

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: European stocks continue to grind higher on Friday morning, despite small upticks in new daily cases in Germany and China, along with certain populous states in the US. DAX and EuroStoxx are c.1% higher this morning. Japan was stronger overnight, up almost half a percent.

Currencies: FX is fairly subdued on Friday morning, with the USD finishing the week slightly higher. Pound Sterling was weaker yesterday following the BOE monetary policy release, despite no big surprises from the central bank.

Safe-havens: Gold is flat on the week, trading lower volume as it sits in the upper half of its range at \$1,740 this morning. Thursday was another mixed day for fixed income, both US treasuries and German bunds showed much lower volatility this week.

Looking ahead: Today we will see 'quadruple witching' in the US, meaning options and futures contracts on both indices and stocks are set to expire, potentially causing increased volatility on the day. For data points, Canadian Retail Sales is the only release of any significance this afternoon. As it stands, Monday will be very quiet. Next week's highlights will be Tuesday's PMI releases and the US 'Final GDP' reading on Thursday.

Key Events to Watch

19/06/2020 - EU Economic Summit

23/06/2020 - European PMIs

23/06/2020 - UK PMIs

23/06/2020 - US PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,115	0.06%	-3.57%
DAX	12,281	-0.81%	-6.65%
EuroStoxx	3,249	-0.53%	-12.58%
ISEQ	6,175	0.94%	-14.14%
FTSE	6,224	-0.47%	-17.09%
Nikkei 225	22,461	0.47%	-4.98%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1204	-0.36%	-0.01%
EUR/GBP	0.9017	0.69%	6.72%
GBP/USD	1.2426	-1.04%	-6.25%
USD/CHF	0.9514	0.30%	-1.82%
USD/JPY	106.97	-0.03%	-1.55%
EUR/JPY	119.85	-0.39%	-1.55%

Fixed Income	Value	Daily Change
US 10yr	0.707	-0.024
US 2yr	0.195	0.000
Bund 10yr	-0.442	-0.014
Irish 10yr	-0.036	-0.021
Gilt 10yr	0.223	0.040
JGB 10yr	0.005	-0.007

Financial News Round Up

Bank of England

BOE yesterday left their overnight interest rate unchanged at the record low 0.10%, while also reiterating that rates will not be lowered in the UK for the time being, "We are assessing the case for negative interest rates" said BOE Governor Andrew Bailey, "It is not a decision that is in any sense imminent".

The central bank announced a £100 billion increase in their QE programme, citing the UK's surge in unemployment. This brings their current scheme to a total of £754b, this change had been fully priced in by market participants before yesterday's release.

"The economy, and especially the labour market, will therefore take some time to recover towards its previous path. Inflation is well below the 2% target and is expected to fall further below it in coming quarters, largely reflecting the weakness of demand" said the bank's Monetary Policy Committee. Inflation currently sits at 0.5% in the UK.

UK Retail Sales

May Retail Sales for the United Kingdom was released on Friday morning before market open, with a significant beat of expectations showing up for the monthly figure, indicating a strong rebound in spending in the region. The figure came in at a robust 12.0% vs consensus views for a 6.3% rise, and comes after the worst month in recorded history for UK retail sales. April's result was a deep -18.1%, exceeding already pessimistic forecasts for -16%.

FTSE 100 is currently 1.3% higher on the day, outperforming the EuroStoxx 50 by 20bps. GBP/USD is 0.30% lower.

EU Recovery Fund

EU leaders are due to meet today to discuss the issue of a recovery fund in response to the Covid-19 pandemic, along with talks about a new EU long term budget. The Irish Government has joined several other member states, including Belgium, in their pushing for amendments to be made to the system currently in place used to work out how much each nation will receive through both grants and loans. At present, Ireland is due to receive just €3b of the €750b fund, the Taoiseach is expected to debate that this share of the capital does not properly reflect the impact of the virus on our economy, along with the point that the impact of Brexit should be recognised as an asymmetric shock which will likely disproportionately damage the Irish economy when compared to other EU countries.

The fund will be made up of €500b in grants and €250b in loans.