

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: European indices are stronger on Monday morning following a very quiet Friday across the board. Germany's DAX 30 is currently up 1.9% on the day and trading its highest prices since early March. Benchmarks in Japan and Australia were in the green overnight.

For currencies: EUR/USD was slightly stronger last week, bouncing off resistance at the higher end of its 1.08 - 1.10 range. We have yet to see the catalyst that breaks this tight range in the currency pair, we see a leg lower in stocks or signs of a second wave in Europe or the US as possible reasons to push the pair lower.

For safe-havens: Gold was quiet last week, remaining rangebound between \$1,700 - \$1,750. Sovereign bonds in Europe and the US have also been fairly flat recently, Germany's 10yr Bund has been trading fair value around -0.5%.

Looking ahead: Monday is a bank holiday in both the UK and US, we expect all markets to remain relatively quiet throughout the day, already showing lower volatility in early morning trade. This week will be quiet in terms of economic data points, with nothing of any major importance until Thursday's US quarterly GDP release.

Key Events to Watch

25/05/2020 - US Bank Holiday, Memorial Day

28/05/2020 - US GDP

28/05/2020 - US Unemployment Claims

31/05/2020 - Chinese Manufacturing PMI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,955	0.24%	-8.52%
DAX	11,073	0.07%	-15.54%
EuroStoxx	2,905	0.02%	-21.72%
ISEQ	5,652	0.42%	-21.31%
FTSE	5,993	-0.37%	-20.54%
Nikkei 225	20,722	1.64%	-12.32%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0902	-0.44%	-2.94%
EUR/GBP	0.8954	-0.04%	5.82%
GBP/USD	1.2166	-0.47%	-8.23%
USD/CHF	0.9711	0.06%	0.51%
USD/JPY	107.63	0.00%	-0.81%
EUR/JPY	117.32	-0.45%	-3.73%

Fixed Income	Value	Daily Change
US 10yr	0.657	-0.013
US 2yr	0.170	0.003
Bund 10yr	-0.488	0.021
Irish 10yr	0.139	0.056
Gilt 10yr	0.174	0.016
JGB 10yr	-0.004	0.005

Financial News Round Up

UK Bailout Plans

The United Kingdom's Minister for Finance Rishi Sunak has authorised a plan for the Conservative-led Government to bail out any companies whose closures or bankruptcies would pose serious systemic risks for the British economy.

"In exceptional circumstances, where a viable company has exhausted all options and its failure would disproportionately harm the economy, we may consider support on a 'last resort' basis", the Treasury statement read.

With the Treasury's preferred option being the extension of loans to firms across the nation, another option for the UK will be to acquire stakes in some of these crucial businesses that are facing virus-related financial issues.

Lufthansa

Germany's flagship airline has announced plans to return to flying in and out of 20 destinations from the middle of June, including the popular holiday locations of Mallorca, Faro, Venice and Malaga, with further destinations to be released by the end of the week.

The airline is currently in late stage talks with the German Government regarding its potential 20% stake and huge cash injection.

Lufthansa is trading up 5.5% on Monday at €8.48, down over 48% in 2020 so far.

ASML

European financial services group Oddo BHF have today raised their target price on ASML, while also reiterating their 'buy' rating on the stock. The new target price of €320 would represent an 8.5% rise from Monday's levels.

ASML, a Dutch semiconductor corporation, last week saw its shares return to their all-time highs, following a robust 66% bounce from their March lows.

Oddo have cited the strong demand from logic chip manufacturers and foundries, while also forecasting a strong recovery in the second half of 2020 and pointing out that ASML will not be affected by any possible further flare up in US-China trade tensions.