

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: DAX 30 and EuroStoxx 50 are pulling back this morning, down 2.20% and 1.75% respectively. This is coming after nearly 4 weeks of solid gains for the equity indices, in which time they have gained over 20% each. Asian stocks were mixed to slightly lower overnight. Yesterday the Nasdaq 100 index, which is comprised largely of tech companies, touched its all-time highs.

Currencies: The Japanese Yen saw relatively strong inflows on Monday, EUR/JPY has dipped back below 122 this morning while USD/JPY now trades below 108. The Dollar has traded broadly flat since last Friday.

Safe-havens: Sovereign debt strengthened yesterday and overnight as European and Asian equities entered the red, simultaneously pushing down these sovereign bond's yields. US 10yr heads for 0.8% this morning as German 10yr bunds approach -0.35%.

Economic Data: Tuesday is set to be very quiet, with no market moving data points on the schedule. Tomorrow will be busier, with the US CPI figures and FOMC rate decision and statement likely to bring some volatility to North American equities. Thursday will be fairly muted with UK GDP coming on Friday morning.

Key Events to Watch

10/06/2020 - US CPI

10/06/2020 - FOMC Rate Decision

12/06/2020 - UK GDP

16/06/2020 - BOJ Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,232	1.20%	0.05%
DAX	12,819	-0.22%	-4.69%
EuroStoxx	3,368	-0.47%	-11.19%
ISEQ	6,293	-1.03%	-13.90%
FTSE	6,468	-0.24%	-15.33%
Nikkei 225	23,096	-0.35%	-2.39%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1294	-0.20%	0.35%
EUR/GBP	0.8877	-0.24%	5.24%
GBP/USD	1.2723	0.04%	-4.60%
USD/CHF	0.9577	-0.40%	-1.30%
USD/JPY	108.43	-1.09%	-0.60%
EUR/JPY	122.46	-1.28%	-0.26%

Fixed Income	Value	Daily Change
US 10yr	0.878	-0.024
US 2yr	0.230	0.020
Bund 10yr	-0.318	-0.039
Irish 10yr	0.140	-0.004
Gilt 10yr	0.339	-0.020
JGB 10yr	0.012	-0.018

Financial News Round Up

Eurozone GDP

Revised quarterly Eurozone GDP figures were released this morning, showing the bloc to have contracted by just -3.6% in Q1 compared to the preliminary results of -3.8% almost a month ago.

These revised results were also slightly more positive for the year-on-year figure, coming in at -3.1% vs the -3.2% prelim figure.

According to Eurostat, the worst affected sectors were transport and hospitality over the course of the quarter, as well as arts and entertainment, these sectors together saw a 6.8% quarter-on-quarter drop which is unsurprising as most of Europe fully locked down in March in a desperate attempt to slow the spread of the virus. Among the least affected sectors in Q1 were agriculture, forestry and fishing, along with financial and insurance activities, both contracting by only 0.8%.

The Eurozone currently covers 19 nations across the continent.

French Aerospace Aid Package

Today the French Government has launched a support plan for its aerospace industry, to the tune of €15 billion, while also issuing a warning that 100,000 jobs were at stake due to the recent crisis.

This plan, which includes €7 billion of aid that was already pledged to Air France, will also involve an investment fund of €1b with an initial capital €500m which will be partly financed by manufacturers Airbus, Dassault Aviation, and Safran.

As part of the new plan, France also said they will increase funding for the CORAC research body in order to support research into environmentally friendly technology. This new funding will be circa €1.5b over the next three years.

"We must save our aerospace industry" said French Finance Minister Bruno Le Maire, "Our target is to have a carbon-neutral airplane by 2035 instead of 2050".

Shares in Air France-KLM are 7.5% lower on Tuesday following the Government news release, down to €5.57.

FOMC Tomorrow

At 19:00 Irish time on Wednesday, the Federal Reserve will release their rate decision, monetary policy statement, and economic projections, expected to leave interest rates unchanged at 0% - 0.25%. Markets are currently pricing in no change in interest rates for the rest of 2020, investors will pay close attention to any change in guidance from the central bank tomorrow which would indicate any direction and pace that they see the US economy heading in.