

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Friday, 19th of March

## Markets Outlook

**Equities:** European markets are slightly lower in early morning trade on Friday, following a sell-off in the US last night which was led by the tech sector, the Nasdaq100 index moving 3% lower on Thursday evening. This move on Wall Street has come as Treasury yields have continued higher this week, causing the sell off in stocks that have valuations on the higher side. The VIX is trading around the \$21 mark on Friday, having traded below \$20 during the week.

**Currencies:** The Dollar is slightly stronger this morning, and has been supported in recent weeks by higher Treasury yields in the States. EUR/USD sitting at a strong support/resistance level at 1.19, EUR/GBP has breached 0.8540 to trade its lowest levels since February 2020. USD/JPY is slightly lower after the BOJ widened its target band for its benchmark 10yr yield by 5 basis points.

**Safe-havens:** Gold is in its second consecutive weeks of gains, trading higher to \$1,735 on Friday morning. The metal, which is still over 8% lower YTD, has suffered as a result of rising real yields in Europe and the US. US bond yields are coming off somewhat this morning, the benchmark 10yr having reached 1.75% earlier in the week for the first time since early 2020. Germany's 10yr Bund is generally continuing its sideways trade of the last few weeks, yielding -0.305%.

**Looking ahead:** This afternoon will be fairly quiet in terms of economic data, Canada will report their monthly retail sales figure at 12:30pm Irish time. Looking to next week, Fed Chair Powell will speak on Monday, followed by the BOE Governor Bailey on Tuesday. The highlight of the week will come in the form of monthly Services and Manufacturing PMI results from Europe and the US throughout Wednesday.

## Key Events to Watch

22/03/2021 - Fed Chair Powell speaks  
24/03/2021 - UK CPI Inflation  
24/03/2021 - European PMIs  
24/03/2021 - US PMIs

## Market Moves

| Equity Indices | Value  | Daily Change | YTD Change |
|----------------|--------|--------------|------------|
| S&P 500        | 3,915  | -1.48%       | 4.24%      |
| DAX            | 14,775 | 1.23%        | 7.31%      |
| EuroStoxx      | 3,867  | 0.46%        | 8.34%      |
| ISEQ           | 8,096  | 0.60%        | 9.20%      |
| FTSE           | 6,779  | 0.25%        | 4.27%      |
| Nikkei 225     | 29,792 | -1.41%       | 8.56%      |

| FX      | Value  | Daily Change | YTD Change |
|---------|--------|--------------|------------|
| EUR/USD | 1.1915 | -0.53%       | -2.33%     |
| EUR/GBP | 0.8557 | -0.22%       | -4.19%     |
| GBP/USD | 1.3920 | -0.31%       | 1.97%      |
| USD/CHF | 0.9269 | 0.49%        | 4.69%      |
| USD/JPY | 108.88 | 0.05%        | 5.29%      |
| EUR/JPY | 129.73 | -0.48%       | 2.83%      |

| Fixed Income | Value  | Daily Change |
|--------------|--------|--------------|
| US 10yr      | 1.706  | 0.060        |
| US 2yr       | 0.157  | 0.020        |
| Bund 10yr    | -0.273 | 0.020        |
| Irish 10yr   | 0.063  | -0.008       |
| Gilt 10yr    | 0.875  | 0.044        |
| JGB 10yr     | 0.109  | 0.011        |

## Financial News Round Up

### Bank of Japan

The third and final central bank release of the week came from the BOJ overnight, during which it maintained its negative interest rate as expected, while also tweaking its monetary easing programme as it battles to push up inflation and support its pandemic-hit economy.

The bank decided to widen its target band for the country's benchmark 10yr bond yields by 5 basis points, a move which has been seen by market participants as a potential forerunner to further tweaks in policy. The BOJ also pointed to the fact that it will allow more flexibility in its stock purchases, dropping a target for its intervention in the Tokyo stock market, which has strongly recovered since the pandemic-related crash last year.

"It is important to strike an appropriate balance between maintaining market functioning and controlling interest rates by allowing interest rates to fluctuate to a certain degree" said the BOJ.

"For the time being, the bank will closely monitor the impact of Covid-19 and will not hesitate to take additional easy measures if necessary" it went on to add.

We believe the central bank is looking to give itself slightly more flexibility for the coming year, with these latest decisions potentially paving the way for further rates cuts down the line if they were necessary.

### NatWest

The UK-based NatWest has today announced that it has agreed to buy back £1.1 billion worth of shares from the British government, the deal for 590.7 million shares is due to settle on the 23rd of March.

The bank, which was formerly known as Royal Bank of Scotland, remains 62% taxpayer-owned, ever since its state bailout during the financial crisis over a decade ago. After today's deal however, the British government's holding in NatWest will drop to roughly 59.8% for now. We note that the UK gov has earlier this month stated that it planned on returning the bank to full private ownership in 2026.

### AstraZeneca

News has emerged that the European Medicines Agency (EMA) has deemed AstraZeneca's Covid-19 vaccine "safe and effective", after the regulator briefly reviewed the drug with fears that it could potentially be causing blood clots in some individuals. This announcement from the EMA came after both the WHO and Britain's health regulator both said the vaccine was safe for use, and has allowed several countries across Europe to already commit to resuming the drug this week.

"The committee has come to a clear scientific conclusion: this is a safe and effective vaccine" said EMA chief Emer Cooke.

"The committee also concluded that the vaccine is not associated with an increase in the overall risk of thromboembolic events or blood clots" she added.