

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Wednesday, 7th of October

## Markets Outlook

**Equities:** Markets in Europe are mixed but mostly flat on Wednesday morning, as investors patiently await further clarity on the timeline of the potential new stimulus package in the States. US equities finished lower last night on Wall Street as new broke that Trump has decided to end stimulus talks until after the election.

**Currencies:** The Dollar is flat to marginally weaker this morning, the greenback continues to be choppy this week as the Trump situation develops and his tweeting causes some intra-day volatility. Further news on US stimulus package plans should also provide FX traders with clarity over the coming weeks.

**Safe-havens:** US Treasuries have seen some downwards pressure over the past week, pushing yields higher, they are approaching their highest percentage level since back in June, with the benchmark 10yr currently yielding 0.76%.

**Looking ahead:** Central bank speakers will be of key importance for the remainder of the week, ECB's Lagarde will speak after lunch today. Later today we will also see the minutes from the Fed's most recent meeting. Tomorrow we will hear the head's of the BOE and BOC speak throughout the day. Market participants will keep a close eye on Trump's health status.

## Key Events to Watch

07/10/2020 - ECB President Lagarde speaks

07/10/2020 - Fed Meeting Minutes

08/10/2020 - BOE Gov Bailey speaks

16/10/2020 - US Retail Sales

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,360	-1.40%	4.03%
DAX	12,906	0.61%	-2.50%
EuroStoxx	3,233	0.41%	-13.53%
ISEQ	6,530	1.54%	-9.17%
FTSE	5,949	0.12%	-21.06%
Nikkei 225	23,422	-0.05%	-0.99%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1738	-0.37%	4.86%
EUR/GBP	0.9111	0.39%	7.70%
GBP/USD	1.2883	-0.72%	-2.58%
USD/CHF	0.9176	0.25%	-5.31%
USD/JPY	105.64	-0.07%	-2.48%
EUR/JPY	124.00	-0.44%	2.25%

Fixed Income	Value	Daily Change
US 10yr	0.739	-0.033
US 2yr	0.149	0.002
Bund 10yr	-0.512	-0.004
Irish 10yr	-0.169	-0.005
Gilt 10yr	0.286	0.003
JGB 10yr	0.027	-0.005

## Financial News Round Up

### US Fiscal Stimulus Update

Equity futures in the US are rebounding some of yesterday's losses this morning as the situation around the proposed stimulus package in the US continues to develop. Yesterday the President made the decision to end stimulus talks until after the election, saying that "I have instructed my representatives to stop negotiating until after the election when, immediately after I win, we will pass a major Stimulus Bill that focuses on hardworking Americans and Small Business" in a tweet, assuming that he wins next month.

The President called off the talks just hours after Federal Reserve Chair Jerome Powell urged additional fiscal support during a virtual conference, to avoid what he said could become a tragic fallout for the US economy.

Risk assets began to bounce in the early hours of this morning after some late-night tweets from Trump in which he appeared to have changed tack somewhat: "If I am sent a Stand Alone Bill for Stimulus Checks, they will go out to our great people IMMEDIATELY. I am ready to sign right now."

### Tesco

British multinational supermarket chain Tesco today issued a solid set of H121 earnings results (period ending August 29th), reporting just a 4.7% fall in operating profit to £1.01b vs £903m forecasts, and an adjusted EPS of 4.72p vs 4.7p consensus expectations.

Revenue was 0.7% higher at £28.7m, while like-for-like sales in Ireland and the UK expectedly increased by 7.2% over the six month period.

The shares are 2% higher at £2.18 this morning following the release, still down over 14% year to date. Tesco currently trades at a full-year P/E of 16 times and an EV/EBITDA of 8.2, trading at a slight premium to its decade average. We are remaining on the sidelines with regard to this stock, and would like to see further clarity on Brexit and its impact on food supply chains before committing any capital.

### Irish Industrial Output

According to the Economic and Social Research Institute (ESRI), the value of industrial output in Ireland grew by 11% in the first half of the year while it fell by double digits in most other European countries and the UK.

There has been a stark contrast within Ireland's exports, between the large multinationals who have held up well during the pandemic, and the domestic services who have struggled greatly over the past 6 months.

"This duality in performance can be explained by a concentration of Irish exports in lockdown-resistant sectors: 26% of Ireland's exports are medical and pharmaceutical goods" the report said.