

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Wednesday, 17th of June

Markets Outlook

Equities: Stock markets in Europe are in the green this morning after a very strong Tuesday, with DAX and EuroStoxx roughly 0.2% higher. US equities lagged behind Europe yesterday when they rallied by 2%, while Asian indices were mixed overnight.

Currencies: The major pairs are flat on the week so far, as investors attempt to digest mixed news and weigh up sentiment in currency markets. 'Second-wave' fears seem to be offset by Fed stimulus and surprisingly positive jobs and retail sales data from the States over the past week or so.

Safe-havens: Bond yields are quiet on Wednesday following a small move lower yesterday. Gold is slightly lower on the week so far, we remain bullish on the precious metal. We will likely have the view of adding to our current positions should we see a significant pullback in the months ahead.

Economic Data: Wednesday will be quieter in terms of data points, with Canadian CPI coming in the afternoon and New Zealand's GDP tonight. Fed Chair Powell is due to deliver a speech at 17:00 today Irish time. We may see some increased volatility in the Swiss Franc and Pound Sterling tomorrow as their respective central banks release their updated statements and guidance.

Key Events to Watch

17/06/2020 - Fed Chair Powell Speaks

18/06/2020 - SNB Rate Decision

18/06/2020 - BOE Rate Decision

19/06/2020 - UK Retail Sales

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,124	1.90%	-3.28%
DAX	12,315	3.39%	-6.79%
EuroStoxx	3,242	3.39%	-13.04%
ISEQ	6,077	2.85%	-14.34%
FTSE	6,242	2.94%	-16.71%
Nikkei 225	22,452	-0.57%	-5.08%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1260	-0.04%	0.54%
EUR/GBP	0.8956	-0.31%	6.21%
GBP/USD	1.2577	-0.21%	-5.30%
USD/CHF	0.9513	0.22%	-1.93%
USD/JPY	107.33	0.01%	-1.17%
EUR/JPY	120.90	-0.51%	-0.65%

Fixed Income	Value	Daily Change
US 10yr	0.741	-0.015
US 2yr	0.197	-0.002
Bund 10yr	-0.428	-0.010
Irish 10yr	-0.024	-0.022
Gilt 10yr	0.192	-0.013
JGB 10yr	0.012	0.000

Financial News Round Up

Risk-On

Equity indices in Europe and the US rallied yesterday, having moved sharply in both directions over the past couple of weeks, DAX and EuroStoxx gaining 3.4% on Tuesday while the S&P 500 was almost 2% higher. This positive sentiment comes despite fresh fears of a second spike in new Covid-19 cases in several key US states, while Beijing also shuts schools and cancels some flights in attempts to contain their new cluster of cases.

Market participants have shrugged off the negativity this week and focused on both the Fed announcement on Monday, and the huge beat of expectations that we saw in US Retail Sales yesterday afternoon. The Federal Reserve boosted their asset purchasing plans, communicating that they will begin directly buying corporate bonds.

On the data front, US Retail Sales saw surprisingly high readings for May yesterday, this comes after positive Non-Farm Payrolls and Unemployment figures from the US just over a week ago. Retail Sales came in yesterday at 17.7% for the month of May, vs investor estimates for less than 7%. US m/m Industrial Production missed expectations of 3%, however still came in at +1.4%.

Berkeley Group

British property developer Berkeley Group's shares are outperforming the UK's benchmark FTSE 100 this morning, up 3.4% after news that the group announced it will stick to its previous plans of returning £280m to shareholders annually. This comes as a positive surprise to most investors, especially after gross profits fell by 35% y/y to £503m. Revenue was also down 35% to £1.9b, in the 12 months up to April 30th.

The company sold 2,723 homes over the course of the year down from 3,698 the previous year. Average price for these houses was also down on the year, from £748,000 to £677,000.

Berkeley's business model is designed for a high risk cyclical housing market, so naturally the firm has high liquidity and long-term cash flow visibility in place to withstand potential downturns.

"The onset of the Covid-19 lockdown in the last five weeks of the period had a significant impact on our operating environment, but Berkeley ended the year in a strong financial and operational position as our resilient business model and agile working culture defined our response" said Chairman Tony Pidgley.