

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

Thursday, 14th of January

Markets Outlook

Equities: European stock markets are seen opening marginally higher Thursday, as Christmas trading reports flood in from the retail sector. The Dax and Cac were both up in early trade. The idea of additional stimulus in the U.S. has boosted global equity markets ever since the Democrats took the Senate at the start of the year and was given another boost overnight after CNN reported that President-elect Joe Biden was mulling an additional package as large as \$2 trillion. However, gains are likely to be limited Thursday with governments across Europe tightening their coronavirus restrictions over fears about a fast-spreading strain first detected in the U.K. Italy, whose government is on the verge of collapse, is set to extend its Covid-19 state of emergency to the end of April. The Netherlands will stretch its lockdown measures by at least three weeks, while France is thinking of lengthening its nationwide curfew. The vaccination programs continue to be rolled out across the continent, but these are not expected to help to any great degree for another two to three months.

Currencies: The dollar edged marginally lower this morning, pausing its recent rebound from near three-year lows on the back of higher U.S. yields as traders expect further substantial stimulus measures. The U.S. Dollar Index, which tracks the greenback against a basket of six other currencies, was down just 0.04% at 90.302, holding just above the 89.206 low seen for the first time since March 2018 last week.

Safe Havens: Gold was down on Thursday morning in Asia to \$1,839, with investors awaiting details on U.S. President-elect Joe Biden's plans for further stimulus measures.

Key Events to Watch

14/01/2021 - US unemployment claims

14/01/2021 - Fed Chair Powel speech

14/01/2021 - German GDP

15/01/2021 - UK GDP M/M

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,810	0.23%	1.43%
DAX	13,971	0.21%	1.84%
EuroStoxx	3,627	0.33%	2.11%
ISEQ	7,566	-0.01%	2.58%
FTSE	6,751	0.09%	4.48%
Nikkei 225	28,698	0.85%	4.57%

FX			
EUR/USD	1.2150	-0.02%	-0.50%
EUR/GBP	0.8889	-0.23%	-0.41%
GBP/USD	1.3665	0.21%	-0.04%
USD/CHF	0.8870	-0.04%	0.21%
USD/JPY	104.00	0.15%	0.77%
EUR/JPY	126.38	0.11%	0.27%

Fixed Income		
US 10yr	1.107	0.019
US 2yr	0.149	0.002
Bund 10yr	-0.530	-0.009
Irish 10yr	-0.237	-0.019
Gilt 10yr	0.309	-0.002
JGB 10yr	0.028	-0.002

Financial News Round Up

Tesco

Tesco in line with other retailers has today reported strong christmas trading, as pandemic restrictions meant people spent heavily to have celebrations at home. Tesco said that like-for-like sales over the 19-week period at its Irish operations grew by 12.1% with the strongest contribution from its large stores. That includes a 12.7% increase in the six weeks to January 9. It said its online grocery sales in Ireland increased by almost 70% as it increased capacity in response to record demand. The group said UK like-for-like sales growth was 6.7% in its third quarter to November 28, accelerating to 8.1% in the six weeks to January 9. Tesco's update today follows strong Christmas trading reports from its UK rivals Sainsbury's, Morrisons and Lidl. Restrictions to contain the virus mean many people are working from home and the hospitality sector is closed. Tesco estimated additional Covid-19 costs would be £810m in its 2020-21 year, up from £725m forecast in October. But it still maintained its guidance for 2020-21 retail operating profit before exceptional items of "at least" the same level as 2019-20's, excluding the repayment of £535m of business rates relief. Tesco also continues to expect to report a loss for Tesco Bank of between £175-200m for the year. The shares have opened down 1.36% at 238.80p

Brexit ongoing impact

In a sign of the long term continuing effects of Brexit, Stena line have announced that they are moving a larger, new ship to a direct Ireland-France route from a planned route between Britain and Northern Ireland as more businesses seek to avoid Brexit checks. The shipping company is adding the Stena Embla to the Rosslare-Cherbourg service from Thursday to meet increased demand from firms avoiding Irish Sea ports and border controls. The ship was originally planned to operate on the Belfast-Liverpool route but new post-Brexit border controls, customs and regulatory on goods being moved between Britain and the island of Ireland has forced businesses to rely more heavily on direct services between Ireland and France. Increased bureaucracy around customs and regulatory checks has forced Irish companies to avoid the British "landbridge" route, traditionally the fastest and cheapest way to and from mainland Europe, and to look to transport goods on the direct ferries with mainland Europe. The number of ferry services running between Rosslare, the closest port to mainland Europe, and the continent has more than quadrupled on last year to meet the post-Brexit demand.

Johnson & Johnson

There was some good news on the vaccine front as early trial data published in the New England Journal of Medicine showed Johnson & Johnson's (NYSE:JNJ) one-shot Covid vaccine appeared to generate an immune response in both the young and elderly.