

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Tuesday, 14th of July

Markets Outlook

Equities: Stocks are roughly 1.7% lower across Europe on Tuesday morning, after a weak close on Wall Street last night and an Asian overnight session broadly in the red. This risk-off tone was spurred in part by certain States in the US rolling back their reopening plans.

Currencies: The Dollar continues to weaken this morning as EUR/USD heads for its June highs in the 1.1420s, currently trading at 1.1355. Pound Sterling has been on the back foot so far this week, GBP/USD trading lower to 1.25 while EUR/GBP is fast approaching the 0.91 mark and the top of its 4-year range.

Safe-havens: Gold is flat this week, opening lower this morning and paring yesterday's gains. The metal rests just above \$1,800 today after breaking upwards to yearly highs over recent weeks.

Looking Ahead: In terms of economic data, UK GDP was the highlight of the morning. We are due to see US CPI inflation figures in the afternoon. Later today we see Q2 earnings results from JP Morgan Chase, Delta Airlines, Wells Fargo, and Citi Group. This is a big week for US banks, with Goldman Sachs also presenting their results tomorrow, followed by Bank of America and Morgan Stanley on Thursday.

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	3,155	-0.94%	-2.34%
DAX	12,799	1.32%	-5.20%
EuroStoxx	3,350	1.63%	-12.28%
ISEQ	6,094	0.68%	-16.53%
FTSE	6,176	1.33%	-18.90%
Nikkei 225	22,587	-0.87%	-4.52%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1342	0.29%	1.13%
EUR/GBP	0.9033	0.86%	7.14%
GBP/USD	1.2554	-0.57%	-5.55%
USD/CHF	0.9415	0.10%	-2.86%
USD/JPY	107.28	0.34%	-1.23%
EUR/JPY	121.70	0.65%	-0.12%

Fixed Income	Value	Daily Change
US 10yr	0.618	-0.012
US 2yr	0.155	0.004
Bund 10yr	-0.422	0.051
Irish 10yr	0.014	0.016
Gilt 10yr	0.188	0.031
JGB 10yr	0.019	-0.003

Financial News Round Up

US Reopening Setbacks

The S&P 500's volatility index, VIX, took a bid last night before the closing bell in New York, as equities fell to close the session in the red. The index reached its intra-day high of \$32.45 as concerns grew with regard to the rolling back of reopening measures in the US, especially in certain key populous States.

News broke last night of California's decision to follow in the footsteps of Texas and Arizona in rolling back its economic reopening. Bars, cinemas and restaurants were ordered to shut across the state, in a move that is reflecting the stop-start nature of the emergence from lockdown, worrying market participants in the US somewhat.

S&P 500 finished the day 0.94% lower, Nasdaq was -2.13%, while the Dow Jones was flat.

Ocado

British online supermarket and technology group Ocado this morning reported a 27.2% increase in 2020 first half retail sales, up to £1.02 billion.

Group EBITDA fell by 36% to £19.8m during the period, reflecting increased costs from investment in the technology side of the business. For its supermarket business, 'Ocado Retail', an 87% rise in EBITDA was recorded to £45.7m.

At Seaspray, Ocado have been a core part of our stock watchlist for over a year, we are reiterating our current 'hold' status on this name. The stock has strongly outperformed benchmarks so far this year, trading over 57% higher YTD.

"As a result of Covid-19 we have seen years of growth in the online grocery market condensed into a matter of months; and we won't be going back" said CEO Tim Steiner, "We are confident that accelerated growth in the online channel will continue, leading to a permanent redrawing of the landscape of the grocery industry worldwide" he added.

Last month Ocado raised £1b by issuing shares and convertible bonds in an effort to help fund its international activities.

PepsiCo

PepsiCo beat our forecasts for quarterly revenue and profit yesterday with their earnings release. The group's largest unit: 'North America beverages unit' saw a 7% fall in Q2 revenues with the company citing the closures of restaurants and other points of sale.

Overall, net revenue was 3% lower for the quarter, to \$15.95b, beating our estimates for just \$15.3b. Net income decreased by 19% to \$1.65b, while these earnings as a whole equated to \$1.32 per share, beating most analysts' expectations.

PepsiCo shares were slightly stronger on Monday after the release, down just over 1% YTD so far.