

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Friday, 5th of February

## Markets Outlook

**Equities:** The main indices in Europe are slightly higher today, volumes are expected to be lower across the board ahead of the US' employment figures this afternoon. We saw a positive risk sentiment in the States last night and into the Asian session, as vaccine developments continue. Johnson & Johnson have submitted their vaccine to the FDA for emergency approval while the UK are currently trialing mix and match vaccines. VIX lower to \$21.76 on Friday morning.

**Currencies & Safe-havens:** The Dollar has steadied this morning after another move higher yesterday, which has brought the Euro below \$1.20 and to its lowest level in over 2 months. Market sentiment has been underpinned in the US as traders anticipate Biden's fiscal stimulus package, which has caused US Treasuries to sell off and yields to subsequently rise. As this happens, these bonds have become more attractive over recent months and have now cause an in-flow of funds into the Dollar as a consequence as investors seek the US bonds. Gold has had a tough week, currently 2.25% lower than last week's close. Gold has demonstrated its inversely correlated nature with both real yields and with the USD, both of which have seen gains this week.

**Looking ahead:** The focus for today will be on the United States' Non-Farm Payroll and unemployment figures which are due to be released at 1.30pm Irish time. Looking ahead, the start of next week will be quiet in terms of data, with central bank speakers and US CPI inflation results due on Wednesday. We will get EU economic forecasts and UK GDP results later next week.

## Key Events to Watch

05/02/2021 - US Non-Farm Payrolls

10/02/2021 - US CPI

11/02/2021 - EU Economic Forecasts

12/02/2021 - UK GDP

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,871	1.09%	3.08%
DAX	14,060	0.91%	2.42%
EuroStoxx	3,642	0.90%	2.80%
ISEQ	7,358	0.28%	0.40%
FTSE	6,503	-0.06%	0.70%
Nikkei 225	28,779	1.54%	4.86%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1962	-0.60%	-1.92%
EUR/GBP	0.8748	-0.78%	-2.08%
GBP/USD	1.3670	0.19%	0.21%
USD/CHF	0.9043	0.60%	1.95%
USD/JPY	105.54	0.50%	2.17%
EUR/JPY	126.25	-0.09%	0.19%

Fixed Income	Value	Daily Change
US 10yr	1.136	-0.003
US 2yr	0.113	-0.006
Bund 10yr	-0.456	0.011
Irish 10yr	-0.151	-0.011
Gilt 10yr	0.442	0.072
JGB 10yr	0.052	-0.003

## Financial News Round Up

### Sanofi

French multinational pharmaceutical firm Sanofi reported its Q4 earnings results from 2020 before market open this morning, issuing a generally stronger-than-expected set of results for the three-month period.

Sanofi stated that they aim to grow earnings per share this year after posting Q4 2020 EPS results of €1.22 vs analysts forecasts for roughly €1.17, and also coming in flat on its EPS results from Q4 2019. Operating revenue was marginally higher for the period (by 0.3%) to €2.05b, while revenue was 2.4% lower to €9.38b in line with our estimates. The firm, which is cutting roughly 1,700 jobs across Europe, has now raised its goal set back in late 2019 of generating €2 billion in savings by 2022, by an additional €500m.

The shares have opened higher this morning following the release, up almost 2% on the session so far to €80.30. Sanofi, whose shares lost over 12% of their value throughout 2020, are currently trading at a full-year 2021 P/E of roughly 13 times at present. On an earnings basis, Sanofi trades at a 20% discount to its European peers, leading us to reiterate our 'buy' rating on this stock. With its strong dividend yield of just under 4%, Sanofi is a core member of our European High Dividend Portfolio here at Seaspray, we also maintain our price target of €95, which would represent an 18.5% move to the upside from today's price.

Sanofi, who have already once delayed their Covid-19 vaccine candidate, recently committed to begin producing Pfizer's successful vaccine. This new deal will produce 125 million doses for the EU in the coming months.

### Vinci

French concessions and construction company Vinci have released their latest set of earnings results this morning, indicating a 3.6% fall in its adjusted earnings per share to €2.20, exceeding our expectation for just €2.18. Operating income also came in ahead of analysts' forecasts, at €2.86b, albeit dropping by 50% y/y. Revenue slid by 10% to €43.23b while Vinci's dividend was left unchanged at €2.04 per share, in line with the previous year's payout.

Taking a closer look, Vinci's concessions business, which manages toll roads and airports, was 34% lower on a like-for-like basis to €5.84b. In its statement, the firm has said that visibility remains limited for its concessions business, where performances heavily depend on Covid-19 vaccine developments.

The shares have jumped higher after this release, up 6% on Friday to €86.20, having traded in a €20 sideways range since the pandemic-related sell-off one year ago. Vinci is undervalued in our view, with its dividend yield of over 3% and a full-year 2021 P/E of 18 times, the firm's revenue and likely stock price look set to recover to their 2019 levels this year with its improved operating margins, as management have alluded to.