

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: A risk-off tone returned to markets on Thursday as new daily cases worryingly continued to surge in the United States. DAX and EuroStoxx have bounced somewhat this morning, up roughly 0.2% so far. Overnight weakness was displayed in Asia. Naturally, VIX rose yesterday as risk assets fell, the volatility index sits at the \$30 mark this morning.

Currencies: The Dollar gained yesterday amid slight fear in equity markets, as concerns and uncertainty continue to grow surrounding the US' containment of the virus. Next week should be busier for FX markets, with three central banks reporting their rate decisions, ECB, BOJ, and BOC.

Safe-havens: Gold was down almost 1% yesterday after pushing to its highest levels since 2011 earlier this week. Gold is currently up over 18% YTD, we will likely remain overweight the precious metal for the remainder of the year unless we see some major fundamental changes in Q3 and Q4.

Looking Ahead: This morning has started off very quiet in Europe, with no economic data of any major importance to report on. This afternoon we see PPI results from the US, along with Canada's unemployment rate and monthly employment change.

Key Events to Watch

14/07/2020 - UK GDP

14/07/2020 - US CPI

15/07/2020 - BOJ Rate Decision

16/07/2020 - ECB Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,152	-0.56%	-2.44%
DAX	12,489	-0.04%	-5.62%
EuroStoxx	3,261	-0.76%	-12.79%
ISEQ	5,972	-1.09%	-16.75%
FTSE	6,049	-1.73%	-19.67%
Nikkei 225	22,290	-1.06%	-5.77%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1283	-0.41%	0.71%
EUR/GBP	0.8953	-0.35%	6.06%
GBP/USD	1.2607	-0.04%	-4.99%
USD/CHF	0.9404	0.22%	-2.73%
USD/JPY	107.21	-0.05%	-1.71%
EUR/JPY	120.99	-0.44%	-1.02%

Fixed Income	Value	Daily Change
US 10yr	0.613	-0.051
US 2yr	0.153	-0.008
Bund 10yr	-0.459	-0.020
Irish 10yr	-0.021	-0.012
Gilt 10yr	0.156	-0.019
JGB 10yr	0.012	-0.010

Financial News Round Up

Irish Bond Auction

Yesterday the National Treasury Management Agency (NTMA) raised €1.5b by way of an auction of three Irish Government bonds.

The shortest duration of the three was the '0.2% Treasury Bond' which raised €500m yesterday and will mature in 2027 at a negative rate of -0.257%, a fresh low for an Irish auction. This bond raised €6b at +0.242% when it was first issued back in April.

Similar to the 7yr, smaller amounts were also raised on the 10yr bond this time around also on negative yields. Due to expire in 2030 at -0.025%, €700m was raised vs the €6b from April of this year. The final bond, which is due to mature in 2050 at a yield of 0.602% raised €300m in this particular auction.

The NTMA has raised roughly €20 billion by way of bond auctions so far this year. In December, the NTMA had announced their target bond funding range of between €10 and €14 billion for 2020, this range has since been revised to between €20 and €24 billion to meet the extra Government borrowing requirements due to the pandemic.

Abbey

Irish homebuilder Abbey Group have released their full year results, for the 12 months leading up to April 30th 2020, coming in in-line with their guidance provided in May and broadly in line with our expectations. Gross profits were down just under 40% over the year, to €33m from the previous €53m. Net profit was €26.5m, reflecting an earnings per share of 125.62 cent for Abbey. During the year, a dividend of €0.11 per share was paid out to investors.

490 house sales were completed by the group over the year, equating to 405 in the UK, 57 in Ireland, and 28 in Czechia.

"In the light of current events the board will not recommend a dividend at the annual general meeting."

"All new projects placed on hold are planned to start before the end of October. Budgeting this year is more than usually difficult and the delayed start to new projects will result in lower than previously planned completions."

Dalata Group

Dalata Hotel Group has now reopened 42 of its hotels across the UK and Ireland. As of June 30th, the group had cash reserves of €103m, coupled with undrawn committed debt facilities of €72m.

"We are pleased to have secured amended facilities from our banking group as we reopen for business and begin to welcome customers back to our hotels. Our new covenants will support Dalata as we navigate through these difficult and uncertain times and enhance our strong liquidity position. Throughout the crisis we continued to maintain very strong relationships with our banking partners. Our institutional landlords also continue to actively support Dalata and remain committed to our long-term partnerships" said Dermot Crowley, Deputy Chief Executive of Business Development & Finance at the group.