

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Monday, 19th of September

Markets Outlook

Equities: Risk assets are selling off this morning, with Europe's EuroStoxx 50 index hitting its lowest prices since early August. This sentiment comes as fears build over the reimposition of lockdown measures across the continent as the second wave grows and we head towards winter slowly but surely. The S&P's VIX volatility index is back above \$30 on Monday.

Currencies: The Dollar has seen sideways trade for almost 2 months now, maintaining its weakness that we saw come into play over the summer months. The currency will remain sensitive this week and FX traders will pay close attention to any forward guidance that J Powell gives over the next 4 days. We see room for Sterling weakness in the week ahead as Brexit headlines reach us, GBP has been the main mover in the currency space recently, starting this week in the red at \$1.2870.

Safe-havens: Sovereign bonds are seeing a slight bid this morning after a very quiet Friday session. Today's risk-off tone has seen a tick-up in the safe-havens which has pushed the US 10yr yield down to 0.660% and the German 10yr Bund towards -0.520%. Gold found resistance last week at the top of its range, trading down again today to \$1,935.

Key Events to Watch

23/09/2020 - RBNZ Rate Decision

23/09/2020 - European PMIs

23/09/2020 - US PMIs

24/09/2020 - SNB Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,319	-1.12%	2.57%
DAX	13,116	-0.70%	-3.01%
EuroStoxx	3,283	-0.99%	-13.88%
ISEQ	6,486	-1.20%	-11.57%
FTSE	6,007	-0.71%	-22.26%
Nikkei 225	23,360	0.18%	-1.25%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1837	-0.08%	5.53%
EUR/GBP	0.9163	0.36%	8.52%
GBP/USD	1.2915	-0.44%	-2.69%
USD/CHF	0.9116	0.36%	-5.91%
USD/JPY	104.55	-0.17%	-4.10%
EUR/JPY	123.76	-0.25%	1.22%

Fixed Income	Value	Daily Change
US 10yr	0.697	0.008
US 2yr	0.141	0.004
Bund 10yr	-0.483	0.002
Irish 10yr	-0.116	0.010
Gilt 10yr	0.186	-0.007
JGB 10yr	0.020	0.007

Financial News Round Up

The Week Ahead

This week looks set to be busier for financial markets, with an array of economic data points and a growing second wave of the virus in Europe. The Brexit clock still ticks on as the two sides begin to run out of time and a 'hard Brexit' looks increasingly more likely, recent studies have shown that a no-trade-deal Brexit would likely lead to a 5% fall in GDP for both Ireland and the UK in the coming years. We are now just 6 weeks away from the highly anticipated November 3rd US Presidential Election: Joe Biden is currently ahead according to polls this month, with a circa 6.5% lead on Trump.

In terms of economic data points, Monday and Tuesday look to be relatively quiet, with speeches from Fed Chair Jerome Powell and Bank of England Governor Andrew Bailey. Markets should be active Wednesday with the RBNZ rate decision in the early hours, followed by September PMI releases from key European nations and the UK throughout the morning, followed by the US in the afternoon.

The second central bank release of the week will come from the Swiss National Bank on Thursday morning, followed in the afternoon by talks from US Treasury Secretary Steve Mnuchin and Fed Chair Powell which will be closely watched by investors with exposure to US risk assets. The week will be rounded off by a fairly quiet Friday.

HSBC

Shares in the banking giant have this morning reached their lowest levels since 1998, having sunk over 50% YTD to £2.85. This comes as reports emerge that they and other banks have moved large sums of allegedly illegal funds over the past two decades despite warning signs cropping up with regard to the origin of the money.

It appears over 2,100 SARs (suspicious activity reports) have been obtained by BuzzFeed News and subsequently provided to the International Consortium of Investigative Journalists and similar media organisations. This news has hit a sector which has already suffered over recent months as a result of historically low interest rates and hence tighter profit margins for individual banks.

DCC

DCC has today announced that it has expanded its liquefied petroleum gas business with the acquisitions of propane supplier NES Group in the US and energy company Primagaz Nederland BV in the Netherlands. The combined enterprise value of the two transactions is said to be roughly \$77.5 million.

"The group continues to have the platforms, opportunities and capability for further development across each of our four divisions" said CEO Donal Murphy.