US Dollar having gained some slight momentum over the past week. Euro is still hovering around the \$1.08 round figure while 1 Euro will get you £0.885 on Friday.

For safe-havens: Gold futures are higher again today, having already put in 3 consecutive green days this week. The precious metal is now trading just below \$1,750 and is up 13.5% in 2020 so far. We will likely remain overweight gold for the remainder of Q2. Yields are marginally lower this morning. Government bonds in Europe have seen a steady bid for over a month now.

Looking ahead: This afternoon we are due to get Retail Sales figures from the US, that will come at 13:30 Irish time. Data will be light on Friday apart from Retail Sales. Next week will be relatively quiet, with Manufacturing and Services PMIs coming from the US, UK, and Europe towards the end of the week. Next week focus will likely be on the slow reopening of Europe and the US.

Key Events to Watch

15/05/2020 - US Retail Sales

18/05/2020 - Japanese GDP

21/05/2020 - UK PMIs

21/05/2020 - US PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,852	1.15%	-11.71%
DAX	10,332	-1.99%	-20.82%
EuroStoxx	2,758	-1.85%	-25.49%
ISEQ	5,277	-0.89%	-26.14%
FTSE	5,741	-2.75%	-22.89%
Nikkei 225	20,019	0.53%	-15.30%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0805	-0.12%	-3.54%
EUR/GBP	0.8837	-0.09%	4.79%
GBP/USD	1.2228	-0.02%	-7.91%
USD/CHF	0.9732	0.11%	0.52%
USD/JPY	107.25	0.21%	-1.46%
EUR/JPY	115.89	0.10%	-4.96%

Fixed Income	Value	Daily Change
US 10yr	0.617	-0.027
US 2yr	0.149	-0.010
Bund 10yr	-0.533	-0.004
Irish 10yr	0.099	0.018
Gilt 10yr	0.214	-0.005
JGB 10yr	-0.007	-0.005

Financial News Round Up

German GDP

At 9am this morning Germany's quarterly GDP release was in line with consensus expectations, coming in at -2.2% q/q. Europe's core economic engine seems to be emerging from the current pandemic in a relatively strong position, when compared to France and Italy's -5.8% and -4.7% quarterly GDP readings.

Germany has now officially fallen into recessionary territory, as expected, forecasts are for Q2 growth to be worse impacted by the closure of many shops and factories across the nation throughout April and the beginning of May. This result today follows Germany's record plunge in industrial production for March, which was down 11.6% year-on-year.

Chinese Data

Overnight we saw the release of some key monthly data from China, who are the first nation to emerge from the Coronavirus pandemic and slowly reopen different parts of their economy.

Industrial Production was a beat this time around, coming in at 3.9% and exceeding expectations of just 1.5%. This April data follows what was a 1.1% fall in March and a huge 13.5% plunge for February.

Unemployment now sits at 6.0% in the world's most populous nation, vs 5.8% forecasts. April's Retail Sales also came in more negative than expected, at -7.5% vs our -6.0% expectation, reflecting the reluctant nature of the Chinese consumer to return to normality just yet. Having said this, last month's result was an improvement on February and March readings of -20.5% and -15.8% respectively.

William Hill

Shares in London-based bookmaker William Hill are rallying on Friday, currently up almost 6% on the day to £113.10 following the release of a trading update this morning. With the closure of stores around the UK from the end of March, revenues have reportedly fallen 57% during this lockdown period. The sports betting firm pulled all guidance and earnings forecasts in its update, as they now anticipate an additional 4 weeks of shop closures which will likely impact core earnings by approximately £15 million.

William Hill suspended its dividend payout for 2020 earlier this year in efforts to conserve cash during these uncertain times.

On a more positive note, online volumes were higher than expected, and some of the company's creditors have now waived credit facility covenants for the year.