

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Thursday, 28th of May

## Markets Outlook

**Equities:** Indices in Europe are circa 0.3% higher on Thursday morning. The Japanese Nikkei 225 was a robust 2.31% higher overnight as the risk-on sentiment lingers, despite rising tensions between the US and China. The S&P 500 is just 10.5% off its February all-time high, as the VIX volatility index continues to grind lower.

**For currencies:** The Euro has continued its move higher vs other major currencies, as details have emerged regarding the European Commission's proposed recovery fund, along with hopes for further easing from ECB as soon as next week. EUR/USD is trading just above 1.10 on Thursday, in its third consecutive day of gains.

**For safe-havens:** Gold is back up to \$1,720 today, having shown lower volatility and rangebound trade for almost 2 months now.

**Looking ahead:** Today's highlight for investors should be the US GDP release which will come in the early afternoon, a large beat of the consensus -4.8% expectations could propel equities higher again as we head towards the weekend. We are also due to see the release of US Unemployment Claims today at 13:30.

## 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	3,036	1.48%	-6.02%
DAX	11,652	1.28%	-11.28%
EuroStoxx	3,049	1.67%	-17.83%
ISEQ	5,902	0.47%	-17.37%
FTSE	6,144	1.26%	-17.95%
Nikkei 225	21,914	2.31%	-7.36%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1005	0.21%	-1.88%
EUR/GBP	0.8982	0.88%	6.11%
GBP/USD	1.2252	-0.66%	-7.49%
USD/CHF	0.9685	0.30%	0.25%
USD/JPY	107.72	0.16%	-0.70%
EUR/JPY	118.54	0.38%	-2.59%

Fixed Income	Value	Daily Change
US 10yr	0.695	0.005
US 2yr	0.184	0.014
Bund 10yr	-0.414	0.022
Irish 10yr	0.162	0.013
Gilt 10yr	0.185	-0.026
JGB 10yr	-0.002	0.001

## Financial News Round Up

### Irish Economy

The Economic and Social Research Institute (ESRI) have released their latest quarterly economic commentary, in which they point to the need for Government stimulus to boost activity within the Irish economy, expecting our economy to be "very fragile" in the short to medium term.

In the report, ESRI state that they expect unemployment in the Republic to average out at 17% for 2020. The Institute's forecasts are for the economy as a whole to contract by 9 to 12% in their best to medium case scenario. This is broadly in line with the Government's current expectations for Irish GDP to fall by 10.5% this year, but more pessimistic than AIB and BoI's forecasts of between 7.5 and 8% of a contraction.

The research group also anticipates the Irish Government reporting a budget deficit of €27 billion this year, with the COVID unemployment payments being one factor behind this estimate.

### EasyJet

British low-cost airline group EasyJet's share price is up 3.4% on Thursday to 732 Pence Sterling, while still down 49% YTD. This move comes after news this morning of the airline's plans to cut 30% of its staff which equates to almost 4,500 lost jobs. The move will in theory bring the airline in line with the smaller market that will come about as a direct short-term result of the pandemic.

The budget airline also will reduce its planned fleet of aircraft by 51, keeping 302 planes in service for the remainder of the year.

EasyJet currently employ roughly 15,000 people across eight European countries. In contrast, Ryanair have said in recent weeks that their plan is to cut just 15%, and smaller budget airline Wizz will lay off 19% of its workforce.

"We want to ensure that we emerge from the pandemic an even more competitive business than before, so that EasyJet can thrive in the future" said CEO Johan Lundgren.

### Nissan

Nissan Motor this morning announced new business plans to become a smaller, more cost-efficient version of itself over the next four years. This announcement comes as the carmaker reported its first annual loss in 11 years this morning. As part of this plan, the group will cut its production capacity by roughly one fifth, with aims of reducing fixed costs by up to 300 billion Yen.

Nissan aims to achieve an operating margin of 5% and a global market share of 6% by the end of their fiscal year 2023.

In its results on Thursday, Nissan saw an annual operating loss of 40.5 billion Yen for the 12 months up to March 31st, which is by far its worst result since the financial crisis.

Nissan sold 13% less cars during this period than just one year prior.