

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: Indices are seeing a quiet start to the week, European markets edging slightly lower this morning, FTSE marginally lower in the UK. In general markets are still holding up, strong earnings so far have helped investors on the continent look past extended and harsh Covid restrictions as Europe sees a slower vaccine rollout than the US and UK. VIX at \$22.26 to start off the week.

Currencies: The Dollar weakened somewhat last week amid a general continuation of the risk-on tone markets have been seeing, we expect the main Dollar pairs to remain quiet on lower volumes ahead of the Fed's meeting on Wednesday evening, as traders sit on the sidelines and await further clarity from the US central bank. We are also due to see Q4 GDP data from some European nations and the US as the week goes on, potentially moving EUR/USD. Currency traders will continue to watch developments surrounding Joe Biden's proposed \$1.9 trillion stimulus package in the coming weeks.

Safe-havens: US Treasuries have been tight and rangebound for the past couple of weeks, with the 10yr sitting above the 1% mark. German Bund yields slightly lower on Monday, the bonds having seen fairly directionless trade for months on end. Looking at metals, gold is 0.30% lower this morning at the \$1,850 round figure, having found resistance at \$1,875 last week. Silver is flat on lower volume, finding fair value at \$25.56, while copper trades near its multi-year highs at \$3.62 having rallied by 82% since its pandemic-related trough back in March 2020.

Key Events to Watch

25/01/2021 - ECB President Lagarde speaks

27/01/2021 - Fed Rate Decision

28/01/2021 - US GDP

31/01/2021 - Chinese Manufacturing PMI

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,841	-0.30%	2.27%
DAX	13,873	-0.24%	1.64%
EuroStoxx	3,602	-0.44%	1.92%
ISEQ	7,354	-1.63%	-0.30%
FTSE	6,695	-0.30%	3.90%
Nikkei 225	28,822	0.67%	5.02%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2167	0.04%	-0.32%
EUR/GBP	0.8889	0.38%	-0.47%
GBP/USD	1.3684	-0.35%	0.19%
USD/CHF	0.8852	0.01%	0.01%
USD/JPY	103.77	0.28%	0.51%
EUR/JPY	126.26	0.32%	0.19%

Fixed Income	Value	Daily Change
US 10yr	1.086	-0.015
US 2yr	0.125	0.000
Bund 10yr	-0.513	-0.015
Irish 10yr	-0.191	-0.012
Gilt 10yr	0.303	-0.028
JGB 10yr	0.032	0.000

Financial News Round Up

The Week Ahead

We have another busy week ahead as we edge towards the end of the month, we will see a big week for Q4 corporate earnings results, some important economic data points, and the usual attention will be paid to vaccine-rollout developments as well as possible end dates to the current restrictions.

In terms of global economic data this week we are set for a relatively quiet start, ECB President Christine Lagarde speaking later today will be Monday's only major scheduled event. Things will begin to get busier on Wednesday when the Federal Reserve release their first monetary policy report and rate decision of 2021, due to come at 19:00 Irish time- the central bank is not expected to make any major changes to policy. This will be followed by quarterly GDP data from the US on Thursday and the same from key EU member states on Friday morning. On the corporate front: tomorrow we are due to get results from the likes of Johnson&Johnson, General Electric, Verizon, and Microsoft followed on Wednesday by Boeing, AT&T, Facebook, Tesla, and Apple. Later in the week we will see McDonalds, Mastercard, Visa, Chevron, and Caterpillar all report.

Investors around the globe will continue this week to weigh up rises in Covid-19 numbers and deaths, fresh restrictions in key European regions, and of course the ongoing efforts to quickly and efficiently roll out vaccines around the world.

Irish Consumer Sentiment

According to Goodbody's latest research, the unleashing of €13 billion in household savings in Ireland and "significant" pent-up demand will lead to a strong rise in consumer spending which is set to fuel 5% growth in core domestic demand during 2021.

Chief Economist at the firm Dermot O'Leary has forecast that domestic demand will decrease in the country between January and March, with a recovery due to begin as the current vaccine rollout leads to an inevitable easing of restrictions during Q2.

"Due to significant government transfers, disposable incomes have held up well. Indeed, Irish households experienced the fastest growth in disposable incomes in the EU in 2020" said O'Leary. "As a result, savings have soared among Irish households, evidenced by a savings ratio of 36% in Q2 2020 and a record €13 billion increase in bank deposits over the past 12 months."

This latest report by the stockbroker points to "evidence" from December of last year that real pent-up demand exists in Ireland and is set to be unlocked once these heavy restrictions are lifted once again.

This latest report also comments on housing, indicating that Ireland's market has remained remarkably resilient in both price and demand, despite an 8% fall in completions last year to 19,500.

"With the supply of properties for sale at a record low and robust demand, we now expect prices to grow this year by 4%, a significant change from our previous estimate of -2%".