

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Thursday, 21st of May

Markets Outlook

Equities: European indices are lower this morning by roughly 1%, following another green day yesterday in which they approached the top of their recent ranges. The Nikkei 225 was down marginally overnight.

For currencies: USD was on the back foot once again yesterday, as funds flowed steadily out of the greenback and into the main equities. Sterling is slightly weaker again this morning, with 1 Pound trading at \$1.2220 and €1.1150.

For safe-havens: Sovereign bonds were very quiet on Wednesday, reflecting a sparse macroeconomic calendar, in what is a generally quieter week for economic data points. Gold futures are down this morning, currently sitting just above \$1,730. The metal has stayed between \$1,685 - \$1,775 since the beginning of April.

Looking ahead: This afternoon we will see manufacturing and services PMI releases from the US, following PMI results from the UK and Europe this morning. We will also see the weekly US Unemployment Claims figure later today. The Bank of Japan are due to release their rate decision in the early hours of Friday morning, with UK Retail Sales also tomorrow.

Key Events to Watch

21/05/2020 - US Unemployment Claims

21/05/2020 - US PMIs

22/05/2020 - BOJ Rate Decision

22/05/2020 - UK Retail Sales

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,971	1.67%	-8.02%
DAX	11,229	1.40%	-16.49%
EuroStoxx	2,941	1.35%	-22.48%
ISEQ	5,652	1.25%	-21.94%
FTSE	6,067	1.08%	-20.29%
Nikkei 225	20,571	-0.12%	-13.12%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0979	0.51%	-2.20%
EUR/GBP	0.8970	0.62%	6.38%
GBP/USD	1.2241	-0.10%	-8.02%
USD/CHF	0.9651	-0.65%	-0.12%
USD/JPY	107.53	-0.17%	-0.82%
EUR/JPY	118.05	0.34%	-3.01%

Fixed Income	Value	Daily Change
US 10yr	0.690	0.003
US 2yr	0.169	0.002
Bund 10yr	-0.474	-0.009
Irish 10yr	0.116	-0.012
Gilt 10yr	0.239	-0.007
JGB 10yr	-0.001	0.003

Financial News Round Up

Macro Data Today

This morning we saw the release of May PMI data from both Europe and the UK, with the main results as follows:

- French Services PMI: 29.4 result vs our 28.0 forecast.
- French Manufacturing PMI: 40.3 vs our 36.1 forecast.
- German Services PMI: 31.4 vs 26.2 forecast.
- German Manufacturing PMI: 36.8 vs 39.2 forecast.
- UK Services PMI: 27.8 vs 24.0 forecast.
- UK Manufacturing PMI: 40.6 vs 35.3 forecast.

While all results this morning were below the 50.0 mark and therefore placing their respective nations in contractionary territory, all have bounced from April's unsurprisingly poor readings, with each result beating expectations bar Germany's Manufacturing.

This afternoon we expect to see somewhere in the region of 39.0 for the US Manufacturing figure and 32.5 for Services, up from April's 36.1 and 26.7.

Our in-house estimate for the US Unemployment Claims, to be released at 13:30 Irish time, is for 2.4 million which is down on last week's 2.9 million reading. Over 36 million Americans have filed unemployment claims in the past 2 months.

AstraZeneca

British multinational pharmaceutical firm AstraZeneca expects to have the ability to manufacture and deliver over a billion doses of a possible vaccine in 2020 if the new drug makes it through clinical trials. The drugmaker today announced that it has agreed to supply at least 400 million doses of the potential vaccine, currently being developed and tested at Oxford University.

Currently, there are roughly 100 programmes around the globe in place working on producing a COVID-19 vaccine. Rather than full exposure to any one single pharmaceutical or biomed stock, we generally advise clients to diversify across the sector. We have stock and fund watchlists in place at Seaspray which in our view offer the most efficient exposure and risk:reward during such an important time for this specific sector.

Lufthansa

Germany's largest airline is reportedly in late-stage talks with the German Government over an estimated €9 billion bailout which would see the state acquire a 20% stake in the airline.

Rival international airlines in Europe and the US have sought similar aid from governments over recent weeks, with major ongoing uncertainty surrounding the timeline and logistics of reopening airports on a large scale.

Lufthansa is currently down 49% YTD, trading up 5.5% this morning at €8.35.