

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Wednesday, 15th of July

Markets Outlook

Equities: Equities are rallying on Wednesday following a mixed close for the asset class yesterday, and a positive overnight session in Asia. Main indices in Europe are up roughly 1.8% as we write, with Germany's DAX 30 having breached its June high, now trading highest levels since late February. This risk-on tone comes as vaccine hopes grow, along with speculation that this week's EU summit will lead to further stimulus.

Currencies: Funds are flowing out of the safe-haven USD this morning as equities push higher, EUR/USD has broken upwards and is now at its highest price since its spike on March 9th/10th, fast approaching 1.1450. Pound Sterling has also seen a bid this morning vs the Dollar, back above 1.26 and now flat to marginally higher on the week so far.

Looking Ahead: After the BOJ Rate Decision overnight, markets will look forward to the Bank of Canada release this afternoon followed by the European Central Bank tomorrow. Aside from central banks, we are due to see the release of US Industrial Production after lunch today, Chinese quarterly GDP tonight and US monthly Retail Sales tomorrow. Friday will be quiet in relative terms.

Key Events to Watch

15/07/2020 - US Industrial Production

15/07/2020 - BOC Rate Decision

16/07/2020 - Chinese GDP

16/07/2020 - ECB Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,197	1.34%	-1.03%
DAX	12,697	-0.80%	-3.36%
EuroStoxx	3,321	-0.85%	-10.57%
ISEQ	6,090	-0.08%	-14.20%
FTSE	6,179	0.06%	-17.31%
Nikkei 225	22,945	1.59%	-3.00%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1398	0.49%	2.03%
EUR/GBP	0.9081	0.53%	7.37%
GBP/USD	1.2551	-0.02%	-4.92%
USD/CHF	0.9397	-0.19%	-3.12%
USD/JPY	107.25	-0.03%	-1.51%
EUR/JPY	122.24	0.44%	0.49%

Fixed Income	Value	Daily Change
US 10yr	0.625	0.002
US 2yr	0.159	0.000
Bund 10yr	-0.447	-0.028
Irish 10yr	-0.014	-0.011
Gilt 10yr	0.147	-0.040
JGB 10yr	0.020	-0.006

Financial News Round Up

Bank of Japan

In the first of three central bank releases this week, the Bank of Japan decided to leave their interest rate unchanged in the early hours of this morning at -0.10%, as expected by analysts. BOJ also made no changes to its asset purchasing programmes and lending programmes designed to provide liquidity to corporations during the crisis and lockdown period.

The central bank has said that it now expects Japan's economy to contract by 4.7% in the 12 months ending in March, followed by a 3.3% expansion the next year. The bank in April had released vague targets for the current year of between -3 and -5%, due to heightened levels of uncertainty at the time.

"Japan's economy is expected to gradually improve from the latter half of this year. But the pace of recovery will be moderate as the effect of the global coronavirus pandemic will remain" BOJ said in their quarterly outlook report.

Goldman Sachs

Goldman Sachs shares are set to open higher in New York this afternoon after the banking group released better than expected Q2 earnings results earlier today.

In the best set of quarterly earnings GS have seen in years, they generated \$2.42b in profits for the period, equating to \$6.26 per share which is a massive beat of consensus \$3.78 expectations. This is up from Q2 2019's \$5.81 EPS result. Overall revenue jumped 41% to \$13.3b, while the bank reported a return on equity of 11.8% for the three months.

"Our strong financial performance across our client franchises demonstrates the inherent benefits of our diversified business model" said CEO David Solomon, "The turbulence we have seen in recent months only reinforces our commitment to the strategy we outlined earlier this year to investors. While the economic outlook remains uncertain, I am confident that we will continue to be the firm of choice for clients around the world who are looking to reshape their business and rebuild a more resilient economy."

GS shares are rallying in pre-market trade, up 4.2% to \$223, their highest point since February 25th.

ASML

Chip-maker and manufacturer ASML saw a sharp rise in net profits during Q2, to €751m from €476m just a year prior. Net sales also saw a significant rise, from €2.57b to €3.33b. Gross margin for the quarter came in at 48.2%.

Shares are down just over half a percent in Amsterdam today following the release, having already surged 29% in 2020 so far.

"Our 2020 growth expectations are largely unchanged relative to our view at the start of the year" said ASML President Peter Wennink.