



Wednesday, 3rd of March

### Markets Outlook

**Equities:** The main equity indices across Europe are roughly a percent higher on Wednesday as the risk-on sentiment continues this week after the House in the States passed Biden's \$1.9tr stimulus package over the weekend. Germany's DAX, which has gained almost 3% this week, has traded a fresh all-time high this morning at €14,190. This move follows news that Germany will soon look to relax restrictions somewhat. VIX lower to \$22.50 after a broadly positive session in the US last evening and Asia overnight.

**Currencies:** The Dollar is slightly lower this morning on the general risk-on across markets, pushing the Euro to the middle of its range at around 1.21. GBP/USD similarly rallying back to the 1.40 mark today. Sterling could see some increased volatility later today after the release of the UK's annual budget.

**Safe-havens:** Gold has seen mostly rangebound trade this week after having fallen on Friday to below \$1,715 for the first time since last June as bond yields rose sharply. Government bond yields slightly higher again on Wednesday on a general risk-on tone, as the safe-haven bonds themselves sell off. US 10yr yielding 1.445% while 10yr Bunds in Germany are -0.325% currently.

**Looking ahead:** In terms of economic data: we are due to get the release of the US' monthly ISM Services PMI reading during the afternoon, with the UK's annual budget to also be released today. We expect to hear Q4 earnings results tomorrow from Aviva, Cairn Homes, CRH, and Merck, followed by AIB on Friday.

### Key Events to Watch

- 03/03/2021 - UK Annual Budget Release
- 04/03/2021 - Fed Chair Powell speaks
- 05/03/2021 - US Non-Farm Payrolls
- 11/03/2021 - ECB Rate Decision

### Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,870	-0.81%	3.04%
DAX	14,039	0.19%	3.32%
EuroStoxx	3,707	0.03%	5.18%
ISEQ	7,537	0.27%	3.43%
FTSE	6,613	0.38%	3.61%
Nikkei 225	29,559	0.51%	7.71%

FX	Value	Daily Change	YTD Change
EUR/USD	1.2089	0.35%	-1.06%
EUR/GBP	0.8662	0.14%	-3.14%
GBP/USD	1.3953	0.22%	2.19%
USD/CHF	0.9146	-0.02%	3.55%
USD/JPY	106.67	-0.07%	3.57%
EUR/JPY	128.95	0.27%	2.46%

Fixed Income	Value	Daily Change
US 10yr	1.398	-0.028
US 2yr	0.123	0.002
Bund 10yr	-0.348	-0.015
Irish 10yr	-0.002	-0.005
Gilt 10yr	0.689	-0.068
JGB 10yr	0.116	0.000

### Financial News Round Up

#### Permanent TSB

Irish pillar bank Permanent TSB has reported a 2020 pre-tax loss to the tune of €166m, while also confirming its involvement in talks with NatWest about purchasing certain parts of Ulster Bank's business here. This latest loss compares with Permanent TSB's 2019 result of a €42m profit before tax.

Total new lending at the bank was 15% lower last year to €1.4b, while its market share of new mortgage lending came in at 15.3%, as expected, and broadly unchanged on the prior year.

"While 2020 was a loss making year for the bank, the second half of the year saw the bank increase its new lending volumes and transactional activity as the economy began to reopen" said chief executive Eamonn Crowley, "Our active mortgage offer pipeline is at a strong level and positions us well to continue our strong performance into 2021" he added.

In terms of forward guidance, the bank has reiterated that the outlook continues to remain uncertain with recovery being dictated by the success and efficiency of the government led vaccination programme.

"In terms of business performance the bank has started the year with a strong performance in new mortgage lending. However, in light of the third lockdown, household spending has been curtailed, resulting in a continued build-up of deposits and a reduction in fee income due to lower transactional activity" Permanent said in its statement.

The shares have gained over 27% this year so far, trading at circa €1.09 in Dublin this morning. The stock has recently rallied on the confirmation news that Ulster Bank will leave the Republic and look to sell a portion of their loan book to Permanent.

#### Rio Tinto

Shares in the world's second largest metals and mining corporation Rio Tinto are circa 0.60% higher in London on Wednesday morning as news has emerged that current chairman Simon Thompson will step down within the next year after controversy regarding the company's destruction last year of a 46,000-year-old sacred indigenous site in Australia. Thompson explained in his statement that he "was ultimately accountable for the failings that led to this tragic event" which overshadowed the firm's other success during 2020, including the largest dividend in its history.

We reiterate our 'buy' rating on this name and believe there to be 5-10% upside potential from current levels this year, despite the stock's significant strength of recent months.

#### Ryanair

Ryanair chief executive Michael O'Leary has said that the budget airline now hopes to fly up to 70% of 2019 passenger numbers this summer: "We would be hopeful that we could fly maybe 60,70% of our normal traffic volumes during the peak summer months - June, July, August and September", rising to roughly 80 or 90% by the winter. Ryanair expect to have flown about 27 million people in the 12-month period to March and said the consensus forecast for the fiscal year was for a loss of €850m.