



Wednesday, 13th of January

Markets Outlook

Equities: European stock markets are seen opening largely unchanged Wednesday, with investors keeping a wary eye on developments surrounding the coronavirus while monitoring the U.S. political turbulence. The near-term outlook for the European economy darkened on Tuesday after a report by the newspaper Bild suggested German Chancellor Angela Merkel wanted to extend the current lockdown in Europe's largest economy through the end of March. These views are dampening the enthusiasm for markets that occurred in December. In the US overnight moves began to impeach Donald Trump with suggestions that some Republicans will now support the move and so a full impeachment may occur in the coming days. Trading updates are expected from retailers Sainsbury's, Persimmon (LON:PSN) and ASOS (LON:ASOS), while Spanish telecom company Telefonica (NYSE:TEF) has agreed to sell its mobile phone masts in Europe and Latin America to U.S.-based telecom infrastructure operator American Towers for 7.7 billion euros (\$9.41 billion) in cash.

Currencies: The dollar weakened overnight as a drop in U.S. Treasury yields took the wind out of the greenback's sails. The Dollar Index, which tracks the greenback against a basket of six other currencies, was down 0.2% at 89.907, halting its three-day rebound after hitting its lowest level since April 2018. Investors now await U.S. inflation figures for December, with the CPI to be released later in the day. Consensus calls for a 0.4% bump from the previous month's 0.2%. The Fed's December Beige Book is also due Wednesday. The Eur/GBP is moving in a range between 0.880 last week and 0.9009.

Safe Havens: Gold was up to \$1,859 on US treasury and dollar moves.

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	3,801	0.04%	1.20%
DAX	13,925	-0.08%	1.50%
EuroStoxx	3,612	-0.23%	1.67%
ISEQ	7,667	0.28%	3.95%
FTSE	6,754	-0.65%	4.54%
Nikkei 225	284,567	1.04%	3.69%

FX			
EUR/USD	1.2201	-0.06%	-0.08%
EUR/GBP	0.8923	-0.07%	-0.10%
GBP/USD	1.3673	0.07%	0.07%
USD/CHF	0.8869	0.07%	0.14%
USD/JPY	103.75	0.00%	0.47%
EUR/JPY	126.54	-0.08%	0.38%

Fixed Income		
US 10yr	1.114	-0.024
US 2yr	0.147	0.000
Bund 10yr	-0.501	-6.820
Irish 10yr	-0.204	-0.040
Gilt 10yr	0.307	-0.048
JGB 10yr	0.027	-0.004

Financial News Round Up

Cairn Homes

The quoted housebuilder Cairn Homes issued a trading statement this morning. The statement indicated that they had completed 743 new home sales during 2020, a decrease on the 1,080 new home sales the previous year. The company reported that they had generated total revenues of about €260m for the year, a decrease of €435.3m the previous year. This included about €14m from non-core site sales. The statement indicated that Operating profit for the full year is expected to be about €24.1m, down from €68m in 2019. The company indicated that they had used the year to invest heavily in their future business across construction work in progress, recruitment, health and safety and IT. According to the company their 2020 sales mix was heavily biased towards starter homes which had an average VAT inclusive selling price of €354,000. Cairn also today announced a new contracted private rental sector (PRS) forward sale of 150 new homes valued at €48.6m to Carysfort Capital and Angelo Gordon. The new homes comprise apartments and duplexes at Shackleton Park, Lucan in Co Dublin and will be delivered on a phased basis between the second half of 2021 and the second half of 2022. The shares have rallied from a low of 0.61 in March and are now sitting at 1.056 up 0.38% on the back of the statement.

Hostelworld Plc

The Dublin listed bookings platform shares are down over 10% to 71p in early morning trade on the back of a trading statement which reported that net bookings on its hostelworld platform fell by between 78pc-80pc last year when compared to 2019, as the Covid-19 pandemic wreaked havoc on the travel industry. The company is currently in negotiations to agree a new €30m debt facility. The overall figure for net booking of 20pc - 22pc when compared to 2019 is in line with guidance issued last October, according to a trading update from the group. The online booking platform said the trading deterioration it had experienced since the end of August continued throughout the rest of 2020, with minimal booking demand and average booking value contraction primarily due to bed price deflation. At the end of last year the group's net cash position stood at €18.2m, down from €29.4m at June 30, with current liabilities of €20.7m. Cash liabilities due in the first half of this year are expected to be in the range of €6.5m - €7m. The company said its quarter four 2020 monthly operating cash outflow of €1.7m remains in line with expectations. The Dublin-list group said that while the positive news around a Covid-19 vaccine is "welcomed", the timing of the recovery remains "uncertain." As a result, while Hostelworld continues to "actively assess" its cost base, the board "is actively evaluating both debt and equity options, to secure the group's long-term financial position." The company says it is now in negotiations with a short-list of selected lenders in relation to a new €30m debt facility.