

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Tuesday, 26th of January

## Markets Outlook

**Equities:** European stock markets bouncing somewhat on Tuesday following a broadly red session overnight across Asia, new virus strains and slow vaccine rollout in Europe remain ongoing concerns for investors. US markets marginally higher last night after Biden stated that he is open to negotiation on elements of his proposed stimulus package. VIX at \$23.24, DAX and EuroStoxx roughly a percent higher in Europe.

**Currencies:** The Dollar index gained some ground on Monday as certain regions' equities sold off and a general risk-off tone gripped markets amid virus pessimism. Another point to note for the world's reserve currency is that concerns over the size and timeline of Biden's stimulus deal may be weighing on market sentiment slightly. We would expect volumes to be lower and trade quieter ahead of tomorrow night's Federal Reserve release.

**Safe-havens:** Government bonds around the world saw a bid yesterday as some stock markets sold off and investors sought safer assets, this move pushed yields in the benchmark US 10yr lower last night, now sitting at 1.05%. German Bunds remain relatively deep in negative territory and likely will do for months or possibly years to come, trading at -0.54% on Tuesday morning. Gold seeing a quiet week so far, at \$1,850.

**Looking ahead:** Tuesday looks set to be quiet on the economic data front, we will however see consumer confidence results from the US this afternoon. Later today we will see Q4 earnings results from LVMH, Johnson & Johnson, General Electric, 3M, Verizon, Microsoft, and Starbucks in what is a busy corporate schedule.

## Key Events to Watch

27/01/2021 - Fed Rate Decision

28/01/2021 - US GDP

29/01/2021 - European GDPs

31/01/2021 - Chinese Manufacturing PMI

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,855	0.36%	2.64%
DAX	13,643	-1.66%	0.28%
EuroStoxx	3,553	-1.37%	0.65%
ISEQ	7,206	-2.01%	-1.96%
FTSE	6,638	-0.84%	3.37%
Nikkei 225	28,546	-0.96%	4.02%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2137	-0.25%	-0.69%
EUR/GBP	0.8874	-0.19%	-0.30%
GBP/USD	1.3674	-0.09%	-0.37%
USD/CHF	0.8882	0.29%	0.42%
USD/JPY	103.73	-0.06%	0.56%
EUR/JPY	125.90	-0.31%	-0.17%

Fixed Income	Value	Daily Change
US 10yr	1.033	-0.063
US 2yr	0.121	-0.004
Bund 10yr	-0.550	-0.037
Irish 10yr	-0.243	-0.052
Gilt 10yr	0.261	-0.042
JGB 10yr	0.031	-0.001

## Financial News Round Up

### UBS

Swiss multinational investment bank and financial services company UBS Group has this morning reported its results from the fourth quarter of 2020, during which time the bank saw a 137% rise in net profit, citing higher levels of client activity.

The planet's largest wealth manager saw Q4 net profits of \$1.708 billion, exceeding analysts' consensus expectations for \$966 million. This result has helped the bank to boost full-year profits by a robust 54%. UBS also stated this morning that it intends to pay out a dividend of \$0.37 to shareholders, while also planning to buy back roughly \$1.1 billion worth of shares during the current quarter.

"Our strong 2020 results clearly demonstrate the true strength of our franchise" said CEO Ralph Hamers, "We stood for stability, maintained connectivity, and provided the advice and solutions our clients needed...And, in turn, they entrusted us with their business - with over a hundred billion dollars in net new money. Additionally, invested assets across asset and wealth management reached record levels."

The shares are circa 2.5% higher on Tuesday at CHF13.24, having started 2021 on the front foot, up over 6% YTD. UBS saw a share price appreciation of just 2% last year, the stock currently boasts a 2.51% dividend yield at current prices. With a P/E of 9.3 times, UBS fares well compared to its Swiss peers' average of almost 18 times, we see some modest upside in this name over the coming 12 months as rotations into more value-oriented sectors continue amidst the imminent global economic recovery.

### Greencore

Irish food company Greencore Group has this morning reported a 15% decline in its fiscal Q1 revenue due to the impact that restrictions have had on demand for its food-to-go categories. During this latest update, which covers the 13 weeks up to Christmas day last year, Greencore saw a reported revenue of £312.7m, with its food-to-go categories seeing a 21.7% decline during the period to £188.5m.

In his statement earlier today CEO Patrick Coveney alluded to the fact that conditions will likely remain tough over the next couple of months, but that the firm remains confident that it can and will recover as restrictions are eventually lifted. "We are confident that we have the capability and resources to build back the business rapidly as soon as market conditions allow, and we are optimistic about the medium-term prospects for Greencore" added Coveney.

We note that the chief executive reiterated that the company's financial guidance remains suspended, as a direct result of pandemic-related uncertainty. On a more positive note, Coveney pointed to the fact that the recent Brexit trade deal means the "worst-case" scenario has been avoided.

The group's shares are marginally lower this morning following the release, trading flat on the year so far after a tough 2020 during which the stock lost 56% of its value.