

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Monday, 17th of August

Markets Outlook

Equities: Stock markets are broadly flat in Europe this morning, with no economic data points of any importance to keep an eye on. S&P 500 futures are marginally higher on Monday morning while the VIX volatility index remains flat over the past week, currently at \$22.45. Shares in Tokyo and Sydney traded lower overnight, following the cancellation of US-China talks over the weekend.

Currencies: FX has seen a very quiet start to the week, with the major pairs showing relatively low volatility and volumes traded. This fairly muted trade may remain for a few days as the macro calendar is looking very sparse for Monday, Tuesday, and Wednesday morning. Currencies will likely see increased volatility towards the end of the week as PMIs from both sides of the Atlantic are released.

Safe-havens: Gold steadied on Thursday and Friday last week after seeing quite a sharp pullback which very briefly brought the precious metal down below \$1,900. Gold is 0.75% higher today, sitting at \$1,965.

Bond yields, which have a strong inverse correlation to the price of gold, rose last week as the metal sold off, with the benchmark US 10yr reaching a yield of 0.70% for the first time in 6 weeks.

Key Events to Watch

19/08/2020 - OPEC Meetings

19/08/2020 - FOMC Meeting Minutes

21/08/2020 - European PMIs

21/08/2020 - US PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,372	-0.02%	4.40%
DAX	12,901	-0.71%	-2.64%
EuroStoxx	3,305	-1.13%	-11.81%
ISEQ	6,380	-1.19%	-11.79%
FTSE	6,090	-1.55%	-19.15%
Nikkei 225	23,096	-0.83%	-2.37%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1841	0.25%	5.57%
EUR/GBP	0.9047	0.07%	7.05%
GBP/USD	1.3084	0.16%	-1.33%
USD/CHF	0.9090	-0.07%	-6.18%
USD/JPY	106.59	-0.31%	-1.93%
EUR/JPY	126.21	-0.06%	3.52%

Fixed Income	Value	Daily Change
US 10yr	0.709	-0.008
US 2yr	0.147	-0.018
Bund 10yr	-0.419	-0.022
Irish 10yr	-0.068	-0.009
Gilt 10yr	0.243	-0.005
JGB 10yr	0.037	-0.004

Financial News Round Up

The Week Ahead

Talks between the US and China which were scheduled for over the weekend were postponed, these talks were aimed at reviewing progress at the six-month mark of the phase one trade agreement between the two economic powerhouses. Monday and Tuesday's economic calendars look very sparse, with no releases of any major importance to watch. Wednesday morning will be similar, market participants will likely have one eye on the FOMC minutes from their most recent meeting 3 weeks ago, which will come at 19:00 Irish time. Thursday will see the usual US weekly Unemployment Claims figure, with last week's result having dropped below 1 million for the first time since mid-March.

Friday could see increased volatility across markets as we get Services and Manufacturing PMI results from key European nations, the UK, and then the US after lunch. This PMI data will be looked to for further evidence of the drawn out but ongoing recovery within each of these economies.

On the corporate earnings front we are due to see quarterly results from Walmart and Home Depot tomorrow, giving us further indication of how retail sales are doing in the States. These will be followed by earnings releases from NVIDIA Corp on Wednesday, CRH on Thursday, and Kingspan Group to round off the week on Friday.

Berkshire Hathaway

Warren Buffet's Berkshire Hathaway on Friday released its latest quarterly holdings, causing much controversy as the firm took a position in Toronto-based gold mining company Barrick Gold, after years of the CEO playing down gold as an investment. Buffet has continuously criticized gold's inability to produce an income along with its associated storage costs. The investment firm acquired almost 21 million shares in Barrick Gold worth \$563m, representing 0.3% of Berkshire's holding.

Berkshire also cut its exposure to financials, fully exiting its Goldman Sachs position and reducing its JP Morgan and Wells Fargo stakes by 61% and 26% respectively. The firm also added to its stake in American grocery chain Kroger and left its 5.9% stake in Apple untouched over the second quarter. Apple remains the largest part of Berkshire Hathaway's portfolio. In May and June, Buffet's company repurchased \$5.1 billion worth of its own stock, exceeding all of the Berkshire buybacks of 2019 combined.

Encouragingly, Berkshire's cash position has reached a record \$147 billion.

Shares in the company were roughly half a percent lower on Friday, trailing the S&P on a year-to-date basis, trading down 6.8% since January.