

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Monday, 4th of January

Markets Outlook

Equities: The main indices in Europe have opened higher to kick off the New Year, following a mixed session overnight for Asian markets and for futures in the States. Investors are seemingly overlooking the shorter-term struggles which economies face, in favour of the widespread vaccination that is coming in the months ahead. VIX at \$23.10 on Monday morning. Certain European nations such as England and Germany look at increasing/extending restrictions this week in a desperate attempt to curb the spread.

Currencies: The Euro heads for yearly highs vs USD once again on Monday morning, trading roughly 1.3% higher on the session just below 1.23. GBP/USD (cable) has pushed higher over the past week on the back of the Brexit trade deal, and also general Dollar weakness, the pair trading its highest levels since May of 2018 at 1.3690. These moves come amid a general risk-on tone across markets today, investors conscious of the likely robust recovery to come later in the year, the vaccine rollout which is already underway, and strong expectations that US interest rates will remain near zero for years to come.

Safe-havens: Gold is rallying this morning, over 2% higher and in its second consecutive week of gains, the precious metal back above \$1,935 this morning. OPEC has warned of risks to oil price recovery this year ahead of its monthly meeting today. Bonds saw quiet trade last week on much lower volume, as expected. German Bunds are seeing some demand on Monday, pushing yields below -0.6% to the lower end of their range. Treasuries in the US are fairly muted this morning, with more action expected this afternoon.

Key Events to Watch

04/01/2021 - OPEC Meetings

05/01/2021 - US Manufacturing PMI

06/01/2021 - Fed Meeting Minutes

08/01/2021 - US Non-Farm Payrolls

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,756	0.64%	0.00%
DAX	13,718	-0.31%	1.11%
EuroStoxx	3,552	-0.53%	1.25%
ISEQ	7,376	-2.06%	2.16%
FTSE	6,460	-1.45%	1.75%
Nikkei 225	27,258	-0.68%	-0.68%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2214	-0.66%	0.45%
EUR/GBP	0.8929	-1.04%	0.47%
GBP/USD	1.3673	0.37%	0.03%
USD/CHF	0.8853	0.49%	-0.41%
USD/JPY	103.21	0.03%	-0.31%
EUR/JPY	126.06	-0.63%	0.13%

Fixed Income	Value	Daily Change
US 10yr	0.916	-0.010
US 2yr	0.123	-0.002
Bund 10yr	-0.575	-0.005
Irish 10yr	-0.304	-0.022
Gilt 10yr	0.196	-0.015
JGB 10yr	0.018	0.003

Financial News Round Up

The Week Ahead

Volumes and prices pick up this morning as traders return to their desks to begin 2021 on the front foot, with many of the global market's participants overlooking the likely difficult January and February we are in for, but instead focusing on pent-up demand to come and the ongoing vaccine rollout which we are currently seeing.

In terms of economic data points, this week is looking to be a slightly quieter one, with the highlight due on Friday from the US in the form of the monthly Non-Farm Payroll result along with their Unemployment Rate. The rest of the day today will be relatively quiet, we note that OPEC nations will meet to discuss issues regarding energy markets. Tomorrow we see Manufacturing data from the US, followed by the minutes from the Fed's most recent meeting on Wednesday. Thursday again will be quiet for Europe, with the US reporting Services PMI data. Tomorrow we will be keeping a close eye on the Georgia Senate runoff elections in the US, the results of which are set to cement Republican control of the Senate, and remove any small lingering uncertainty with regard to the recent US Presidential Election.

We will be paying close attention to all the vaccine developments to come in the days and weeks ahead, the UK this morning became the first nation to administer AstraZeneca's Covid-19 vaccine. Britain has vaccinated 1 million people so far, more than the rest of Europe put together.

Lastly, investors will watch bitcoin's price action in the coming days, the cryptocurrency has shown seriously volatility as of late, and is currently over 15% lower on Monday at \$29,000. Despite its sell-off this morning, bitcoin is up 173% since the beginning of October 2020, with ongoing talks that larger institutional buyers have entered the market and may push prices higher still.

Irish Manufacturing

According to AIB's PMI data, Ireland's manufacturing sector saw an improvement last month as companies prepared for the end of the Brexit transition period. The monthly result came in at 57.2 vs November's reading of 52.2, 6 of the past 7 results have now been improvements for Ireland, with December's growth being the strongest since July. As usual with PMI results, a result of less than 50.0 represents contraction for the respective economy while greater than 50.0 means expansionary territory. New orders received by manufacturers in the State also accelerated for the second month in a row in December. Production followed a similar trend, with two consecutive months of improvement and at its strongest rate since the summer.

Of course, the easing of lockdowns has aided Ireland's December results, with a couple of tough months ahead now expected by AIB. The rate of inflation came in slightly lower than in November, albeit still the second fastest of the last 22 months.