

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Thursday, 18th of June

Markets Outlook

Equities: DAX and EuroStoxx are marginally lower this morning as news emerges of slight rises in both Germany and China's new Covid cases. Travel and leisure stocks in the US lost ground on Wednesday, reflected in the S&P 500's slight loss on the day. Asian equities were mixed to slightly lower overnight with Japan's Nikkei 225 down almost -0.5%.

Currencies: British Pound Sterling is weaker on Thursday after another generally quiet session on FX markets yesterday. The BOE rate decision today will likely cause some volatility in GBP pairs.

Safe-havens: We will be paying close attention to Gilts this afternoon in the aftermath of BOE. Bonds were mixed and fairly muted on Wednesday, US 10yr yields pushed lower and are approaching 0.7% this morning. Gold remains flat this week, showing much lower volatility, trading fair value at \$1,730.

Economic Data: This morning we saw a monetary policy update from the Swiss National Bank, in which they left their main interest rate unchanged at -0.75%. The main focus for the day ahead will be the Bank of England at midday. Weekly US unemployment claims will be released at 13:30 Irish time today, followed by a quiet evening on the data front.

Key Events to Watch

18/06/2020 - BOE Rate Decision

18/06/2020 - US Unemployment Claims

19/06/2020 - UK Retail Sales

19/06/2020 - EU Economic Summit

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,113	-0.36%	-3.63%
DAX	12,382	0.54%	-6.55%
EuroStoxx	3,267	0.76%	-12.90%
ISEQ	6,118	0.68%	-14.48%
FTSE	6,253	0.17%	-17.35%
Nikkei 225	22,356	-0.44%	-5.50%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2440	-0.17%	0.20%
EUR/GBP	0.8955	-0.01%	6.14%
GBP/USD	1.2557	-0.16%	-5.54%
USD/CHF	0.9487	-0.28%	-1.78%
USD/JPY	107.00	-0.31%	-1.44%
EUR/JPY	120.32	-0.48%	-1.25%

Fixed Income	Value	Daily Change
US 10yr	0.733	-0.030
US 2yr	0.195	-0.010
Bund 10yr	-0.426	0.002
Irish 10yr	-0.006	0.000
Gilt 10yr	0.184	-0.007
JGB 10yr	0.014	0.002

Financial News Round Up

Swiss National Bank

This morning the SNB delivered no surprises and decided to leave interest rates in Switzerland unchanged at -0.75%, as expected by investors across the board. SNB Chairman Thomas Jordan said the central bank's viewpoint and subsequent decisions will help the country navigate out of the current crisis, the bank forecasting that Switzerland will see a 6% fall in GDP in 2020.

"We need more inflation and a much better economic outlook" before the bank could consider any move in rates said Jordan, "A further appreciation of the Swiss Franc - which was already highly valued - would have resulted in additional difficulties for our economy".

The Franc is little changed following the release this morning, with EUR/CHF up 0.10% to just under 1.07 and slightly lower on the week. Similarly, USD/CHF is slightly higher today and trading just below the 0.95 mark.

Taylor Wimpey

FTSE 100-listed housebuilding firm Taylor Wimpey last night announced plans to raise £500m of equity, roughly 10% of the firm's market capitalisation.

The Covid pandemic has generated "short term opportunities to acquire land from a broad range of sources at attractive returns and prices below pre-Covid-19 levels" said the company after market close yesterday. This brand-new equity raise would "enable us to take advantage of these near term opportunities. These investments will support sustainable future growth and deliver enhanced, long term value to shareholders" said CEO Pete Redfern. Taylor Wimpey are in a relatively strong position so far this year, when compared to some of its peers in the housing space. The company currently has £6m of net cash which excludes land creditors of £650m.

TW is underperforming the FTSE on Thursday, down 5.6% to £1.43.

BP

Oil and gas giant BP have raised \$12 billion dollars' worth of debt on Wednesday in three different currencies. The USD part of the deal which equates to \$5b, will yield 4.375% and 4.875% in two tranches with an option for the company to repay investors in 5 and 10 years respectively. This debt will incorporate equity-like features and will fall under the heading of so-called 'hybrid bonds', with no actual onus on the firm to repay the principal, placing less of a burden on their balance sheet in the years to come.

Shares are lower this morning after the news, down roughly 1% to £3.13.