

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Thursday, 10th of September

Markets Outlook

Equities: Volatility has been higher over the past week, with the VIX index currently sitting just below \$30 on Thursday morning. Indices in Europe are slightly lower ahead of the central bank release today, we may see another rise in equity volatility should we hear some unexpected narrative from ECB today.

Currencies: EUR/USD is flat on the week so far ahead of the ECB meeting this afternoon, having gained 0.20% yesterday and again this morning to undo the losses from earlier in the week. FX volatility particularly in this pair will likely pick up later today. Sterling will remain sensitive to any Brexit newsflow.

Safe-havens: Bond yields have been largely mixed this week, seeing slightly lower trade this morning. We will be watching German 10yr Bunds in particular this afternoon following the release. Gold has seen mostly sideways trade for a month now, a shorter term pullback below \$1,900 would not be unexpected at this point.

Looking ahead: All eyes will be on the European Central Bank at 12:45 today, and ECB President Christine Lagarde's press conference at 13:30. We will also see PPI results from the US this afternoon followed by UK GDP tomorrow morning and US CPI inflation readings to round off the week.

Key Events to Watch

10/09/2020 - ECB Rate Decision

10/09/2020 - Brexit Talks

11/09/2020 - UK GDP

11/09/2020 - US CPI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,398	2.01%	5.21%
DAX	13,237	2.07%	0.15%
EuroStoxx	3,324	1.76%	-11.09%
ISEQ	6,354	1.12%	-11.08%
FTSE	6,012	1.39%	-20.40%
Nikkei 225	23,235	0.88%	-1.78%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1802	0.20%	5.49%
EUR/GBP	0.9076	0.08%	7.53%
GBP/USD	1.3000	0.10%	-1.85%
USD/CHF	0.9123	-0.55%	-5.97%
USD/JPY	106.17	0.15%	-2.34%
EUR/JPY	125.30	0.37%	3.01%

Fixed Income	Value	Daily Change
US 10yr	0.698	0.031
US 2yr	0.147	0.006
Bund 10yr	-0.461	0.031
Irish 10yr	-0.080	0.052
Gilt 10yr	0.237	0.063
JGB 10yr	0.024	-0.003

Financial News Round Up

Emergency Brexit Talks

The EU and UK are set to host emergency talks today over Boris Johnson's recent plans to undermine parts of the Withdrawal Agreement that is currently in place with his European counterparts.

The Vice President of the European Commission Maros Sefcovic will visit London today to meet Michael Gove for the emergency talks, while scheduled talks will take place between chief negotiators Michel Barnier and David Frost.

Ireland has called on the UK to discard its plans to break certain terms in the Withdrawal Agreement, warning that the UK is risking fully losing the EU's trust in what is such a vital stage of the negotiations.

"Trust has been eroded but he (Johnson) made it clear to me that the UK was fully committed to meeting the obligations of protecting the single market and fluidity of trade in the north and south. The legislation runs counter to that" said Taoiseach Micheál Martin this morning, pointing to the fact that while Boris Johnson says one thing, the UK's actions have said another. This week's development begs the question if PM Johnson can be trusted as the clock ticks on and we edge closer to the end of year deadline.

GBP/USD +0.20%, EUR/GBP +0.10%, FTSE -0.75% on Thursday morning.

ECB Today

This week's main risk event for the Euro and European equity indices will come at 12:45 this afternoon when the European Central Bank releases its latest monetary policy statement, rate decision, and President Christine Lagarde answers important questions with regard to the currency's recent strength, along with inflation recently entering negative territory in the region.

We fully expect policy rates and measures to be left unchanged by the bank today, despite second virus waves in certain key nations on the continent and local lockdowns re-emerging.

Investors will pay close attention to any forward guidance, or lack thereof, the central bank provides us with later today, with any potential hints as to future policy moves or any concerns that they may have with regard to a strengthening Euro as we navigate our way through and hopefully out of this pandemic.

Cairn Homes

Irish house-builder and developer Cairn Homes has reported expectedly lower profits and revenues for H1 of this year, reaffirming to investors that through a disciplined approach to cost and cash management, the firm has maintained profitability despite virus-related pressures on production and sales witnessed during the period. Operating profit fell in H1 to €5.8m, down from €27.3m during the same period in 2019. Revenues came in at €80.9m which were down from €192.4m.

The company completed 207 sales during the period, with an average selling price of €337,000, compared to the 390 in H1 2019 at an average of €449,000.