

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Tuesday, 16th of June

Markets Outlook

Equities: Stock markets have opened higher in Europe this morning following a strong finish on Wall Street yesterday and a significant rally in Asian equities overnight. DAX and EuroStoxx are circa 2.5% higher this morning, Japan's Nikkei 225 was up almost 5% last night.

Currencies: The Dollar pulled back yesterday as the Fed's announcement boosted sentiment across markets, at the expense of safe-havens. Euro and GBP are stronger again this morning, now above \$1.1330 and \$1.2640 respectively.

Safe-havens: German Bund yields are flat to marginally higher on Tuesday after yields rose across the board yesterday, as a direct result of the Fed's announcement and fresh hopes that central banks will continue to support the global economy in the wake of this pandemic.

Economic Data: The main figure for Tuesday afternoon will be monthly Retail Sales from the US. We expect a 7.9% reading for the main figure vs previous month's -16.4%, and 5.5% for May's Core Retail Sales vs April's -17.2%. Tomorrow should be quieter, with Jerome Powell speaking in the afternoon, followed by SNB and BOE Rate Decisions on Thursday.

Key Events to Watch

16/06/2020 - US Retail Sales

17/06/2020 - UK CPI

18/06/2020 - SNB Rate Decision

18/06/2020 - BOE Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,066	0.83%	-5.08%
DAX	11,911	-0.32%	-7.92%
EuroStoxx	3,136	-0.55%	-14.27%
ISEQ	5,908	0.40%	-14.47%
FTSE	6,064	-0.66%	-17.54%
Nikkei 225	22,562	4.79%	-4.54%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1324	0.64%	0.99%
EUR/GBP	0.8984	-0.13%	6.15%
GBP/USD	1.2604	0.76%	-4.81%
USD/CHF	0.9492	-0.24%	-2.05%
USD/JPY	107.32	0.01%	-1.19%
EUR/JPY	121.52	0.64%	-0.21%

Fixed Income	Value	Daily Change
US 10yr	0.720	0.054
US 2yr	0.193	0.010
Bund 10yr	-0.439	0.008
Irish 10yr	0.014	0.023
Gilt 10yr	0.206	0.003
JGB 10yr	0.012	0.005

Financial News Round Up

US Stimulus

Risk assets have seen a huge inflow of funds during Monday evening and into today, after an announcement from the Federal Reserve that it will begin the purchasing of individual corporate debt. The central bank will now look to create a portfolio that reflects "a broad, diversified market index of US corporate bonds", rather than just simply purchasing ETF's which track credit.

In the early hours of Tuesday morning the Bank of Japan followed in the Fed's footsteps by adding extra stimulus, extending its corporate lending package to the equivalent of roughly \$1 trillion.

In addition to this central bank largesse, Bloomberg have reported that the White House is preparing a \$1 trillion infrastructure spending package for the United States. This new package is reported to be focused on infrastructure such a road and bridges, along with allocating some funds towards improving America's digital network with the use of 5G wireless infrastructure.

UK Data

The number of British people claiming unemployment-related benefits during May was higher than expected, coming in today at 528k vs the consensus 400k forecast for the May figure. This comes after April's spike higher to over 1 million claims vs 675k expectations.

The UK's unemployment rate for the three months up to April 30th was also released this morning, coming in at 3.9%, a beat of our 4.7% expectations.

Markets have digested this mixed data, with the FTSE 100 rallying along with other European equity indices, up over 2% on the session so far. GBP/USD is nearly 0.5% higher as the Dollar continues to lose ground.

Royalty Pharma

Biopharmaceutical industry funders 'Royalty Pharma' are set to sell \$2.2 billion worth of their shares today, in what will be the largest IPO in the US so far this year.

As it stands, the group plans to sell 77.7 million shares at \$28 each, priced at the higher end of its previously announced range.

The group saw revenues of \$1.6 billion in 2019, up 8% y-o-y, and are the global leader in pharmaceutical royalty agreements.