

COVID-19 and vaccine concerns weigh on sentiment

Snapshot



Oil



World Equities
Sovereign Bonds
Corporate Bonds
Gold
Copper

The week ahead

20
Jan

U.K. inflation figures for December are published

21
Jan

The BoJ and ECB both meet, where no changes from either is expected

22
Jan

U.S., eurozone, and U.K. PMI data goes to print

Stocks fell last week as surging COVID-19 cases and worries in relation to vaccine roll outs took hold. Despite hitting intraday record highs on Thursday, stocks were hit on Friday with the start of earnings season. JP Morgan beat both revenue and profit expectations but still saw its price fall at the open, whilst Citi and Wells Fargo also fell as they disappointed versus analysts' expectations. Value shares in general outperformed their growth counterparts, continuing a trend seen (so far) in 2021.

Economic news flow also hit sentiment as a slew of negative US data was released. Retail sales fell 0.7% in December and are now down three months in a row as lockdowns lead to a pullback in spending. Sentiment in general was hit with both consumer and small business gauges dropping back. U.S. inflation was also tepid for December with prices rising 0.4% (1.4% for the year) and core prices only up 0.1%.

The inflation figures continue to be below the Fed target and there is little to no expectation of monetary tightening in 2021. On the fiscal side President-elect Biden (due to be inaugurated this Wednesday) announced a \$1.9 trillion stimulus plan to help combat COVID-19. The announcement was made against the backdrop of the unprecedented second impeachment of President Trump, which comfortably passed through the House of Representatives. Timelines for bringing it to the Senate floor remain unclear at the moment.

In Italian, the ruling coalition is under pressure as ex-Prime Minister Matt Renzi withdrew his party's support in a move that was criticised across the domestic political spectrum. Concerns over vaccine distribution remain, but the pace of inoculation is increasing as investors attempt to look past the current lockdown strife to a more positive economic scenario.

Our regular market information continues on the next page.

	1 Week Return 11.01.21 to 18.01.21		Year to Date Return 01.01.21 to 18.01.21	
	Local Currency	Euro	Local Currency	Euro
World	-0.6%	-0.1%	1.0%	1.0%
U.S.	-0.8%	-0.3%	0.5%	1.7%
Europe	-0.3%	-0.3%	1.6%	1.6%
Ireland	-2.5%	-2.5%	3.3%	3.3%
U.K.	-0.8%	0.4%	4.4%	5.0%
Japan	0.3%	1.1%	3.2%	3.7%
Hong Kong	1.4%	1.9%	4.4%	5.7%
Corporate Bonds	-0.1%	-0.1%	-0.1%	-0.1%
Sovereign Bonds	-0.3%	-0.3%	-0.3%	-0.3%

Equities

- Global markets were down slightly last week by -0.1% in euro terms and -0.6% in local terms.
- The influential U.S. market was down by -0.3% in euro terms and -0.8% in local terms.
- Closer to home, Ireland finished down -2.5%.

Fixed Income & FX

- The U.S. 10-year yield finished at 1.08% last week. The German equivalent finished at -0.54%. The Irish 10-year bond yield finished at -0.23%.
- The Euro/U.S. Dollar exchange rate finished at 1.21, whilst Euro/GBP finished at 0.89.

Commodities

- Oil finished the week at \$52 per barrel.
- Gold finished the week at \$1,834 per troy ounce.
- Copper finished the week at \$7,937 per tonne.

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