

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Friday, 12th of June

Markets Outlook

Equities: Volatility has begun to pick up again, as Wall Street saw its biggest selloff since March on Thursday with the S&P 500 finishing the session almost 6% lower. European equities have bounced somewhat after a sharp move lower yesterday, with DAX 30 and EuroStoxx 50 up roughly 1.3% and 1.9% respectively this morning. Shares in Japan were slightly lower overnight.

Currencies: The Dollar is flat this week, after seeing roughly 3 weeks of losses, Euro is paring some of yesterday's losses, up above \$1.1320 on Friday morning. Should we see equities tumble further this afternoon we would expect to see some flows into the Dollar and out of riskier currencies such as Euro and GBP.

Safe-havens: Gold is heading for the top of its range, trading higher ever since the Fed's monetary release on Wednesday, currently at \$1,745. Government bond yields fell yesterday along with risk assets, US 10yr traded below 0.7%.

Economic Data: After the UK data early this morning, the highlight of the afternoon will be the US' Consumer Sentiment reading at 15:00. Next week we will see rate decisions from three central banks: Japan's BOJ in the early hours of Tuesday morning, followed by Switzerland's SNB and the UK's BOE on Thursday.

Key Events to Watch

12/06/2020 - US Consumer Sentiment

15/06/2020 - Chinese Industrial Production

16/06/2020 - BOJ Rate Decision

16/06/2020 - US Retail Sales

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,002	-5.89%	-7.08%
DAX	11,970	-4.47%	-9.54%
EuroStoxx	3,144	-4.53%	-15.79%
ISEQ	5,851	-4.20%	-17.61%
FTSE	6,076	-3.99%	-19.46%
Nikkei 225	22,292	-0.80%	-5.71%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1299	-0.63%	1.02%
EUR/GBP	0.8965	0.50%	6.06%
GBP/USD	1.2572	-1.37%	-4.71%
USD/CHF	0.9442	-0.07%	-2.28%
USD/JPY	106.86	-0.23%	-1.22%
EUR/JPY	120.74	-0.86%	-0.22%

Fixed Income	Value	Daily Change
US 10yr	0.666	-0.054
US 2yr	0.201	0.028
Bund 10yr	-0.413	-0.040
Irish 10yr	0.063	-0.028
Gilt 10yr	0.189	-0.077
JGB 10yr	-0.003	-0.010

Financial News Round Up

Risk-Off Sentiment

Equities were hit hard on Thursday as safe-haven assets across the globe gained strength amid fresh fears of a potential second virus wave in the United States, following large-scale rallies and mass gatherings surrounding the civil unrest in America. Key benchmarks in Europe and the US yesterday saw their biggest daily losses since March, which began with post-Fed profit taking in equities late on Wednesday.

Sentiment was further worsened yesterday by comments from IMF chief economist Gita Gopinath, stating that she was "quite concerned about the path of recovery" and that Covid-19 has left "significant scarring" on the global economy.

This new negative speculation has been followed by a worrying statement from the European Centre for Disease Prevention and Control (ECDC) on Friday morning, saying that they believe the risk of a second wave of infections in Europe, which would call for further lockdowns, is "moderate to high".

At Seaspray, we are appropriately positioned for a stock market pullback which may be led by a potentially widespread second wave, and have addressed this issue in our monthly investment update just last week.

UK Data

Pound Sterling is flat to marginally higher on Friday following the release of UK GDP, Manufacturing Production, and Industrial Production at 7am. These three results came in at a miss of expectations for the UK, possibly reflecting recent overly eager sentiment by market participants for a speedy recovery in the region. April's GDP reading was -20.4% vs consensus -18.6% forecasts, showing the UK's biggest monthly drop on record for the figure.

Manufacturing Production for the month came in at -24.3% while Industrial Production was -20.3%, both vs their -15.0% expectations.

The Bank of England will release their rate decision and monetary policy update next Thursday, June 18th.

Airlines Update

Ryanair, British Airways, and EasyJet this morning have stated that they have begun legal action against the British Government regarding their quarantine policy, the airlines hope to overturn what they view as an overly strict ruleset. These quarantines for visitors to the region will last for 14 days and were put in place early this week.

20,000 jobs have been lost between these three companies due to the Covid lockdowns and restrictions.