

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Friday, 3rd of July

Markets Outlook

Equities: Markets in Europe rallied strongly on Thursday, major indices up almost 3% on the day. DAX and EuroStoxx are down roughly 0.5% this morning. The VIX closed the day below 28, its lowest level since early June as equities marched on.

Currencies: The Dollar is flat on the week, after another day of very little movement on Thursday. FX traders continue to weigh up the conflicting influences of positive economic data and the increasing number of Covid cases.

Safe-havens: Gold is flat this week, having pared midweek losses yesterday by gaining over half a percent. Gold is trading fair value on Friday at \$1,785, not expected to significantly move today. Bond yields were lower yesterday, with the benchmark US 10yr having spiked above 0.7% briefly before closing in the red. German Bund yields rest between -0.4% and -0.5% this morning.

Looking Ahead: Today is due to be very quiet across all markets with the US bank holiday. American stock markets will remain shut until Monday, volumes are expected to be lower in Europe, likely displaying lower than usual volatility. Next week will be relatively muted in terms of economic data points, investors will focus on Coronavirus developments.

Key Events to Watch

03/07/2020 - US Bank Holiday

06/07/2020 - US Non-Manufacturing PMI

07/07/2020 - RBA Rate Decision

10/07/2020 - US PPI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,130	0.45%	-3.12%
DAX	12,608	2.84%	-4.82%
EuroStoxx	3,320	2.84%	-11.43%
ISEQ	6,097	1.76%	-14.95%
FTSE	6,240	1.34%	-17.38%
Nikkei 225	22,273	0.57%	-5.77%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1240	-0.11%	0.21%
EUR/GBP	0.9015	-0.06%	6.76%
GBP/USD	1.2467	-0.05%	-6.09%
USD/CHF	0.9453	-0.05%	-2.22%
USD/JPY	107.50	0.02%	-1.05%
EUR/JPY	120.82	-0.09%	-0.85%

Fixed Income	Value	Daily Change
US 10yr	0.669	-0.010
US 2yr	0.155	-0.007
Bund 10yr	-0.429	-0.039
Irish 10yr	0.021	-0.039
Gilt 10yr	0.184	-0.028
JGB 10yr	0.032	-0.021

Financial News Round Up

Central Bank of Ireland

The Central Bank has released its quarterly bulletin, in which it warns that the Irish economy could potentially contract by up to 14% in 2020, also stating that unemployment could average as high as 17% for the year. Uncertainty is a fundamental theme in this quarterly update, the bank makes references to the risks to our economy in a no-deal Brexit scenario at the end of this year.

It forecasts that GDP could drop by 9% in its base case scenario, but potentially by 13.8% in its "severe" scenario, while not expecting Irish GDP to return to 2019 levels until well into 2022.

With regard to Covid, the bank found that at the height of the lockdown in April 72% of the accommodation and food service sector had signed up to the Pandemic Unemployment Payment scheme, by June this figure had only fallen by 8%. This was by far the worst affected subsector in the country according to the Central Bank's statistics.

"While additional policy measures may be required to give some impetus to recovery. it will be important, in due course, for the Government to provide for a clear and credible return to much lower and sustainable deficit and debt positions" said Mark Cassidy, Director of Economics and Statistics at the Central Bank.

Positive US Data

Stocks in the US rose yesterday on the back of broadly positive jobs data for the month of June, with the risk-on sentiment prevailing throughout the day despite record numbers of new daily Covid cases across the nation. June saw a second consecutive month of record-breaking job market gains, with almost 5 million people returning to the workplace as Covid-related lockdowns were lifted. The unemployment rate for the States was lower for the third month in a row, down from 13.3% for May and 14.7% for April.

- Non-Farm Employment Change: 4.8m vs 3.04m expectations.
- US Unemployment Rate: 11.1% vs 12.4% expectations.
- Weekly Unemployment Claims: 1.427m vs 1.35m expectations.

S&P 500 finished Thursday +0.45%, Nasdaq +0.52%, and Dow Jones +0.36%. The VIX volatility index fell to \$27.68 where it closed for the long weekend.