



Wednesday, 9th of September

Markets Outlook

Equities: Indices in the US closed lower last night as big tech names saw significant outflows and dragged the equity groupings lower on the day. DAX and EuroStoxx are attempting to undo yesterday's losses, and are roughly 1% higher on Wednesday morning, trading broadly flat so far in September after their run up of the past 5 months. Shares in Tokyo and Sydney were in the red overnight following the lower session on Wall St.

Currencies: GBP lost more ground on Tuesday as fears continue to grow over the prospect of a no trade deal scenario between the EU and UK, a UK minister confirmed yesterday that the new bill to be brought before the UK parliament this week would override parts of the Withdrawal Agreement currently in place and would also breach international law.

Looking ahead: The highlight of the day will come from across the pond at 15:00 from the Bank of Canada. All eyes will be on the ECB tomorrow just after noon, promptly followed by Christine Lagarde's press conference in which she will be queried about the Euro's strength and deflation in the Eurozone.

On the corporate front: Thursday will see the release of earnings results from Cairn Homes followed by Oracle Group in the afternoon.

Key Events to Watch

09/09/2020 - BOC Rate Decision

10/09/2020 - ECB Rate Decision

11/09/2020 - UK GDP

11/09/2020 - US CPI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,331	-2.78%	3.13%
DAX	12,968	-1.01%	-1.29%
EuroStoxx	3,267	-1.41%	-12.02%
ISEQ	6,283	-0.47%	-13.12%
FTSE	5,930	-0.12%	-20.57%
Nikkei 225	23,032	-1.04%	-2.64%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1779	-0.32%	4.99%
EUR/GBP	0.9069	1.07%	7.61%
GBP/USD	1.2987	-1.36%	-2.35%
USD/CHF	0.9173	0.15%	-5.14%
USD/JPY	106.01	-0.23%	-2.49%
EUR/JPY	124.84	-0.57%	2.38%

Fixed Income	Value	Daily Change
US 10yr	0.682	-0.038
US 2yr	0.143	0.002
Bund 10yr	-0.494	-0.029
Irish 10yr	-0.114	-0.021
Gilt 10yr	0.175	-0.070
JGB 10yr	0.027	-0.005

Financial News Round Up

Tullow Oil

Irish-founded and now London-headquartered oil and gas exploration company 'Tullow Oil' have released their H1 earnings results, in which the firm saw losses of \$1.3b over the six month period, compared to a \$103m profit the year prior. These losses came as economies shut down during their respective lockdowns and global oil prices tumbled to decade-lows. Tullow have stated that they are exploring "various refinancing alternatives with respect to the Group's capital structure". On a positive note, the firm currently has circa \$500m in readily available cash, and says that it plans to spend about \$365m on investments and decommissioning this year.

H1 revenues fell from \$872m in 2019 to \$731m this time around, with Tullow producing 10% less oil than the previous year.

"Cash flow projections forecast a potential liquidity shortfall during the 18-month period relevant to the Liquidity Forecast Test in respect of the January 2021 RBL re-determination due to the maturity of the \$650 million Senior Notes due in April 2022" said the group. This RBL, or reserve based lending, is a form of credit offered to oil and gas producers and is usually reviewed every 6 months.

Tullow Oil's shares in London are almost 10% lower this morning following the release, trading down over 72% to £17.50. At Seaspray we remain on the sidelines with regard to this name, as a result of high levels of ongoing uncertainty within the industry and Crude Oil prices currently in a vulnerable position in our view.

AstraZeneca

British-Swedish pharmaceutical firm AstraZeneca, who are currently working with Oxford University on their late-stage trials for a Covid-19 vaccine have been put on hold as of yesterday, after side-effects were reported in a patient in the UK.

"This is a routine action which has to happen whenever there is a potentially unexplained illness in one of the trials, while it is investigated, ensuring we maintain the integrity of the trials.

We are working to expedite the review of the single event to minimise any potential impact on the trial timeline." said an AstraZeneca spokeswoman.

AZN shares opened lower in London today on the back of this news, having since pared some of these losses and now trading down just 1.45% to £8,226. The way equity markets as a whole are currently priced, it is highly likely that a Q4 2020/Q1 2021 successful vaccine has been priced in. Should we see other firm's late-stage trials hit speedbumps similar to AstraZeneca's, we may see an unwinding of positions on a large scale as global investor sentiment shifts and a no-vaccine scenario becomes partially priced in, potentially causing a 10-15% selloff in major indices. Watch this space.