

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Friday, 24th of July

Markets Outlook

Equities: Indices in Europe have opened lower on Friday, down roughly 1.7% this morning following a negative close last night in New York. Germany's DAX 30 equity index has undone all of the week's gains with this latest move lower. These moves come as fears begin to re-emerge around US-China tensions.

Currencies: The Euro has breached \$1.16 on Friday morning, as the dollar heads for its worst week since early June as new daily cases in the US remain stubbornly high while Europe has the virus under control in comparison.

Safe-havens: US yields are in their third straight week of losses, as these positive yielding bonds prove to still be in demand during what remains to be a very uncertain time for investors. Gold has gained almost 4.5% this week alone, it will only be a matter of time before the metal reaches \$1,900. Silver has followed gold higher, 15.5% stronger so far this week and up to \$22.80.

Looking Ahead: Following this morning's PMI releases from Europe and the UK, we will see the same from the United States at 14:45 Irish time today. Next week will be busier in terms of economic data, with Wednesday's Fed Rate Decision likely to be the highlight. On the corporate front: later today we get earnings results from Amazon and Honeywell International.

Key Events to Watch

24/07/2020 - US PMIs
29/07/2020 - Fed Rate Decision
30/07/2020 - German GDP
30/07/2020 - US GDP

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,235	-1.23%	0.15%
DAX	13,103	-0.01%	-2.79%
EuroStoxx	3,371	0.03%	-11.51%
ISEQ	6,273	0.12%	-14.16%
FTSE	6,211	0.07%	-18.84%
Nikkei 225	22,751	-0.58%	-3.83%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1596	0.22%	3.53%
EUR/GBP	0.9101	0.17%	7.92%
GBP/USD	1.2742	0.06%	-4.00%
USD/CHF	0.9255	-0.45%	-4.41%
USD/JPY	106.86	-0.27%	-2.18%
EUR/JPY	123.92	-0.04%	1.26%

Fixed Income	Value	Daily Change
US 10yr	0.577	-0.022
US 2yr	0.153	-0.057
Bund 10yr	-0.482	0.005
Irish 10yr	-0.092	-0.020
Gilt 10yr	0.119	0.005
JGB 10yr	0.016	0.006

Financial News Round Up

Economic Data This Morning

Friday morning was kicked off with monthly Retail Sales data from the UK, released before market open at 7am, the data came in at a strong beat of our 8.5% expectations. UK Retail Sales from June were 13.9%, this comes after another robust result the previous month of 12.0% vs 6.3% consensus expectations.

We also saw PMI (Purchasing Managers Index) data from key European nations this morning along with the UK. Almost all of the releases came in at a beat of analysts expectations, below is a summary of the results:

- French Services PMI: 57.8 vs 52.3 expectations.
- French Manufacturing PMI: 52.0 vs 53.1 expectations.
- German Services PMI: 56.7 vs 50.4.
- German Manufacturing PMI: 50.0 vs 48.0.
- UK Services PMI: 56.6 vs 51.4.
- UK Manufacturing PMI: 53.6 vs 52.0.

With readings above the 50.0 mark, this indicates that most of Europe is back in expansionary territory, following what were exceptionally poor PMI results for March and April.

PMIs are seen as a leading indicator of economic health, businesses react quickly to market conditions, and their purchasing managers hold perhaps the most current and relevant insight into the company's view of the economy.

US-China Tensions

Risk assets finished the session lower in the US on Thursday evening, with much of this sentiment following through to Europe's open this morning. This is on the back of fresh worries about rising US-China tensions this week. Beijing has stated that it ordered the US to close its consulate in the city of Chengdu, which follows the Trump administration's closure of the Chinese consulate in Houston, Texas. US Secretary of State Mike Pompeo also gave a speech this week in which he indicated that relations between the two superpowers had reached a new low.

Pearson

British multinational publishing and educational company Pearson has seen a rebound in demand since June and remains on track to reach its targets for 2020, despite seeing a loss during H1, the company said in a statement this morning.

Pearson saw a loss of £23m for H1, vs profits of £144m during the same period in 2019. The UK firm have decided to pay out a dividend this year of 6 pence, the same figure as was paid last year.

"Covid-19 has had a major impact on trading, but we are encouraged by the improving trends and pick up in sales in June." said CEO John Fallon.