

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL
Wealth & Investment Management

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Markets Outlook

Equities: Stock markets in Europe are roughly a percent higher on Tuesday morning, catching up on some missed ground while they were closed yesterday. Germany's DAX30 and the continent's EuroStoxx600 have traded through all-time highs on Tuesday, after the S&P500 hit fresh highs and crossed the \$4,000 mark for the first time ever last Friday. This positive risk sentiment has come on the back of Biden's recent announcement for his new spending package, along with a pick up in vaccine supplies for European nations which have led to bets for a speedy economic recovery this summer. VIX steady at \$18.06 this morning.

Currencies: FX markets are looking quiet this morning, as sentiment for Europe is beginning to pick up, the Euro is steady at \$1.1815 having gained some ground yesterday. EUR/GBP is roughly 0.40% higher today to 0.8530 having depreciated in recent months as the UK pressed on with their relatively quick vaccine rollout vs the EU.

Safe-havens: Last week we saw gold fall to 3-week lows, before rallying towards the end of the week back to the \$1,730 region as nominal Treasury yields in the US pulled back. Gold has clearly suffered YTD so far as real yields have risen, we expect the metal to pick up somewhat when inflation readings increase and meanwhile central banks keep rates pinned to low levels. The US 10yr has pulled back off its end of March 1.77% high, now yielding 1.713%.

Looking ahead: Most of Europe is due for a shortened week of trade as markets remained shut for Easter Monday yesterday. We are due for a quiet week on the data front, tomorrow we will see the minutes from the Fed's most recent meeting, followed by the same from the ECB on Thursday, which will be watched by traders but will likely not have any large effect on markets. We will also hear from the Fed Chair Jerome Powell on Thursday afternoon.

Key Events to Watch

07/04/2021 - Fed Meeting Minutes
08/04/2021 - Fed Chair Powell speaks
09/04/2021 - Canada Unemployment Rate
13/04/2021 - US CPI Inflation

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,077	1.44%	8.57%
DAX	15,310	(Closed)	11.38%
EuroStoxx	3,983	(Closed)	11.87%
ISEQ	8,149	(Closed)	10.50%
FTSE	6,816	(Closed)	5.50%
Nikkei 225	29,696	-1.30%	8.21%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1811	0.37%	-3.23%
EUR/GBP	0.8497	-0.14%	-4.61%
GBP/USD	1.3897	0.48%	1.50%
USD/CHF	0.9364	-0.61%	5.83%
USD/JPY	110.17	-0.46%	6.88%
EUR/JPY	130.12	-0.09%	3.43%

Fixed Income	Value	Daily Change
US 10yr	1.707	-0.007
US 2yr	0.170	-0.016
Bund 10yr	-0.329	(Closed)
Irish 10yr	0.020	(Closed)
Gilt 10yr	0.830	(Closed)
JGB 10yr	0.106	-0.009

Financial News Round Up

Record Highs

Equity indices across Europe are following in the US' footsteps and are trading through record highs this morning at the beginning of a shortened work week on the continent. Stocks in the US rallied on Monday after the region's monthly 'ISM Services PMI' was released for March, coming in at a robust 63.7 versus 58.3 expectations and well above the 50.0 expansion/contraction border. We note that the last time the reading came in above 63 was September 2005. Taking a slightly closer look at the data release, activity for the month also came in at 69.4 and new orders were 67.2, seeing even faster growth than the broad Services PMI.

We believe that against a backdrop of strong economic data releases over the coming months, similar to yesterday's from the States, and a Federal Reserve that has recently reiterated its commitment to its ultra-loose monetary policy stance, risk assets will likely continue to grind higher in the second quarter and into the summer.

Market commentators and participants have alluded to the fact that Biden's recent \$1.9tr fiscal stimulus package has added fuel to the equity rally of recent months, with many now looking forward to the new infrastructure spending scheme plan announced by the US President last week.

European Airlines

Budget airline Ryanair have released their latest monthly passenger figures, the airline carried 500,000 individuals during March, down a worrying 91% on the 5.5 million passengers that flew during March 2020 when the pandemic was first taking a hold of Europe. Due to harsh restrictions across the continent, Ryanair have said that they operated roughly 5% of their regular March schedule, with a 77% load factor.

News has also emerged this morning that the French Government will contribute up to €4 billion to a recapitalisation of Air France-KLM and more than double its 14.3% stake in the airline. We note that the new plan has EU approval. The Dutch state does not currently plan to take part in any capital increase, according to the airline, and is therefore likely to have its 14% holding diluted by the share issue.

Credit Suisse

Global wealth manager and investment bank Credit Suisse has stated that it has set aside 4.4 billion Swiss Francs (€3.9 billion equivalent) in order to absorb losses related to the recent fire sale of shares by Archegos Capital Management. "This includes a charge of CHF 4.4b in respect of the failure by a US-based hedge fund to meet its margin commitments as we announced on March 29, 2021" the bank said.

Credit Suisse shares are still almost 18% lower than before the news broke about Archegos, having seen losses of 13% last year and now over 9% year-to-date. The company has a current dividend yield of 2.88%, and trades on a forward-PE ratio of 7.8 times and trailing twelve-month PE of 9.4 times, at a significant discount to its industry average of 19x.