

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Wednesday, 10th of June

## Markets Outlook

**Equities:** European equity indices are flat to broadly higher this morning after a day of profit taking on Tuesday following risk-asset's recent move higher. S&P 500 futures are 0.30% higher this morning ahead of the Fed's rate decision tonight, markets are expected to be quiet in the leadup to this data point. The Nikkei 225 was fairly muted overnight, up just 0.06% on the session.

**Currencies:** Euro and Pound Sterling are both slightly stronger this morning as the Dollar continues lower, trading its lowest levels since early March. All major currency pairings will likely see lower volatility as the day goes on, ahead of the data tonight.

**Safe-havens:** Yields have spent the week falling so far, with the benchmark US 10yr back down to 0.8% on Wednesday morning, after looking like it would reach 1% towards the end of last week. Gold is trading fair value in the centre of its 8-week range, marginally higher on the day at \$1,725.

**Economic Data:** This afternoon at 13:30 we will see the release of CPI inflation figures from the US, however all eyes will be on the Federal Reserve tonight. Friday will see the release of GDP data from the UK.

## 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        | 3,207  | -0.78%       | -0.73%     |
| DAX            | 12,617 | -1.57%       | -4.40%     |
| EuroStoxx      | 3,320  | -1.41%       | -10.86%    |
| ISEQ           | 6,132  | -2.55%       | -13.51%    |
| FTSE           | 6,335  | -2.11%       | -15.54%    |
| Nikkei 225     | 23,105 | 0.06%        | -2.25%     |

| FX      | Value  | Daily Change | YTD Change |
|---------|--------|--------------|------------|
| EUR/USD | 1.1342 | 0.43%        | 1.33%      |
| EUR/GBP | 0.8909 | 0.35%        | 5.40%      |
| GBP/USD | 1.2731 | 0.06%        | -3.80%     |
| USD/CHF | 0.9508 | -0.72%       | -2.12%     |
| USD/JPY | 107.74 | -0.64%       | -1.21%     |
| EUR/JPY | 122.15 | -0.25%       | 0.11%      |

| Fixed Income | Value  | Daily Change |
|--------------|--------|--------------|
| US 10yr      | 0.824  | -0.048       |
| US 2yr       | 0.204  | -0.024       |
| Bund 10yr    | -0.311 | 0.011        |
| Irish 10yr   | 0.153  | 0.031        |
| Gilt 10yr    | 0.324  | -0.014       |
| JGB 10yr     | 0.017  | 0.005        |

## Financial News Round Up

### Federal Reserve Tonight

Markets are likely to see lower volatility for the rest of the session in Europe today, ahead of the Federal Reserve's rate decision and monetary policy statement tonight at 19:00 Irish time. This comes after the central bank's two-day policy setting meeting, with markets having priced in no rate change for the rest of 2020.

At 19:30 we will see the Fed Chair Jerome Powell hold a press conference, in which we expect him to be questioned about the future possibility of negative rates in the US, along with any new guidance surrounding the bank's expectations of the speed of the recovery in the US and any longer-term damage that may emerge from this crisis.

We will be paying close attention to the Fed's updated dot plot, coupled with their summary of economic projections for the second half of the year.

### OECD

The Organisation for Economic Cooperation and Development (OECD) has released an updated forecast this morning, expecting the global economy to suffer its largest non-war time downturn in a century this year. The organisation forecasts the global economy to contract by 6% in 2020, before bouncing back relatively quickly in 2021 by 5.2%. These expectations are based on a scenario whereby we can keep the Coronavirus outbreak under control, and prevent a widespread second wave.

In the event of another wave during H2, OECD has estimated that the global economy could possibly shrink by up to 7.6% with just a 2.8% bounce-back next year.

"Ultra-accommodative monetary policies and higher public debt are necessary and will be accepted as long as economic activity and inflation are depressed, and unemployment is high" said OECD chief economist Laurence Boone today.

### Irish Economy

In their summary of Ireland, the OECD has projected that our economy has contracted sharply in H1, forecasting a 6.8% fall in Irish GDP and recovery of 4.8% next year. The institution also urged the Irish State to extend existing support measures if conditions struggle to improve.

If we see a significant second wave of the virus the Irish economy could contract by 8.7% according to the OECD, with a chance of little to no recovery in 2021. They have also forecasted for unemployment in Ireland to come in between 10.8% and 12.3% this year.