

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Friday, 26th of June

## Markets Outlook

**Equities:** Indices bounced somewhat yesterday following relatively strong moves lower across the board on Wednesday. DAX and EuroStoxx are roughly 1% higher this morning, displaying lower volatility as we head towards the weekend, both indices are marginally higher on the week.

**Currencies:** Most pairs are largely unchanged on Friday morning, with the Dollar having gained some ground yesterday on continued fears surrounding record-high case rates in the US and many 'Emerging Market' economies.

**Safe-havens:** Treasuries were steady again yesterday, with fairly quiet and directionless trade this week and last. Germany's benchmark 10yr bund yield is lower this week, while remaining between -0.4 and -0.5%. Gold has pulled back off its yearly highs over recent days, looking like it will push higher and reach \$1,800 over the next week or so.

**Looking ahead:** Friday does not have any major economic releases, we are due to see the release of some smaller US inflation and consumer spending figures. The highlight for next week will come on Thursday 2nd of July as we get Non-Farm Payrolls and the US Unemployment Rate ahead of the 4th of July weekend.

## Key Events to Watch

30/06/2020 - Chinese Manufacturing PMI

30/06/2020 - Fed Chair Powell Speaks

01/07/2020 - US 'ISM Manufacturing PMI'

02/07/2020 - US Non-Farm Payrolls

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,083	1.10%	-4.55%
DAX	12,177	0.69%	-7.92%
EuroStoxx	3,218	0.71%	-13.66%
ISEQ	5,976	-0.39%	-16.41%
FTSE	6,147	0.38%	-17.91%
Nikkei 225	22,523	1.18%	-4.84%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1218	-0.30%	0.10%
EUR/GBP	0.9033	-0.29%	7.04%
GBP/USD	1.2418	-0.02%	-6.42%
USD/CHF	0.9484	0.05%	-2.12%
USD/JPY	107.20	0.15%	-1.51%
EUR/JPY	120.25	-0.16%	-1.40%

Fixed Income	Value	Daily Change
US 10yr	0.682	0.008
US 2yr	0.188	-0.002
Bund 10yr	-0.465	-0.025
Irish 10yr	0.030	-0.009
Gilt 10yr	0.161	-0.030
JGB 10yr	0.020	0.013

## Financial News Round Up

### Fed Update

The Federal Reserve has stated that it will now cap big US bank's dividends and ban any share buybacks until at least Q4 as it released a study indicating that Covid-19 could cause \$700b of loan losses in a severe stress test scenario. The new dividend cap says that banks cannot pay out more than they did during Q2, and payments also cannot outweigh average net income over the last 12 months. Conversely, regulators in Europe have recently introduced the more aggressive outright banning of dividend payouts for its banks. Despite the nation's 8 largest banks already having suspended share buybacks, the central bank barred these schemes for the whole of Q3 with the option to extend the ban in 3 months time.

The Fed did not mention any specific names that were involved in the 34-bank study, however stocks such as Goldman Sachs, Wells Fargo and JPMorgan-Chase fell in after-hours trade last night on the news, trading higher than usual overnight volume.

### Air France-KLM

The Dutch Government has said that it will provide a €3.4 billion financing package for Air France-KLM's Dutch 'KLM' subsidiary, in order to ensure the survival of the airline during the current pandemic. This package will equate to a €1b direct loan coupled with €2.4b in bank loans with guarantees, and comes after France announced their €7b bailout of Air France over two months ago.

AIRF shares gapped up on this morning's open, having since pared some of these gains, currently up 2.5% on Friday.

"This package is needed to make sure that KLM and Air France can continue to fulfil the important role that they have in our economy" said Dutch Finance Minister Wopke Hoekstra.

### Mortgages in Ireland

According to the 'Banking and Payments Federation Ireland', the amount of new mortgage approvals in the country for the month of May were down almost 62% on the same period in 2019.

At Seaspray we see this release as unsurprising given the level of travel restrictions in place over the course of the month, with the potential for a significant bounce during June and July when restrictions on the public and on businesses are eased.

To summarise the data: 1,879 new mortgages were approved in May across the Republic, down 62% y/y and 14.6% m/m. Overall value of approved mortgages in the country came to €442 million, 16% lower than that of April.