

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: Indices in Europe are slightly lower on Monday, after finishing last week in the red on Friday evening's close. EuroStoxx 50 is -0.4% lower in early morning trade, after a relatively quiet but mixed session in Asia overnight. The VIX briefly traded back above \$28 on Friday, currently sitting just below \$27.

Currencies: FX markets saw increased volatility last week as the Dollar weakened significantly. EUR/USD, currently in its seventh consecutive green trading session on Monday morning, is at its highest levels since September 2018, up above the 1.17 mark. This move comes as investors' faith in the US economy dwindles while Covid cases remain stubbornly high, and speculation around further easing from the Fed grows. GBP/USD is higher on Monday, having almost fully undone March's heavy losses in the pair, currently above 1.28.

Safe-havens: As the Dollar has fallen, gold has risen sharply. Gold futures, which gapped higher on last night's open, have breached their long term resistance and have now traded a brand new all-time high at \$1,937, before pulling back marginally this morning. Gold is surging as fears over Coronavirus second waves grow, while US-China tensions remain ever-present.

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	3,215	-0.62%	-0.47%
DAX	12,838	-2.02%	-3.10%
EuroStoxx	3,310	-1.80%	-11.60%
ISEQ	6,192	-1.28%	-13.79%
FTSE	6,123	-1.41%	-18.81%
Nikkei 225	22,710	-0.18%	-4.11%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1656	0.52%	4.33%
EUR/GBP	0.9111	0.11%	7.88%
GBP/USD	1.2791	0.39%	-3.23%
USD/CHF	0.9208	-0.51%	-5.20%
USD/JPY	106.14	-0.68%	-2.77%
EUR/JPY	123.71	-0.17%	1.43%

Fixed Income	Value	Daily Change
US 10yr	0.587	0.006
US 2yr	0.149	-0.090
Bund 10yr	-0.451	0.039
Irish 10yr	-0.058	0.045
Gilt 10yr	0.145	0.035
JGB 10yr	0.015	-0.001

Financial News Round Up

The Week Ahead

Monday and Tuesday are set to be relatively quiet in terms of economic data points, the key releases will come in the second half of the week. On Wednesday evening we are due to get the latest rate decision and monetary policy statement from the Federal Reserve, followed by both US and German Q2 GDP figures on Thursday which are expected to be exceptionally poor. In the early hours of Friday morning China will release their Manufacturing PMI, with French, Spanish, and Italian Q2 GDP results later that morning and US Consumer Sentiment data to finish off the week in the afternoon.

On the corporate earnings front, we are due to see a list of important names releasing their second quarter data this week, potentially causing some volatility in the equity space. Later on Monday we will see results from LVMH and Michelin.

Tomorrow's large releases will be made up of Visa, Pfizer, and Amgen, followed by Wednesday's Facebook, PayPal, and Sanofi. Thursday will likely see some heightened volatility with Apple, Amazon, Google, and Royal Dutch Shell all reporting throughout the day. Merck, ExxonMobil, and AbbVie will round up the week on Friday.

Other notable releases this week include Berkshire Hathaway, MasterCard, Boeing, McDonald's, AstraZeneca, and Gilead Sciences.

Ryanair

Europe's biggest low-cost airline has seen an after-tax loss of €185m for the three months up to June 30th, its first ever loss during this quarter. However, Ryanair did beat many expectations, with average estimates from analysts coming in at a €232m loss for the quarter.

Quarterly revenue was 95% lower to €125m, while costs were down by 85%.

At present, Ryanair hopes to fly 60% of its regular schedule for the month of August, followed by an ambitious 70% in September.

"Given the current uncertainty, Ryanair cannot provide any FY21 profit after tax guidance at this time" chief executive Michael O'Leary said this morning, referring to the group's financial year which ends on March 31st 2021. "A second wave of Covid-19 cases across Europe in late autumn is our biggest fear right now".

Shares are over 7% lower in early morning trade, currently sitting just above the €10 mark. This sentiment is not overly surprising given the lack of guidance from Ryanair, coupled with the continued 'uncertainty' narrative.

At Seaspray, we reiterate our long term 'buy' rating on this stock, with a current price target of €16.