

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Monday, 15th of June

Markets Outlook

Equities: Volatility has begun to return to equities with the VIX rising from 25 to over 43 last week, the index's highest level since late April. European indices have opened lower this morning, with DAX and EuroStoxx both down over 1%. Asian equities traded mostly negative overnight with the benchmark Nikkei 225 down over 3%.

Currencies: FX has seen a very quiet start to the week, with major pairs trading mostly flat after a mixed session on Friday. We see room for Dollar strength this week and next if we continue to see volatility climb in stock markets, and if fears of a second wave are proven at all accurate. GBP could see some movement later in the week after the BOE rate decision.

Safe-havens: Bonds saw a mixed and slightly quieter Friday, while gold is lower on Monday, trading the middle of its range at \$1,717 currently.

Economic Data: Monday is set to be very quiet in terms of data points, with market participants focusing on any further evidence of a second wave forming in Beijing and possibly the US. For economic data, the main focus of the week will be on the three central bank releases, Bank of Japan tonight, followed by the Swiss National Bank and the Bank of England both on Thursday.

Key Events to Watch

16/06/2020 - BOJ Rate Decision

16/06/2020 - US Retail Sales

18/06/2020 - SNB Rate Decision

18/06/2020 - BOE Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,041	1.31%	-5.86%
DAX	11,949	-0.18%	-12.32%
EuroStoxx	3,153	0.29%	-18.25%
ISEQ	5,885	0.58%	-19.40%
FTSE	6,105	0.47%	-20.86%
Nikkei 225	21,527	-3.49%	-8.99%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1256	-0.38%	0.38%
EUR/GBP	0.8975	0.11%	6.37%
GBP/USD	1.2542	-0.48%	-5.57%
USD/CHF	0.9524	0.87%	-1.52%
USD/JPY	107.36	0.46%	-1.13%
EUR/JPY	120.84	0.08%	-0.76%

Fixed Income	Value	Daily Change
US 10yr	0.710	0.033
US 2yr	0.195	-0.014
Bund 10yr	-0.438	-0.026
Irish 10yr	0.033	-0.020
Gilt 10yr	0.208	0.013
JGB 10yr	0.011	0.009

Financial News Round Up

The Week Ahead

Monday is set to be very quiet in terms of data points, with market participants likely to focus on any further evidence of a significant second wave forming in Beijing and also the US. Tonight we will see the release of the Bank of Japan's rate decision and monetary policy statement, followed by US Retail Sales on Tuesday. BOJ are not expected to move interest rates in Japan from the current -0.10%. Wednesday could be slightly quieter, with CPI inflation readings from the UK and Canada, followed by both the Swiss National Bank and importantly the Bank of England releasing rate decisions on Thursday. Thursday will also see the release of the weekly US Unemployment Claims, with Friday displaying a quieter schedule. Notably, Fed Chair Jerome Powell will deliver a speech on Tuesday afternoon, we expect Powell to reiterate the Fed's recent dovish messages without delivering any shocks to the market.

Increased Volatility

The US' VIX volatility index spent most of last week climbing, with a meaningful jump on Thursday. The index, which is inversely correlated with the S&P 500, is trading above \$40 on Monday morning, having previously moved fairly steadily lower since its peak on March 18th. This move higher in the VIX has come as investors begin to price in what could be a significant second wave of COVID-19 across the globe. Beijing is in its second straight day of rising new cases of the virus, with certain American state's seeing spikes in infections towards the end of last week. We must remind clients that there is still a huge amount of uncertainty in markets, equity pullbacks are inevitable and may present us with excellent longer-term entry points in specific names over the coming weeks. European stocks are pushing lower on Monday, with S&P 500 futures down almost 2% this morning ahead of the index's open at 14:30.

BP

UK-headquartered multinational oil and gas exploration firm BP has said that it plans to write off up to \$17.5 billion from the value of its assets as the company reduces its longer term energy price outlook and expects a faster transition away from fossil fuels in the future. The firm said in a statement that the aftermath of this pandemic will likely accelerate movement to a lower carbon economy in line with the aims of the 2015 Paris climate agreement. "We have reset our price outlook to reflect that impact and the likelihood of greater efforts to 'build back better' towards a Paris-consistent world"

Shares are 3.7% lower today, down to £311 in London, and still 39% off March lows. BP's Q2 earnings release will take place on August 4th.