



Thursday, 11th of March

Markets Outlook

Equities: We have continued to see a rotation into the more value-oriented sectors of the market, in line with our house views, the Dow Jones pushing 1.5% higher last night on Wall Street as the tech-heavy Nasdaq100 traded flat to slightly lower. Europe's main indices are mixed on Thursday morning, volumes will be lower until after the ECB release this afternoon. The VIX has been trading lower for most of this week, currently at \$22.30.

Currencies: The Euro is gaining some ground on Thursday morning ahead of the ECB in a few hours. EUR/USD has reached an important resistance area at the 1.1950 - 1.20 zone, the pair showing some slight gains this week after recent Dollar strength during the past couple of months. GBP/USD seeing a quiet start around 1.3950 with both the Fed and BOE due to release next week.

Safe-havens: Gold is roughly 2% higher this week, the metal looking to put in its first green week for the first time in about a month, Silver on a similar sentiment this morning trading 1% higher to \$26.40. This move comes as Treasury yields in the US have taken a break from their recent rise - the benchmark US 10yr now back below 1.5%. Gold investors will be keeping a close eye on inflation expectations and real yields over the coming months as economies reopen and we emerge from the pandemic.

Looking ahead: The main data point of the day will come from the European Central Bank at 12:45pm when they release their latest rate decision. Tomorrow we will see Canada's monthly unemployment rate, followed over the weekend by the US' daylight saving time shift. Next week will be dominated by central banks: we are due to hear from the Fed on Wednesday, BOE on Thursday, and BOJ in the early hours of Friday morning.

Key Events to Watch

- 11/03/2021 - ECB Rate Decision
- 14/03/2021 - US Daylight Saving Time Shift
- 16/03/2021 - US Retail Sales
- 17/03/2021 - Fed Rate Decision

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	3,898	0.60%	5.52%
DAX	14,540	0.71%	5.98%
EuroStoxx	3,819	0.89%	7.86%
ISEQ	7,869	-0.02%	7.84%
FTSE	6,725	-0.07%	4.27%
Nikkei 225	29,211	0.60%	6.44%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1925	0.23%	-2.02%
EUR/GBP	0.8559	-0.04%	-3.90%
GBP/USD	1.3930	0.27%	1.99%
USD/CHF	0.9295	0.22%	4.62%
USD/JPY	108.38	-0.07%	5.05%
EUR/JPY	129.22	0.13%	2.93%

Fixed Income	Value	Daily Change
US 10yr	1.521	-0.007
US 2yr	0.155	-0.008
Bund 10yr	-0.311	-0.008
Irish 10yr	0.049	-0.010
Gilt 10yr	0.715	-0.012
JGB 10yr	0.097	-0.033

Financial News Round Up

ECB Today

At 12:45pm today we will see the release of the European Central Bank's second of eight rate decisions and monetary policy statements this year, which will of course be followed at 13:30 by the usual press conference held by the ECB President Christine Lagarde.

No changes in any of the central bank's main interest rates are expected today by market participants, ECB very likely to leave its deposit rate at -0.5%.

We believe that the ECB will not want to be seen to be micro-managing bond yields, Lagarde will likely attempt to downplay the recent rise we have seen in sovereign yields, similar to the narrative we have recently heard from the Fed Chair J Powell in the States.

Having said this, we still see an increasing likelihood that the bank may signal faster money printing in the shorter term in an attempt to keep some sort of a lid on borrowing costs. ECB policymakers will be keen to calm markets this week and will almost certainly maintain their commitment to their low interest rate regime. While they may not come out and directly state it, these policymakers may have real concerns that a steady and sustained rise in bond yields across the Eurozone could derail the bloc's economic recovery, especially with us lagging behind other major economies like the US where a faster vaccine rollout and massive fiscal stimulus package are turbocharging its rebound.

We note that the central bank will also reveal updated economic projections for the first time since December.

Verizon

American telecommunications company Verizon has more than doubled its existing mid-band spectrum holding with the results of the recent FCC 5G spectrum auction, it emerged during the firm's Investor Day presentation yesterday. Verizon now plans to increase its capital investments by \$10 billion over the next 36 months "to put this C-Band to use as quickly as possible" according to CEO Hans Vestberg.

The stock, which is over 2% lower YTD to \$57.13, is a key member of our core stock list for 2021. With a forward-looking P/E ratio of 11.1 times, Verizon is currently trading at a roughly 30% discount to its direct competitors. Our 'buy' rating is underpinned by the firm's 4.4% dividend yield, Verizon's sustainable payout ratio of 58%, and very strong history of sharing profits with investors.

ICG

Irish Continental Group, owner of Irish Ferries, has this morning reported lower earnings and revenue results for last year as we expected, due to travel restrictions on its passenger business. Revenues for 2020 were 22.5% lower to €277.1m, down from 2019's robust €357.4m result, while EBITDA dropped by a whopping 51.5% to €42.1m from €86.8m. ICG saw an operating loss of €10.4m, compared with the previous year's €64.9m operating profit.

The company did note that it made a profit on the sale of its Oscar Wilde ferry to the tune of €14.9m.