

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Wednesday, 27th of May

## Markets Outlook

**Equities:** European equity indices are roughly 1.7% higher on Wednesday morning following another green day yesterday with lower volatility. DAX and EuroStoxx are at their highest levels since early March. Asian stocks were mostly higher overnight during what was a relatively quiet session.

**For currencies:** The Dollar is on the back foot again today as funds extend their flows out of safe-havens and into equities, leaving EUR/USD above the 1.10 mark. €1 will buy traders just over £0.89 on Wednesday morning.

**For safe-havens:** Government bonds remain fairly muted this morning, after yesterday's risk-on tone lifted yields in Europe and the US along with stocks around the world. Gold, having lost 1.24% on Tuesday, is just below \$1,700.

**Looking ahead:** Today will be very quiet in terms of economic data releases, and markets will likely continue this week's lower volatility. The main release of the week will come in the form of US GDP tomorrow at 13:30 Irish time, and will give us the results for Q1 2020 from the States. We expect a -4.8% result vs the previous quarter's 2.1% positive reading.

Investor sentiment will likely remain on all Coronavirus-related headlines and any possible near-term flare ups between US and China today.

## Key Events to Watch

28/05/2020 - US GDP

28/05/2020 - US Unemployment Claims

29/05/2020 - US Core PCE

31/05/2020 - Chinese Manufacturing PMI

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	2,991	1.23%	-7.40%
DAX	11,500	0.96%	-12.61%
EuroStoxx	2,999	0.95%	-19.33%
ISEQ	5,874	2.66%	-18.02%
FTSE	6,067	1.24%	-18.81%
Nikkei 225	21,440	0.79%	-9.46%

FX	Value	Daily Change	YTD Change
EUR/USD	1.0982	0.75%	-2.10%
EUR/GBP	0.8904	-0.42%	5.54%
GBP/USD	1.2333	1.18%	-7.19%
USD/CHF	0.9656	-0.68%	0.12%
USD/JPY	107.54	-0.15%	-1.01%
EUR/JPY	118.10	0.60%	-3.11%

Fixed Income	Value	Daily Change
US 10yr	0.695	0.039
US 2yr	0.174	0.004
Bund 10yr	-0.438	0.055
Irish 10yr	0.178	0.038
Gilt 10yr	0.212	0.043
JGB 10yr	-0.002	-0.005

## Financial News Round Up

### Stimulus in Europe

European stock markets are pushing higher yet again on Wednesday, with main indices trading their highest prices since early March, and being helped higher by hopes of further stimulus in the region. Early this morning, ECB Executive Board member Isabel Schnabel pointed to the fact that ECB is ready and willing to act "if it judges that the medium-term inflation outlook has worsened".

These types of comments are usually designed to leak information into markets in a slow and controlled manner, allowing investors to price in events and avoid any future shock or sharp volatility. Schnabel's comments would suggest further easing is to come from the central bank, possibly as soon as next week's rate decision and monetary policy meeting.

Separately, the European Commission will today release the details of a plan to boost the EU economy with a mix of grants, loans and guarantees exceeding €1 trillion in total. One of the main aims of this new scheme is to protect the EU single market from being splintered by divergent economic growth and wealth levels. This will in theory be done by providing certain nations who may have high levels of debt or may rely heavily on tourism, with these aforementioned grants and loans.

### Hibernia REIT

Dublin-headquartered public real estate investment trust 'Hibernia REIT' has announced annual results for the 12 months up to March 31st, seeing a 2% rise in its portfolio to €1.465 billion.

Net Asset Value, or NAV, rose 3.5% over the course of the 12 months, to 179.3 cent per share.

While acknowledging that the full brunt of the COVID pandemic has not yet been felt, CEO Kevin Nowlan pointed to the fact that the company is well positioned to cope with the blow: "We have amongst the lowest leverage in the European REIT universe, no debt maturities until December 2023, and a high-quality tenant base weighted towards the technology sector and state entities."

### Central Bank of Ireland

The CBI has this morning reported a €2.6 billion profit for 2019, of which €2.1b was paid to the state. Annual surplus for the central bank has increased firmly over recent years, after the purchasing of higher levels of sovereign debt during the financial crisis and subsequent years.

"Last year - as in the previous decade - we continued to focus on strengthening the solvency and stability of the banking sector and wider financial system, enhancing regulatory oversight, introducing more effective recovery and resolution regimes, and increasing protections for customers" Governor Gabriel Makhlouf said in a statement today.