



Friday, 8th of January

Markets Outlook

Equities: European stock markets are seen opening higher on Friday, with investors looking beyond record deaths from Covid-19 cases and U.S. political turmoil and expecting a strong economic recovery in the second half of the year. Wall Street hit record highs on Thursday. Investors are looking to the incoming Democratic-controlled U.S. government for additional fiscal spending, while European economies are also set to get a boost from the European Recovery Fund.

Currencies: The dollar was up on Friday morning in Asia, holding onto the biggest gains in over two months as a rise in U.S. Treasury yields led to some unwinding of bearish bets on the U.S. currency. The market avoided big moves as investors finish the week. The U.S. Dollar Index that tracks the greenback against a basket of other currencies edged up 0.14% to 89.907. The dollar rose above the almost three-year low of 89.206 seen on Wednesday, as investors took profits against the euro particularly. The index slid almost 7% in 2020, and as much as 0.9% in 2021 to date, over expectations of U.S. stimulus measures.

Safe Havens: Gold was down on Friday morning in Asia but hopes for further U.S. stimulus buoyed the yellow metal as the week closes. Investors will also be looking at the U.S. jobs report, including non-farm payrolls, which will be released later in the day and forecast to show a sharp slowdown in hiring. Gold futures edged down 0.20% at \$1,909.70, but remained above the \$1,900 mark. Gold has had a mixed start to 2021 after posting its biggest annual advance in ten years. Global uncertainty plus the gains in benchmark Treasury yields during the past week weighed on non-interest-bearing gold.

Key Events to Watch

- 08/01/2021 - German Ind. Production M/m
- 08/01/2021 - US Non-Farm Payrolls
- 13/01/2021 - US CPI
- 14/01/2021 - German GDP

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,804	1.48%	1.27%
DAX	13,968	0.55%	1.82%
EuroStoxx	3,622	0.31%	1.96%
ISEQ	7,760	0.60%	5.21%
FTSE	6,857	0.22%	6.14%
Nikkei 225	28,139	2.36%	2.53%

FX			
EUR/USD	1.2250	-0.16%	0.27%
EUR/GBP	0.9015	-0.30%	1.00%
GBP/USD	1.3586	0.17%	-0.68%
USD/CHF	0.8861	0.11%	0.09%
USD/JPY	103.91	0.11%	-0.69%
EUR/JPY	127.29	-0.05%	0.97%

Fixed Income			
US 10yr	1.093	0.022	
US 2yr	0.139	0.000	
Bund 10yr	-0.521	-1.760	
Irish 10yr	-0.322	-2.060	
Gilt 10yr	0.282	-0.005	
JGB 10yr	0.036	0.001	

Financial News Round Up

Boeing

The US airplane manufacturer, Boeing has been fined \$2.5 billion (€2bn) by the US justice department after being charged with fraud and conspiracy in connection with two fatal crashes of its 737 Max airliner. The US's top airline regulator, said that "Boeing's employees chose the path of profit over candour by concealing material information" from the Federal Aviation Administration (FAA). It was also noted that the company had also engaged "in an effort to cover up their deception". The Boeing Max airplane was grounded worldwide in March 2019 after crashes in Indonesia and Ethiopia that killed 346 people. A March 2020 congressional investigation concluded that Boeing promoted a "culture of concealment" and was "grossly inefficient" in its oversight of the Max's development. The settlement includes \$2.2 billion in compensation to the families of the people killed in the two Max crashes and a \$243 million fine. Boeing said it would take a \$743.6 million charge against its fourth-quarter 2020 earnings to reflect the deferred prosecution agreement, a form of corporate plea bargain. Boeing had put aside reserves of \$1.77 billion in prior quarters to provide for compensation to airlines. The shares closed up 0.8% at \$212.71 on the back of the news which was seen as not being as bad as feared.

Travel News

Overnight the shipping company Stena Line has announced the cancellation of 12 ferry crossings from Ireland to the UK. These follow on from a decision of Ryanair and Aer Lingus to cut flights in and out of UK/Ireland for the next month. The combination of COVID and Brexit new rules are causing a possible shift in travel patterns the final implications for all in the transport sector including Irish Continental Group (ICG plc) is yet to be fully seen but it will result in lower profits for all in this sector in the short to medium term.

Marks & Spencer

The food and clothing retailer has this morning announced another big fall in clothing and homewares sales in its Christmas quarter, as the Covid-19 pandemic hit demand and restrictions to stem the spread of the virus closed stores. Marks & Spencer said revenue in its clothing and home division fell 25.1% in the 13 weeks to December 26, its fiscal third quarter, having fallen 21.3% in the previous quarter. It said a store sales decline of 46.5% was partly offset by online sales growth of 47.5%. M&S said food sales were up 2.2% in the quarter, having increased 1.6% in the second quarter. It said food performed well in the four-week lead up to Christmas, with like-for-like sales, excluding hospitality and franchise up 8.7%, with large retail park and Simply Food stores significantly outperforming. The shares are now down over 35% over the last 12 months. In early trade the shares opened up 1.5% at 1.43 as many analysts in the UK consider that the shares may be due a bounce back as they have been one of the worst performing in the sector. One to watch from here.