

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Tuesday, 19th of May

Markets Outlook

Equities: Indices were higher across the board on Monday following a weekend of lower new cases in Europe, which comes as many European nations begin to ease restrictions with no sign of a second wave so far. The Nikkei 225 was up 1.64% overnight, with equity indices across Asia all higher.

For currencies: The US Dollar is indicating we will have yet another week of rangebound trade, with EUR/USD this morning heading for the upper end of its tight 6 week long range, currently trading 1.0950.

For safe-havens: Government bond yields were higher along with equities yesterday, as we saw flows out of safe-haven assets during what was a robust intra-day risk-on tone. Yields are mixed and quieter this morning ahead of Powell this afternoon.

Looking ahead: Markets will likely focus on speeches from both Fed Chair Jerome Powell and US Treasury Secretary Steve Mnuchin, which will come at 15:00 Irish time today. Both men will release statements on the economic responses to the current pandemic, which will be followed by a Q&A session. Earnings season is coming to a close, with Walmart and Home Depot reporting from the States later today.

Key Events to Watch

19/05/2020 - Fed Chair Powell Testifies

21/05/2020 - UK PMIs

21/05/2020 - US PMIs

22/05/2020 - European PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,953	3.15%	-8.57%
DAX	11,051	5.60%	-16.75%
EuroStoxx	2,910	5.05%	-22.47%
ISEQ	5,595	5.98%	-22.10%
FTSE	6,048	4.29%	-19.96%
Nikkei 225	20,464	1.64%	-13.62%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0913	0.87%	-2.51%
EUR/GBP	0.8949	-0.03%	5.78%
GBP/USD	1.2193	0.89%	-7.77%
USD/CHF	0.9712	-0.09%	0.42%
USD/JPY	107.35	0.12%	-1.16%
EUR/JPY	117.12	0.97%	-3.65%

Fixed Income	Value	Daily Change
US 10yr	0.726	0.085
US 2yr	0.181	0.038
Bund 10yr	-0.471	0.062
Irish 10yr	0.150	0.028
Gilt 10yr	0.254	0.028
JGB 10yr	-0.002	0.002

Financial News Round Up

Risk-On Sentiment

Global markets saw a strong shift towards a risk-on tone during Monday trade, with funds flowing out of safe-havens such as the Dollar and gold, and into riskier assets throughout the day.

Shares in Europe were initially rallying on the back of news yesterday that Germany and France had proposed a grant-based Coronavirus recovery fund for the continent, to the tune of €500 billion.

Equities around the globe were further boosted on Monday by results from American biotech firm Moderna's clinical trial of a possible COVID-19 vaccine.

These positive stories continue to flow as certain States in the US, along with many badly affected European countries, are going through the early stages of easing their current restrictions on the public. As of yet, no second wave of the virus has emerged in Europe, with 'new daily case' rates still steadily falling.

Gains in Europe yesterday: DAX +5.60%, EuroStoxx +5.05%, FTSE +4.29%. From the US: S&P 500 +3.15%, Nasdaq +2.44%, Dow Jones +3.85%.

DCC

Dublin-headquartered international sales, marketing, and support-services group DCC has seen a broad beat of expectations in its earnings results for the 12 months leading up to March 31st.

DCC saw an increase in annual group adjusted operating profit, up 7.3% to £494.3 million, while revenues for the year were in fact down 3.1% to £14.75 billion. The group has proposed a higher final dividend payout of £0.95 per share, which would bring the total dividend for the year to £1.45 per share.

"DCC's diverse, resilient business model and financial strength ensures the group is in a very strong position to navigate through this period of uncertainty. The group continues to have the platforms, opportunities and capability for further development across each of our four divisions" said CEO Donal Murphy in a statement today. We remain long DCC with a view to potentially add to our position this year.

Ryanair

Oddo BHF have maintained their 'buy' rating on Ryanair stock, following the budget airline's earnings release yesterday morning.

The broker did however reduce their target price for the shares, from €12.50 down to an even €12.00. If reached, this target would represent a 21% increase from today's levels of €9.85. The broker notes that there may still be negative impacts on these shares to come, from the virus in the near-term. Having said this, they believe that Ryanair's track record in terms of cost control, along with the airline's current €4.1 billion worth of liquidity, will ensure that they rise out of this crisis without too much difficulty.