Market Overview

Update

06 April 2020

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- **Johnson admitted to hospital**
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Global Finance

'New case growth' begins to slow:

Global cases are now over 1.25m, that's a jump of nearly 70,000 cases (close to 6%) over the last 24 hours. The good news is that the reduction in new case growth in the European hotspots that are Spain and Italy have seen the global 'new case' growth numbers slow down to an average of just over 8% in the last week in comparison to nearly 12% the week prior to that. On the continent, governments have begun preparations to ease the imposed restrictions, although there are likely to be measures in place for some weeks to come. Some nations including France and Spain have set up committees to draw up plans that would slowly allow a return to work and not risk a 'second wave' of infections. Spanish Prime Minister Pedro Sanchez has already said that the ban on non-essential work such as manufacturing and construction would be lifted after Easter. In the US, New York has reported over 120k cases with the total US number now coming in at 330k. In order to prevent vital medical supplies from being exported, President Trump has invoked the 'Defence Production Act'.

Johnson admitted to hospital:

In the UK, following the news that Prime Minister Boris Johnson has been admitted into hospital after contracting COVID-19; albeit just for 'precautionary tests'. Her Majesty the Queen addressed the nation via a television broadcast yesterday evening, reiterating that social distancing was the right thing to do. Staying in the UK, epidemiologist Neil Ferguson has said that if daily UK case confirmations are still rising as they are now, then it is not yet time to alleviate the measures. Meanwhile Deputy Chief Medical Officer Jenny Harries has said that when the time comes, it may be necessary to ease restrictions in some regions faster than in others. On the economic and market impact, the first sign of a big hit to the UK consumer confidence came from the GfK institute's assessment of the British public. Last week, GfK consumer confidence in the UK was reported to have fallen from -7 to -9, which was some way above consensus. GfK have since revised the number to encompass the entirety of March. This saw the index plummet to -34, the lowest reading since February 2009. Despite this and after a poor end to the week on Friday, culminating in another damning US employment report (note below) markets are set to rebound today. Indeed all the main European bourses are opening in around 3%/4% higher with the S&P 500 future pointing to a similar 4% rise at the open this afternoon. Meanwhile in Asia, Japan's TOPIX is 3.9% higher. Chinese markets are closed today, with today being the last day of the Ching Ming Festival.

US labour data continues to shock:

Following the last two damning weekly jobless claims releases, Friday's US employment report also proved to be a dramatic one. Speculation had been that less of an impact would be felt this month due to the data collection being in the first half of March but the release was still shocking. 701k jobs were lost in the US in March (consensus -100k, Investec -1000k), the worst print since March 2009 and the first decline since September 2010. Detail of the release showed that the leisure and hospitality sector was worst hit, shedding 459k jobs; this was to be expected with the industries essentially non-existent through this lockdown period. On the other hand, 12k public sector jobs were added, but this gives little consolation. The jobless rate in the US also provided a distasteful reading, with the rate climbing to 4.4% in March from 3.5% in February (consensus 3.8%, Investec 4.0%); the sharpest monthly rise since January 1975 (also +0.9pp). Meanwhile, the U6 underemployment measure also jumped, reaching 8.7% from 7.0% last month. In a largely irrelevant adage, average earnings increased by 0.4% for private workers over the month, where consensus looked for a 0.2% gain.

Irish Economy

Construction PMI collapse completes the trilogy

The Ulster Bank Construction PMI collapsed to 28.9 in March from 50.6 in February.

The decline was the fastest on record and the index hit its lowest level since the height of the previous economic crash eleven years ago. All three sub-sectors were hit to similar extents; commercial activity declined to 28.2, housebuilding dropped to 32.4 and civil engineering sunk to 25.2. Any reading below 50 indicates a contraction in activity levels. New orders, employment and expectation indices all fell significantly.

All three PMIs recorded unprecedented declines in March. The Services PMI plummeted to 32.5, while the Manufacturing PMI “only” dropped to 45.1. However the surveys reflect responses submitted in the middle of the month, and we would expect April’s reports to reflect a further deterioration in conditions since then. This is particularly the case for the construction sector, with the majority of building sites only closing in the final days of the month.