

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: European equities are rallying again on Tuesday, Germany's DAX trading through its all-time high once again above €14,900 as the EuroStoxx50 leads its US and UK index peers, up over 10% YTD. The VIX trades at \$20.75 on Tuesday as we face into another day with no large economic data to focus on, futures are mixed this morning in the US with tech lagging.

Currencies: The Dollar continues to grind through multi-month highs versus the Euro, as the Dollar index itself (DXY, Dollar vs a basket of other currencies) traded as high as 93.17 this morning. The world's reserve currency has seen strength as yields in the US extend higher on the back of inflation expectations.

Safe-havens: Treasury yields have moved to new yearly-highs this morning, the US 10yr at 1.765% as we write. This surge has come ahead of President Biden's speech tomorrow in which he will set out his \$3 trillion capital spending plan. German yields are similarly moving higher on Tuesday morning, the 10yr back up to -0.275% for the first time in almost two weeks. Gold has moved lower again on rising real yields, pushing below the \$1,700 level this morning for the first time in roughly 3 weeks.

Looking ahead: Tuesday is set to be relatively quiet on the data front, we will however see the monthly US Consumer Confidence reading at 3pm Irish time. Overnight tonight we are due to get China's Manufacturing PMI for March, followed by the UK's 'Final GDP' result before market open tomorrow. Attention will slowly begin to shift to Friday's Non-Farm Payroll and unemployment data from the US as the week goes on.

Key Events to Watch

30/03/2021 - US Consumer Confidence

31/03/2021 - Chinese Manufacturing PMI

31/03/2021 - UK Final GDP

02/04/2021 - US Non-Farm Payrolls

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,971	-0.09%	5.72%
DAX	14,817	0.47%	8.87%
EuroStoxx	3,882	0.42%	10.03%
ISEQ	8,038	-0.55%	9.58%
FTSE	6,736	-0.07%	5.12%
Nikkei 225	29,432	0.16%	7.25%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1762	-0.22%	-3.88%
EUR/GBP	0.8544	-0.04%	-4.46%
GBP/USD	1.3759	-0.23%	0.66%
USD/CHF	0.9390	-0.06%	6.36%
USD/JPY	109.78	-0.01%	6.80%
EUR/JPY	129.12	-0.22%	2.64%

Fixed Income	Value	Daily Change
US 10yr	1.717	0.045
US 2yr	0.143	0.002
Bund 10yr	-0.320	0.029
Irish 10yr	0.039	0.029
Gilt 10yr	0.789	0.032
JGB 10yr	0.082	0.007

Financial News Round Up

Deliveroo

Online food delivery company Deliveroo is due to join the London stock market tomorrow, and will be Britain's largest listing of the last 10 years. Deliveroo has decided to set the final price for its IPO at £3.90 per share, at the bottom of its initial range and therefore valuing the firm at £1.3b less than the top end of its original expectations. Market capitalisation comes in at £7.6b at its final price per share, the deal set to raise roughly £1 billion in proceeds for the company and £500m for selling shareholders.

Deliveroo stated yesterday that it had received "very significant demand from institutions across the globe" and that "Given volatile global market conditions for IPOs, Deliveroo is choosing to price responsibly within the initial range and at an entry point that maximises long-term value for our new institutional and retail investors".

We note that multinational investment firms Aberdeen Standard Life, Aviva, Legal & General, and M&G have opted to sit this IPO out, raising concerns about gig-economy working conditions and the outsized voting rights that will be handed to founder Will Shu.

We see Deliveroo's narrow profit margins as a risk, especially if it has to change its rider benefits in the future to catch up with its peers. The firm operates in an industry that already faces strong competitive pressure between the large tech platforms.

Banks

Global banks' share prices fell yesterday after a fire sale of equities by a US investment group led to loss warnings from two large investment banks and left traders bracing for further repercussions, it has emerged. Shares in the Swiss-based global wealth manager Credit Suisse dropped sharply on Monday, falling almost 14% and a further 2% in early morning trade today, down to CHF10.55. This sell-off has come after the bank said it faced significant losses when client Archegos Capital Management was forced into a massive unwinding of its assets.

We note that Japanese bank Nomura also warned of a significant blow related to Archegos, causing a 16% fall off in its stocks' value yesterday - the biggest ever sell off witnessed by the firm.

Archegos on Friday saw a \$20 billion fire sale of its assets, which has had a ripple effect on the global banking sector as a whole. Citigroup and Morgan Stanley for example traded 2% and 2.6% lower last night on Wall Street, Deutsche Bank seeing 3% losses in Europe on Monday.