

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

Tuesday, 12th of January

## Markets Outlook

**Equities:** European stock markets are seen opening largely unchanged this morning, after a suite of U.S. Federal Reserve officials hinted that it could start reducing its monetary stimulus later this year. Three regional Fed Presidents -- Richmond's Tom Barkin, Atlanta's Raphael Bostic and Dallas' Robert Kaplan -- all hinted more or less clearly that the 'tapering' of bond purchases could begin toward the end of 2021. The Fed is currently pumping \$120 billion a month into the economy through such asset purchases. The recent positive moves in markets has been helped by expectations of billions of stimulus however investors are now starting to weigh up whether valuations are becoming too stretched, especially with a global surge in Covid-19 cases, following the emergence of new highly transmissible strains of the virus. That's posing fresh challenges for governments that are still only in the early stages of vaccination campaigns. Also the issues around impeachment of Donald Trump are raising concerns of political uncertainty in the US

**Currencies:** The dollar edged lower Tuesday, consolidating after recent gains as the safe haven rebounded from recent lows on the back of rising Treasury yields. The Dollar Index, which tracks the greenback against a basket of six other currencies, was down 0.1% at 90.403, after rebounding for the last three sessions from a nearly three-year low seen during the previous week. Both Eur and GBP rose against the dollar.

**Safe Havens:** Gold eased overnight as firmer US treasury yields saw some switching as views are changing towards where US yields will go in the coming months. Elsewhere Oil eased slightly to \$55.59 as investors consider when will covid effects end. It remains above \$50.

## Key Events to Watch

- 13/01/2021 - ECB president Speaks
- 13/01/2021 - EUR Industrial Production M/M s
- 13/01/2021 - US CPI
- 14/01/2021 - German GDP

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,799	0.29%	1.16%
DAX	13,990	0.34%	1.85%
EuroStoxx	3,631	0.14%	2.15%
ISEQ	7,637	-0.82%	3.54%
FTSE	6,807	0.16%	5.35%
Nikkei 225	28,164	0.09%	2.62%

FX			
EUR/USD	1.2150	0.05%	-0.49%
EUR/GBP	0.8970	-0.14%	0.47%
GBP/USD	1.3541	0.21%	-0.96%
USD/CHF	0.8901	0.01%	0.55%
USD/JPY	104.23	0.00%	0.98%
EUR/JPY	126.65	0.02%	0.50%

Fixed Income		
US 10yr	1.151	0.017
US 2yr	0.149	0.004
Bund 10yr	-0.490	0.004
Irish 10yr	-0.203	-0.002
Gilt 10yr	0.323	0.010
JGB 10yr	0.028	-0.009

## Financial News Round Up

### Grafton Group

In a trading statement issued this morning, Grafton group whose business interests include Chadwicks, Selco (UK) & Woodie's DIY, Home and Garden business said that trading in the two months to the end of December was ahead of expectations with group average daily like-for-like revenue up by 7.2% and total revenue ahead by 10.8% to £439.4m. The company reported that demand was strongest in the Woodie's and Chadwicks businesses in Ireland and in Selco in the UK. Grafton said it was boosted by its strategy of investing in higher returning businesses and from households spending a greater proportion of disposable income on their homes. Group revenue for the year from continuing operations declined by 6.1% to £2.51 billion due to a sharp decline in trading during the second quarter Covid-19 lockdown. The company said this was significantly offset by a strong recovery in the second half of the year. Grafton said it now expects its adjusted operating profit for 2020 will be slightly more than 5% ahead of current consensus of £174m as a result of the stronger than expected performance in November and December. However its overall performance for 2020 will be lower than 2019 due to the significant impact of Covid-19 in the first half of the year. The company is more positive about the second half of the year. The statement indicates that the financial position remains "very strong" with liquidity of about £800m at the end of the year. The shares have had a strong rally in 2020 from a low of 371 to currently being at 951. There is still some further upside from here on the back of this update.

### Irish Banks

In a move to take on the ever growing popularity of Revolut & N26 amongst many in the country, the four largest domestic banks, AIB, BOI, Permanent TSB and KBC have formed a group to develop and deliver an APP / platform that can compete against these new forms of alternative banking. The app will aim to allow seamless transfer of funds between accounts held in the four banks by using the new platform. The Competition and Consumer Protection Commission (CCPC), which scrutinises proposed deals to ensure they are not anti-competitive, said today that it had been notified of plans for the proposed joint venture. It is initiating a review process. The banks in Ireland have been losing business to the digital platforms as over a million people now regularly use Revolut in Ireland.

### Irish Economy

Despite fears that 2020 would see a massive recession in Ireland due to COVID, the reality is that after suffering back to back falls the economy has rebounded in the 3rd quarter and grown by over 11% and technically is no longer in recession. In fact it is likely that the final figures for 2020 will show that the economy actually grew. This outcome is largely due to the very strong performance of the multinational base in the country. This is positive news for a change.