

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Thursday 3rd September

## Markets Outlook

**Equities:** All major markets experience a reasonably strong day yesterday. Markets have also opened this morning with a very positive bias as signs of global economic recovery increases and on the back of continued belief that further stimulus measures will be implemented. On the back of this plus increasing Covid 19 vaccine hopes the travel & leisure sector has had an early bounce. We have also seen financial stocks on their third day of positive moves. Pharmaceutical stocks focusing on a Covid vaccine also have risen strongly with Sanofi in France and Glaxo both up on announced JV trial.

**Currencies:** The dollar reversed recent weakness as concerns rose in markets that Central Banks will intervene globally to prevent their currencies appreciating too far. The Eur/USD fell 0.5% on the back of ECB chief economist Philip Lane commenting that the Eur/\$ rate "does matter" - suggesting that the ECB might do something about it and this has prompted a reappraisal of the extremely long positioning of this currency pair. We are likely to see range trading on the back of this.

**Safe-havens:** Gold continued its volatility having weakened yesterday it is up relatively strongly this morning on concerns about geo-political concerns. At the same time oil has weakened as data out yesterday suggested that although there was a draw on reserves the driving season is over in the US and supply is strong.

## Key Events to Watch

03/09/2020 - BOE Gov Bailey speaks

03/09/2020 - US ISM non - Manufacturing PMI

04/09/2020 - US unemployment rate

07/09/2020 - US bank holiday

## Market Moves

Equity Index	Value	Daily Change	YTD Change
S&P 500	3,581	1.54%	10.84%
DAX	13,447	1.51%	1.48%
EuroStoxx	3,389	1.54%	-9.53%
ISEQ	6,418	0.68%	-9.30%
FTSE	5,986	0.79%	-20.60%
Nikkei 225	23,466	0.94%	-0.81%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1819	-0.29%	5.36%
EUR/GBP	0.8886	0.09%	5.14%
GBP/USD	1.3299	-0.38%	0.26%
USD/CHF	0.9118	0.15%	-5.81%
USD/JPY	106.22	0.03%	-2.21%
EUR/JPY	125.49	-0.30%	3.02%

Fixed Income	Value	Daily Change
US 10yr	0.661	0.010
US 2yr	0.139	0.002
Bund 10yr	-0.474	-0.002
Irish 10yr	-0.135	-0.015
Gilt 10yr	0.242	0.009
JGB 10yr	0.032	-0.009

## Financial News Round Up

### Tesla

Shares of Tesla Inc. took another dive on Wednesday to kick off a correction, after the electric vehicle maker disclosed that one of its largest shareholders sold off a chunk of stock, although the sale was effectively just a re-balancing as the value of the stake has actually increased. However what may be unnerving investors is the disclosure comes a day after the company itself said it would place up to \$5 billion worth of its stock.

Separately, although US firm, BofA Securities raised their price target to imply a near-30% gain from current levels, they stopped short of recommending investors buy the stock.

Tesla's stock (TSLA) dropped 5.8% to \$447.37 in active trading, to mark the biggest one-day decline in about six weeks. The stock has now tumbled 11.4% since it closed at a record \$498.32 on Monday, when its 5-for-1 stock split took effect. Many on Wall Street label a decline of at least 10% to up to 20% from a significant peak as a correction, while a decline of 20% or more is defined as a bear market. Wednesday's close below \$448.49 makes the correction "official;" a close above Monday's record would wipe away the correction label. Meanwhile, the stock has still rocketed fivefold (up 434.7%) year to date, while the S&P 500 index SPX, +1.53% has gained 10.8%.

### BOI

The bank has announced that it is intending moving in to the "green bond" market within the next few months. It is expected that the bank will seek to raise between €300 million and €750 million in an initial green bond placing. This would see the bank having a fresh funding source for renewable energy, green buildings and clean transport sectors. This would make BOI the first Irish lender to enter this international source of finance. Although BOI has provided over €600 million of green loans and green mortgages since 2015 this would be the first time they will have sourced from this specialist market which has been developing rapidly over the last 10 years. The NTMA issued green bonds in 2018 and the ESB also placed Green bonds in 2019. This will be a very interesting area for companies in the renewable sector going forward.

### Ryanair

Ryanair reported that it flew 7 million passengers in August, up 59 per cent on July. Traffic was down 53 per cent on an annual basis after Europe's biggest budget carrier operated around 60 per cent of its normal August schedule. It recorded a 73 per cent load factor, which measures how well an airline fills available seats. This was similar to the level in July. The shares have bounced this morning on this and also on positive news on possible covid vaccines