

# Daily Update

Your daily market news, moves  
and outlook



## SEASPRAY FINANCIAL

Wealth & Investment Management

### Friday, 12th of February

## Markets Outlook

**Equities:** Markets are pulling back across Europe on Friday, looking to close the week flat to slightly lower as the VIX in the US remains around the \$22 mark. Earnings season will still be in focus next week as the remaining 20% of companies report Q4 earnings and equity markets have fewer economic data points to focus on, volatility may remain relatively subdued.

**Currencies:** Another fairly muted session yesterday on FX markets, EUR/GBP taking a break this week from its steady decline and seeing broadly sideways trade at 0.8780. The Dollar heading for its first weekly loss in three weeks as doubts emerge about the strength of the US economic recovery, EUR/USD at 1.2111 this morning. We note that Bitcoin surged to a fresh all-time high of just over \$48,500 after BNY Mellon came out and said it will offer custodian services for cryptocurrencies.

**Safe-havens:** Gold and silver are looking to finish the week flat, seeing quieter trade similar to other markets, finding fair value today at \$1,817 and \$27.15 respectively. Crude oil slightly lower again today as traders take profits from the recent run up in the commodity.

**Looking ahead:** Following the UK GDP release this morning, Friday is set to be very quiet on the economic data front. The US will have its 'Presidents Day' bank holiday on Monday, next week will be quieter in general with European PMIs next Friday being the main focus.

In terms of corporate earnings, next week we will see results from Walmart, Nestlé, Rio Tinto, Allianz, Airbus, Daimler, and many more large names on both sides of the Atlantic.

## Key Events to Watch

14/02/2021 - Japanese GDP

15/02/2021 - US Bank Holiday

17/02/2021 - US Retail Sales

17/02/2021 - Fed Meeting Minutes

## Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,916	0.17%	4.27%
DAX	14,040	0.77%	2.35%
EuroStoxx	3,671	0.64%	3.35%
ISEQ	7,236	-0.32%	-1.90%
FTSE	6,528	0.07%	1.06%
Nikkei 225	29,520	-0.14%	7.56%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2128	0.10%	-0.83%
EUR/GBP	0.8777	0.24%	-1.64%
GBP/USD	1.3815	-0.09%	0.88%
USD/CHF	0.8900	0.00%	0.59%
USD/JPY	104.72	0.14%	1.67%
EUR/JPY	127.02	0.25%	0.84%

Fixed Income	Value	Daily Change
US 10yr	1.165	0.041
US 2yr	0.109	-0.002
Bund 10yr	-0.458	-0.020
Irish 10yr	-0.144	-0.033
Gilt 10yr	0.471	-0.018
JGB 10yr	0.071	-0.003

## Financial News Round Up

### UK GDP

This morning before market open we saw the release of Q4 GDP data from the United Kingdom, showing that their economy shrank by 9.9% during 2020, the largest annual fall for this figure since modern records began. On a quarterly basis, the UK saw a 1.0% result vs analysts' consensus expectations for 0.5%, which comes after the region's 16.0% q/q result in Q3 as economies initially reopened, and its grim -20.4% for Q2.

Taking a closer look at last quarter, the UK grew by 1.2% in December alone, after seeing a 2.3% decline during November when partial lockdowns were reintroduced. We note that the Bank of England is forecasting a fall of 4% for the current quarter, which is unsurprising given the region's new variant and the severity of recent third-wave lockdowns, coupled with the Brexit disruption which we have seen at the beginning of 2021.

"Today's figures show that the economy has experienced a serious shock as a result of the pandemic, which has been felt by countries around the world" said UK finance minister Rishi Sunak. This morning's figure recorded the change in the inflation-adjusted value of all goods and services produced by the UK economy.

### ING

Dutch multinational banking and financial services corporation ING Groep released its Q4 earnings results this morning, in which it saw a €1.05b pre-tax profit, beating our expectations for the 3-month period. Analysts' had broadly expected somewhere in the region of a €640-650m result for the European bank. ING saw a €1.34b result during the same period one year prior.

ING continued to win customers, seeing 578,000 new individuals who consider it their main bank to 13.9 million, and 39.3 million in all. Deposits rose by €7.8b last quarter and by €41.4b last year as a whole, while net core lending dropped by €900m during Q4 - its smallest decline since the beginning of the pandemic. ING also said it would propose a dividend for the quarter of €0.12 per share, pending approval from the ECB.

CEO Stephen van Rijswijk stated that the combination of very low rates coupled with increasing retail deposits are likely pushing customers to have a fresh look at how they invest. "As an example, in Germany we had 326,000 clients that started to trade with our app, of which 20% were new-to-the-bank clients, so in this time when you might think people would stick to their existing bank, they make the jump to ING" he said.

Shares in the bank have gapped higher on this morning's open in Amsterdam following the release, trading 4.8% higher at €8.20. ING stock is already up over 7% YTD so far, having lost 28.5% of its value last year. With the shares trading at a P/E of roughly 17 times, and with renewed hopes for a return to the robust dividend yield of previous years, we issue a 'buy' rating on the name with a 2021 price target of €9.00, representing a potential 9.5% upside.