



Friday, 15th of January

Markets Outlook

Equities: European stock markets are seen opening lower on Friday, with investors weighing increased Covid-related restrictions with the announcement of additional U.S. stimulus. Overnight U.S. President-elect Joe Biden proposed a \$1.9 trillion stimulus plan to boost the world's largest economy, which has been hit hard by the Covid-19 pandemic. In Europe, France said it will bring forward its night curfew by two hours for at least a fortnight, while Germany's government is weighing up tougher lockdown restrictions as countries throughout the continent try to slow the spread of the virus. Italy, the euro-zone's third-biggest economy, is not only suffering from a resurgent coronavirus outbreak but also a deepening political crisis, after former Prime Minister Matteo Renzi pulled his Italia Viva party out of the ruling coalition government, denying it its majority in parliament. On the economic side, U.K. GDP fell 2.6% in November, back to 8.5% below the levels seen in February 2020, with the service sector acting as the main drag on growth, but this was not as bad as the 5.7% drop expected.

Currencies: The dollar's rebound from a near three-year low faltered on Friday after U.S. Federal Reserve Chair Jerome Powell said interest rates would not rise any time soon. The release of details of President-elect Joe Biden's \$1.9 trillion stimulus on Thursday failed to give the greenback additional support, with the main points of the plan already reported by the media. The dollar index has rallied after reaching its lowest level since March 2018 last week, as the prospect of more stimulus weighed on U.S. government bonds, sending the benchmark 10-year Treasury yield above 1% for the first time since March.

Safe Havens: Gold was marginally up to \$1,851 on the US stimulus plan

Key Events to Watch

- 15/01/2021 - UK GDP M/M
- 15/01/2021 - US Core PPI M/M
- 15/01/2021 - US Core retail Sales M/M
- 15/01/2021 - US industrial Production M/M

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,795	-0.38%	1.05%
DAX	13,937	-0.38%	1.61%
EuroStoxx	3,625	-0.44%	2.07%
ISEQ	7,532	-0.51%	2.11%
FTSE	6,773	-0.43%	4.79%
Nikkei 225	28,519	-0.62%	3.92%

FX			
EUR/USD	1.2120	-0.24%	-0.73%
EUR/GBP	0.8872	-0.05%	-0.60%
GBP/USD	1.3660	-0.18%	-0.09%
USD/CHF	0.8882	0.03%	0.36%
USD/JPY	103.66	-0.11%	0.45%
EUR/JPY	125.66	-0.36%	-0.29%

Fixed Income			
US 10yr	1.109	-0.020	
US 2yr	0.141	-0.006	
Bund 10yr	-0.548	0.004	
Irish 10yr	-0.247	-0.009	
Gilt 10yr	0.289	0.003	
JGB 10yr	0.028	-0.004	

Financial News Round Up

Petroneft Resources

The dublin listed oil and gas explorer Petroneft Resources is to acquire an additional 40 per cent interest in a Russian gas well for \$2.9 million (€2.4m). The company, which operates in the Tomsk Oblast, Russia, said on Friday the heads of terms had been signed with Belgrave Naftogas, formerly Arawak Energy Russia, in relation to Licence 67. The deal increases PetroNeft's interest from 50 per cent to 90 per cent. The payment will be made through the issuance of 80 million PetroNeft ordinary shares to Belgrave Naftogas (representing an 8.7 per cent shareholding) for a value of \$1.2 million. There will also be a cash consideration of \$1.7 million which will be financed through a three year loan from Belgrave Naftogas to PetroNeft with an interest rate of 8 per cent above Bank of England base rate. According to the company the significant premium on the share converts reflects both PetroNeft Resources and Belgrave Naftogas's shared view of the mismatch between the current share price of PetroNeft and the intrinsic value of PetroNeft's underlying asset portfolio.

Housing /Mortgage Market for 2021

The property market has continued to show strong demand with the biggest inflation in Dublin 8, Dublin 1, Kilkenny and Donegal all showing a 10% increase in the past 12 months. The rest of the country showed a year on year increase of 7%. A shortage of housing is adding to the increase. In Dublin housing stock is down by 20% and the rest of the country down by a third. With all construction on hold during the current lockdown this will continue to be the case for some time to come.

First time buyers have continued to be buoyant with strong savings and the help to buy scheme enabling deposits to be gathered, its just the lack of supply pushing up asking prices now.

Looking forward when economic and construction activity return to some kind of normality the situation should ease. All of the Banks and Mortgage lenders continue to show strong demand for mortgages with many offering special deals and offers to gain market share.

Some lenders have now reduced the length of their approvals to 6 months with "Haven" being the most recent under their use it or loss it policy. During current lockdown all estate agents are restricting viewings to people who have mortgage approval, if you think you might be in the market to purchase now would be a good time to put this in place. We also can offer the convenience of remote meetings through Zoom and Microsoft Teams and the facility of online applications accessing all of the main lenders operating on the Irish market and uploading documents.

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