

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Thursday, 17th of September

Markets Outlook

Equities: Major indices have opened lower on Thursday, following the Fed's comments and the lower close on Wall Street last night. Investors have reacted with some level of disappointment to the Fed's decision not to add additional stimulus this time around. Likewise, stocks across Asia finished in the red overnight while the VIX has been on the rise since the release, pushing above \$28 briefly this morning.

Currencies: The Dollar was choppy last night following the Fed and Jerome Powell's subsequent press conference. Sterling registered further gains yesterday on reports of some progress in trade talks, albeit only having retraced roughly one third of last week's negative move so far. Sterling will remain sensitive to Brexit news-flow today and tomorrow.

Looking ahead: The Bank of England's release will be Thursday's highlight, due at midday, followed by the weekly US Unemployment Claims release this afternoon. Tomorrow we see Retail Sales from the UK and Canada, followed by Consumer Sentiment readings from the US. We will be watching Applegreen's earnings results tomorrow morning.

Key Events to Watch

17/09/2020 - BOE Rate Decision

18/09/2020 - UK Retail Sales

23/09/2020 - European PMIs

23/09/2020 - US PMIs

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,385	-0.46%	4.79%
DAX	13,255	0.29%	-1.31%
EuroStoxx	3,338	0.20%	-12.02%
ISEQ	6,592	0.90%	-8.93%
FTSE	6,078	-0.44%	-20.28%
Nikkei 225	23,319	-0.67%	-1.43%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1814	-0.26%	5.07%
EUR/GBP	0.9109	-0.87%	7.59%
GBP/USD	1.2965	0.61%	-2.28%
USD/CHF	0.9092	0.13%	-5.76%
USD/JPY	104.94	-0.46%	-3.54%
EUR/JPY	123.98	-0.70%	1.35%

Fixed Income	Value	Daily Change
US 10yr	0.698	0.026
US 2yr	0.139	-0.002
Bund 10yr	-0.481	-0.002
Irish 10yr	-0.116	-0.020
Gilt 10yr	0.217	0.002
JGB 10yr	0.016	-0.002

Financial News Round Up

Central Bank Update

Fed: Last evening the US' Federal Reserve assured investors that they plan to keep interest rates at or near the zero bound until inflation in the region is on track to reach its 2% target. Last night was the central bank's last policy decision ahead of the November 3rd Presidential Election, with all but one of the Fed's policymakers forecasting rates to remain near zero up to 2022 at least.

Policymakers now see the US economy shrinking by 3.7% in 2020, which is a welcome change from the previous 6.5% drop expected back in June. They now forecast unemployment falling to 7.6% by year-end. US equities fell as traders digested the release, as markets seemed somewhat disappointed by the lack of stronger guidance on asset purchases by the bank.

"It will take a while to get back to the levels of economic activity and employment that prevailed at the beginning of this year, and it may take continued support from both monetary and fiscal policy to achieve that" said Fed Chair J Powell.

BOJ: The Bank of Japan left rates unchanged and kept their monetary policy steady in the early hours of this morning, while slightly moving higher its outlook on the economy and indicating that no extra stimulus is required at present.

"Japan's economy remains in a severe state but has started to pick up as business activity gradually resumes" said the BOJ.

BOE: All eyes today will be on the Bank of England today. BOE are not widely expected to adjust policy, however there is a relatively strong chance that they will highlight the growing downside risks facing the UK economy, which could cause significant intra-day volatility for Sterling and UK assets. Investors may begin to quickly price in further BOE stimulus for their November meeting, likely causing some Pound weakness next week.

Budget 2021

The Irish Fiscal Advisory Council (IFAC) has urged the Irish Government to maintain the current support measures in place for the incomes of households and businesses in their upcoming October 13th Budget for next year. IFAC, who have recently described the Irish economy as being between a crisis and a recovery, has recommended a multi-year stimulus package of roughly €10 billion which could run as far as 2022/2023.

Sebastian Barnes, chair of the organisation, this morning alluded to the fact that the ongoing pandemic has a real chance of worsening in Ireland in the near-term, along with the possibility of a hard Brexit at the end of the year doing further damage to our economy.