

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: European indices are selling off on Thursday morning, following the Federal Reserve's release last night. DAX 30 and EuroStoxx 50 have both opened lower, down 2.5% and 2.4% respectively. Japan's benchmark Nikkei 225 was down 2.79% overnight.

Currencies: USD showed no major movements on Wednesday evening, following the lack of surprises from the Fed. JPY has seen some increased inflows overnight amid the sudden risk-off tone across markets. EUR/USD is slowly heading higher towards 1.14 this morning.

Safe-havens: Sovereign bonds took a strong bid yesterday, pushing yields lower with the US 10yr sitting below 0.7% this morning. German bunds followed on the same path last night and into today, now approaching -0.4%. Gold rallied on the Fed's release yesterday, as investors now anticipate rates to stay low for longer.

Economic Data: The highlights of the day will be the US PPI figures along with the weekly US Unemployment Claims, both to come at 13:30 Irish time. On Friday we will see the release of GDP data from the UK before market open, followed by Consumer Sentiment readings from the US tomorrow afternoon.

Key Events to Watch

11/06/2020 - US PPI

12/06/2020 - UK GDP

15/06/2020 - Chinese Industrial Production

16/06/2020 - BOJ Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,190	-0.53%	-1.26%
DAX	12,530	-0.70%	-7.82%
EuroStoxx	3,293	-0.81%	-14.16%
ISEQ	6,107	-0.42%	-17.73%
FTSE	6,329	-0.10%	-18.12%
Nikkei 225	22,480	-2.79%	-5.00%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1371	0.26%	1.47%
EUR/GBP	0.8921	0.13%	6.06%
GBP/USD	1.2747	0.13%	-4.27%
USD/CHF	0.9449	-0.62%	-2.77%
USD/JPY	107.11	-0.58%	-1.49%
EUR/JPY	121.79	-0.30%	-0.06%

Fixed Income	Value	Daily Change
US 10yr	0.736	-0.088
US 2yr	0.173	-0.035
Bund 10yr	-0.339	-0.027
Irish 10yr	0.129	-0.002
Gilt 10yr	0.266	-0.070
JGB 10yr	0.008	-0.004

Financial News Round Up

Federal Reserve

On Wednesday evening the Federal Reserve left interest rates unchanged as was widely expected and priced in by investors, reiterating its commitment to continuing easy monetary policy measures for the foreseeable future. The central bank expects that the current low rate environment will continue for some time, with their economic projections reflecting the expectation for rates to remain between 0-0.25% until at least the end of 2022. These were the first economic projections released by the bank since December, before the global spread of the virus.

"The committee expects to maintain this target range until it is confident that the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals" the Fed's statement reads.

The Fed are forecasting that the US economy will contract by 6.5% in 2020 followed by growth of 5% in 2021 and 3.5% in 2022, with unemployment coming to 9.3% this year. Inflation, which will be the main driver behind future monetary policy, is forecasted to fall to 0.8%, down from previous projections of 1.9%.

Just Eat

European food delivery app Just Eat have agreed to acquire the Chicago-based Grubhub for \$7.3 billion, in an all-stock deal that will create the world's biggest food delivery company outside of China, if completed as planned. Interestingly, multinational ridesharing company Uber Technologies had previously approached Grubhub last month for an all-stock deal which has subsequently fallen through just this week.

Just Eat expects to be in a position to close the deal before Q2 2021, given all regulatory approval goes smoothly.

This deal would make for "a company built around four of the world's largest profit pools in food delivery: the US, the UK, the Netherlands and Germany" Just Eat and Grubhub said in a joint statement.

Grafton Group

Grafton Group plc has this morning issued a trading update, in which they have reported a 26% fall in group revenue in the five months up to May-end, down from £1.09b this time last year to £810.9m. Citing the continued virus-related uncertainty, Grafton chose not to release any guidance for the rest of 2020 in this particular update.

"Grafton is in a strong financial position and, with a resilient portfolio of businesses, will emerge from this crisis well positioned for future growth" said group CEO Gavin Slark.