

Daily Update

Your daily market news, moves
and outlook



SEASPRAY FINANCIAL

Wealth & Investment Management

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Markets Outlook

Equities: The main indices on the continent have opened higher on Wednesday, DAX and EuroStoxx circa 0.70% higher and trading one-week highs at present. Futures in the US this morning are following a similar path as the VIX sinks further to \$24.48, risk assets helped by progress toward further US stimulus and the ongoing vaccine rollouts.

Currencies: USD is seeing its third straight day of gains, pushing the Euro down to \$1.2015 on Wednesday as the disparity between the strength of the US and Europe's pandemic recoveries widens further. The most traded currency pair on the planet is seeing its lowest prices since December 1st as lockdowns are extended in Europe and expectations for near-term declines in Eurozone growth look more likely to come true.

Safe-havens: Government bond yields continue to drift higher this week as investors stick to the reflation trade in the bond space, bonds have increasingly been dumped in favour of equities as of late. WTI Crude Oil trades its highest prices in a year, approaching the \$55 mark this morning as traders eye up the loosening of travel restrictions in the months to come. Silver undid much of Monday's gains as hopes for a quick breakout to the upside were swiftly abandoned, gold pulling back to \$1,835 yesterday as the Dollar rallied.

Looking ahead: This morning we will get Services PMI results from the UK, followed by the US equivalent after lunch. Tomorrow's main data point will come from the Bank of England at midday, with US and Canadian Non-Farm Payrolls results on Friday afternoon. On the corporate front, today we are due to hear from eBay, Qualcomm, and Siemens AG, with Royal Dutch Shell, BT Group, Unilever, Merck, Ford, and T-Mobile all reporting tomorrow.

Key Events to Watch

03/02/2021 - US Services PMI

04/02/2021 - BOE Rate Decision

05/02/2021 - US Non-Farm Payrolls

10/02/2021 - UK GDP

Market Moves

| Equity Indices | Value | Daily Change | YTD Change |
|----------------|--------|--------------|------------|
| S&P 500 | 3,826 | 1.39% | 1.87% |
| DAX | 13,835 | 1.56% | 0.85% |
| EuroStoxx | 3,590 | 1.69% | 1.06% |
| ISEQ | 7,301 | 2.47% | -1.02% |
| FTSE | 6,516 | 0.78% | 0.87% |
| Nikkei 225 | 28,646 | 1.00% | 4.38% |

| FX | Value | Daily Change | YTD Change |
|---------|--------|--------------|------------|
| EUR/USD | 1.2042 | -0.14% | -1.49% |
| EUR/GBP | 0.8809 | -0.18% | -1.32% |
| GBP/USD | 1.3665 | 0.03% | -0.12% |
| USD/CHF | 0.8971 | 0.03% | 1.50% |
| USD/JPY | 104.97 | 0.06% | 1.82% |
| EUR/JPY | 126.39 | -0.09% | 0.31% |

| Fixed Income | Value | Daily Change |
|--------------|--------|--------------|
| US 10yr | 1.095 | 0.016 |
| US 2yr | 0.113 | 0.002 |
| Bund 10yr | -0.488 | 0.025 |
| Irish 10yr | -0.160 | 0.026 |
| Gilt 10yr | 0.351 | 0.030 |
| JGB 10yr | 0.052 | 0.001 |

Financial News Round Up

Amazon

Seattle-based multinational technology corporation Amazon last night reported yet another set of record-breaking quarterly results, as consumers continued to turn to the company's online e-commerce platform during ongoing worldwide restrictions. Amazon also said yesterday that founder and CEO Jeff Bezos will step down from his role and move across to Executive Chairman of the firm later this year. Andy Jassy, an Amazon veteran, will take over as CEO in Q3.

Amazon's 2020 Q4 revenue came in at \$125.56 billion versus expectations for \$119.7b and Q4 2019's result of 87.44b, this is the first time the firm has exceeded the \$100b mark. Q4 earnings per share was \$14.09 vs forecasts for just \$7.34. The company has cited December and in particular the Christmas shopping season as a massive boost to earnings, as restrictions remained on travel and shopping in many regions. While Amazon did not disclose exact figures from its platform from Prime Day, Black Friday, and Cyber Monday, we do note that its third-party sellers grew sales by roughly 60% y/y during each of these events.

In terms of forward guidance, Amazon now estimates its first quarter net sales for 2021 will come in between \$100 and \$106 billion.

The shares have been trading flat to slightly lower in after-hours trade in New York, set to open at \$3,362 today. This follows an impressive 76% gain during 2020 as lockdowns forced shoppers to go online. While we still do see upside this year in the stock, Amazon is not our preferred pick in the large US tech space, please talk to your financial advisor at Seaspray or contact info@seasprayfs.ie for more information on our stock watchlist.

Irish PMIs

According to AIB's Purchasing Managers' Index (PMI) findings for January, Ireland's services sector contracted at its sharpest rate since the economy was emerging from the initial lockdown last May. Services PMI results for the month came in at 36.2, versus the marginally expansionary 50.1 the previous month. The only times the figure has fallen at a more abrupt rate than this month were in April and May of last year when the figure sank to a record low of 13.9.

"More encouraging, employment hardly changed in January despite the lockdown, having expanded in December for the first time since last February" said AIB's Chief Economist Oliver Mangan.

"Sentiment in regard to the 12-month outlook remained relatively upbeat...Firms believe that the roll out of the vaccine programmes will eliminate the need for further lockdowns and see a return to more normal business conditions as the year progresses" he added.