

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Tuesday, 4th of August

Markets Outlook

Equities: Indices are mixed this morning with the EuroStoxx 50 up 0.15%, this comes with mixed earnings results across the continent yesterday and into today. Equities rallied in Asia overnight with the benchmark Nikkei 225 closing 1.7% stronger. The S&P 500's VIX index is back down to \$24.20 on Tuesday morning.

Currencies: The main currency pairs were fairly muted on Monday, with the dollar trading roughly flat over the past week. This follows a very weak few months for the world's reserve currency, as investors' faith in the US and their containment of the virus became shakier.

Safe-havens: Gold is seeing quieter trade and is flat on the week so far just above \$1,980. We see room for a short-term technical correction over the coming months for gold as profits are taken, bringing potential opportunities.

Looking Ahead: There will be no major economic data points from Europe or the US on Tuesday, the highlights of the week will come with the Bank of England on Thursday and the US NFP and Unemployment figures on Friday.

This week we get Q2 earnings results from Walt Disney, Toyota, T-Mobile, Siemens, Allianz, Diageo and many other names.

Key Events to Watch

05/08/2020 - US Non-Manufacturing PMI

06/08/2020 - BOE Rate Decision

07/08/2020 - US Non-Farm Payrolls

12/08/2020 - UK GDP

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,294	0.72%	1.98%
DAX	12,646	2.71%	-5.05%
EuroStoxx	3,248	2.33%	-13.40%
ISEQ	6,220	1.99%	-13.56%
FTSE	6,032	2.29%	-20.42%
Nikkei 225	22,573	1.70%	-4.58%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1763	-0.16%	5.13%
EUR/GBP	0.8997	0.04%	6.62%
GBP/USD	1.3075	-0.19%	-1.34%
USD/CHF	0.9178	0.46%	-5.42%
USD/JPY	105.96	0.08%	-2.47%
EUR/JPY	124.64	-0.08%	2.52%

Fixed Income	Value	Daily Change
US 10yr	0.554	0.019
US 2yr	0.113	0.006
Bund 10yr	-0.528	-0.002
Irish 10yr	-0.120	0.003
Gilt 10yr	0.097	-0.010
JGB 10yr	0.017	-0.006

Financial News Round Up

Permanent TSB

Permanent TSB has announced a €57m pre-tax loss for H1 of this year, as the bank also set aside €75m to deal with expected bad loans. New lending dropped by 16% since the same period in 2019, down to €600m beating our expectations for the result. Customer deposits at the bank grew by €600m bringing the total to €17.8b, with current account balances 15% higher over the 6 month period. PTSB's loan:deposit ratio came in at 87% at the mid-year point.

Chief Executive Eamonn Crowley indicated in his statement that Q1 saw a positive start to the year, while the second quarter was obviously dominated by the impact of the virus.

"As guided in the bank's most recent trading update, the second quarter has been led by the macro-economic environment and the impact this has had on credit provisioning models. In this regard the bank reports, in its interim results, provisions for expected credit losses totaling €75 million reflecting a prudent estimate ahead of what remains an uncertain macro-economic outlook."

Shares are trading over 3% stronger this morning at just €0.495. PTSB traded its lowest ever prices back in May, having rebounded just 13.6% in the meantime as other sectors have outperformed financials.

Ryanair

According to their latest figures, Ryanair saw 4.4 million passengers fly with them over July, broadly in line with our expectations. This equates to a 70% fall when compared to last July, bearing in mind that the budget airliner was operating just 40% of its normal fleet.

This news follows Ryanair's quarterly results last week which reported a €185m loss during the April-June period.

We have a longer-term 'buy' rating on this stock, Ryanair has demonstrated the lowest cost base of Europe's airlines, along with a robust balance sheet, leading us to believe that they will emerge from this pandemic in a position of relative strength as we continue to see other airlines fail. Covid-related State Aid for some of Ryanair's competitors was a negative, however we still see the potential for Ryanair to expand and grow its network in the coming years.

BP

London-headquartered oil and gas giant BP has announced a dividend cut for the first time in a decade, removing one of the central reasons of its investment case. The cut was by 50% and brings the group's payout to shareholders down to 5.25 cents per share. This move comes after rival Royal Dutch Shell slashed its own 2020 dividend in April.

BP reported a record \$6.7 billion loss in Q2, with the collapse in energy demand due to the global shutdown over this period being the main cause for the loss.