

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Thursday, 25th of June

## Markets Outlook

**Equities:** Stocks in Europe are largely flat this morning after contracting by between 3 - 3.5% in Wednesday trade. S&P 500 futures are down 0.3% this ahead of the index's open this afternoon, while the VIX just touched 37 during yesterday's session. Stock markets across Asia were all in the red overnight, while China and Hong Kong were closed for holidays.

**Currencies:** The Dollar is beginning to see a bid on Thursday as concerns about the mounting COVID cases in the US and some EM economies prompt some sort of a return to the safe haven currency. EUR/USD is fast approaching the 1.12 mark while cable (GBP/USD) is marginally higher today at 1.2440.

**Safe-havens:** Bunds are higher again today as yields push lower. We saw some profit-taking in gold yesterday which has followed on into this morning, after the commodity rose to yearly highs earlier this week.

**Looking ahead:** This afternoon we will get the weekly US Unemployment Claims figure from the United States, expected to come in at 1.32 million vs last week's 1.508m. We also see the release of the US' final GDP reading for Q1, forecasted to come in unchanged from the preliminary release of this figure, at -5.0%.

## 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	3,050	-2.59%	-5.59%
DAX	12,093	-3.43%	-8.82%
EuroStoxx	3,196	-3.11%	-15.00%
ISEQ	5,999	-2.88%	-17.88%
FTSE	6,123	-3.11%	-19.36%
Nikkei 225	22,269	-1.18%	-5.90%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1252	-0.50%	0.25%
EUR/GBP	0.9060	0.32%	6.85%
GBP/USD	1.2420	-0.79%	-6.12%
USD/CHF	0.9479	0.34%	-2.07%
USD/JPY	107.04	0.48%	-1.38%
EUR/JPY	120.44	-0.02%	-1.12%

Fixed Income	Value	Daily Change
US 10yr	0.679	-0.038
US 2yr	0.188	-0.004
Bund 10yr	-0.439	-0.031
Irish 10yr	0.053	-0.013
Gilt 10yr	0.192	-0.015
JGB 10yr	0.007	-0.005

## Financial News Round Up

### IMF Forecasts

The International Monetary Fund yesterday moved to further downgrade its global economic forecasts for 2020, citing the fact that economies across the planet have in fact been more negatively impacted during H1 than it had previously expected, while recovery has been more prolonged than was hoped for.

The group's forecast for global growth has been lowered to -4.9%, versus its estimate for just -3% back in April. However, the IMF has reiterated that it expects a relatively strong bounce in 2021 GDP figures, with a global forecast for +5.4% for the year. Even if a bounce of that nature plays out in 2021, global GDP would still be 6.5% lower than the 2021 forecasts that were issued by IMF back in January.

In yesterday's forecasts, the group expects Europe to be acutely affected, issuing expectations for a 10.2% drop for the Euro area this year, in comparison to an 8% fall in the US.

Indices in Europe and the US on Wednesday saw their biggest intra-day move in a fortnight following the IMF release, moving between 2.5% and 3.5% to the downside throughout the day.

### FBD Holdings

Irish insurance company FBD Holdings plc has issued a trading update today, in which the company has stated it will put aside a "€22m cautionary reserve" to cover costs that may be incurred from claims made by Irish firms who have experienced business interruption due to the lockdown. FBD expects that pubs and restaurants around the country will make up a significant portion of these claims, and that lockdown-related motor insurance refunds will cost circa €7m.

"The board will keep the timing of the distribution of capital to shareholders under continuing review and is confident that capital can be returned when the uncertainty from Covid 19 has receded and the impact is more fully understood." it stated.

FBD have decided to not go forward with the proposed dividend for its 2019 financial year.

### Lufthansa

Lufthansa's biggest shareholder (15.5%) has agreed to vote for the proposal for a German Government-led €9b bailout package for the airline.

European Union regulators have approved the bailout deal, subject to a ban on dividends, share buybacks and some acquisitions until the state support is repaid.

Shares are over 12% higher today after the news, now up above the €10 mark.