

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: Stocks in Europe saw roughly 2% of gains yesterday, partly due to the across the board beat of expectations for Manufacturing and Services PMI figures. Tuesday's rally has since been undone, DAX and EuroStoxx are currently over 2% lower on the day so far amid fears of a second wave in Europe.

Currencies: The Dollar is flat this morning vs other major currencies following another day in the red on Tuesday, we expect FX to see lower volatility today as we get no data of any significance. EUR/USD sits at 1.13, EUR/GBP just above 0.90.

Safe-havens: Gold futures, currently trading their fourth consecutive up-day, have broken upwards out of their 11-week range. The metal is at its highest level today since late 2012, fast approaching \$1,795. Volatility in sovereign bond markets remains very low this week, German Bund yields are little changed.

Looking ahead: This afternoon will be very quiet in terms of data points, focus will likely remain on any further measures that are needed to contain recent small outbreaks in Germany, along with the growing concern surrounding the US' southern states.

Key Events to Watch

25/06/2020 - US 'Final GDP'

25/06/2020 - US Unemployment Claims

30/06/2020 - Chinese Manufacturing PMI

02/07/2020 - US Non-Farm Payrolls

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,131	0.43%	-3.08%
DAX	12,523	2.13%	-6.95%
EuroStoxx	3,298	1.76%	-13.04%
ISEQ	6,177	0.69%	-13.84%
FTSE	6,320	1.21%	-17.40%
Nikkei 225	22,516	-0.15%	-4.74%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1308	0.43%	0.71%
EUR/GBP	0.9032	-0.04%	7.12%
GBP/USD	1.2520	0.45%	-5.95%
USD/CHF	0.9446	-0.33%	-2.38%
USD/JPY	106.53	-0.34%	-1.93%
EUR/JPY	120.46	0.09%	-1.24%

Fixed Income	Value	Daily Change
US 10yr	0.715	0.003
US 2yr	0.190	-0.004
Bund 10yr	-0.405	0.029
Irish 10yr	0.058	0.030
Gilt 10yr	0.208	0.020
JGB 10yr	0.009	0.002

Financial News Round Up

Sensitive Equity Markets

Volatility is higher this morning as equity markets head for H1-end in a somewhat jittery fashion. The S&P 500's VIX Volatility index has risen to over \$33 this morning as yesterday's risk-on tone fades away, and market participants begin to focus on the record infection rates across much of the US, especially in southern states such as Texas, Florida, and California.

European indices have completely undone yesterday's gains, with the US expected to trade in the red at its 14:30 market open.

At Seaspray, we see room for relatively volatile moves in both directions as we advance towards the US' November election and a potential widespread second wave in both Europe and the US.

We are currently positioned appropriately for short and sharp pullbacks in equities markets during H2, with the view that economic data will continue its relatively choppy path to recovery in the second half of the year, with equities constantly forward looking in that regard.

German Business Morale

The German 'IFO Business Climate' data release this morning has come in at an 86.2 beat of 85.0 expectations, the largest month on month increase the figure has ever seen, according to the IFO Institute. "Companies' assessments of their current situation were somewhat better. Moreover, their expectations leaped higher. German business sees light at the end of the tunnel" said the IFO President.

This comes after the deep trough and record low for the figure in April of 74.3 followed by 79.5 in May. IFO Business Climate is a leading indicator of economic health, offering data from the current month

"We have passed the economic trough, the low point is behind us and things are looking up again. Export expectations have risen significantly."

Fiat Chrysler

The Italian Government has approved a decree offering state guarantees for the Italian division of the world's 8th largest carmaker Fiat-Chrysler. These guarantees will be worth €6.3 billion and are set to be the largest crisis loans to a European carmaker so far. It is not yet clear if the guarantees will affect the group's planned €5.5 billion extraordinary dividend.

FCA shares are flat to marginally lower on Wednesday.