



THE WEEK THAT WAS: WEEK 50 – ending 11th DECEMBER 2020

“Talent hits a target no one else can hit; genius hits a target no one else can see” A. Schopenhauer

### Domestic Irish news



**Consumer Price Inflation (CPI) shows prices fell by 1.1% on average in November 2020**

Central Statistics Office (CSO) data shows that prices on average fell 1.1% in November '20 when compared to November '19. The rate of average price decline has reduced from the -1.5% seen earlier this year and is likely to turn positive through 2021 as Covid-19 vaccines are deployed and the associated negative economic impacts decist.

### Global Stock Markets



**The global share market declined -0.46% last week brining it's year-to-date growth to 12.66%**

The global stock market headed slightly lower last week as the US Congress struggled to approve a \$908 billion dollar fiscal package, which threatened a government shutdown over budget shortfalls. Meanwhile, Brexit negotiations struggled on but with all but local-markets showing little concern. The VIX gauge of market volatility rose over 10% to 23.31.

### The Story of the Week



A 'Secret Santa' has brought cheer to the American town of Bristol, Tennessee by covering the outstanding cost of all current lay-away items in the local Walmart. Customers were pleasantly surprised to receive text notifications stating that their items had 'been paid in full and were ready for collection.' The store manager confirmed that the town's 'Secret Santa' had quietly paid all of the outstanding \$64,995.51, clearing the entire layaway balance and bringing a welcome dose of festive cheer to the area.

### Brexit



**Brexit negotiations fail to deliver a deal as the deadline for negotiations is extended**

European and British negotiators have failed to break the deadlock as the deadlines set for Wednesday 9<sup>th</sup> and then Sunday 13<sup>th</sup> of December both pass without any sign of a deal. No near-term deadline has been set but the clock is ticking as January looms. Global markets have remained agnostic to the drama, while the UK stock market and sterling have been challenged.

### Coronavirus

**A surge in coronavirus cases looks set to send parts of Europe into lockdown through the holiday season but vaccine prospects look positive for the New Year**

Case counts at record levels as 600k cases a day are diagnosed and as many parts of Europe face renewed restrictions. Despite this, the prospect of vaccine roll-outs in the new year, the approval of a further 500 billion in supports for European economies and slew of strong economic data has seen markets relatively calm in the face of otherwise negative news.

### ECB

**The European Central Bank's inflation forecast underlined interest rates set to be lower for longer**

The ECB is forecasting inflation of 1.4% by 2023 vs. their target of 2% p.a. and is likely to see record low interest rates held across the Euro area for quite some time yet. Bloomberg inflation index suggests no increases till 2026.

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# Index performances and market data

Equity & Bond Markets (%) in Local Currency	2015	2016	2017	2018	2019	2020 YTD (to 11/12)
MSCI AC World (Gross TR)	1.8	9.7	20.4	-7.2	26.9	12.21
ISEQ Overall Return	33.6	-2.7	9.7	-20.5	31.4	4.52
FTSE 100 TR	-1.3	19.1	11.8	-8.5	17.6	-9.77
Euro Stoxx 50 TR	6.4	3.7	9.2	-12.0	29.3	-5.03
S&P 500 TR	1.4	12.0	21.8	-4.4	31.0	15.54
Nasdaq Composite	5.7	7.5	28.2	-3.9	34.5	37.95
Nikkei 225	9.1	0.4	19.1	-10.2	20.0	12.66
MSCI Emerging Markets	-8.0	7.1	27.8	-12.2	13.0	13.82
Eurozone Government Bonds 1–5 yr	1.0	0.9	-0.2	0.0	1.1	0.76

Sovereign 10yr Bond Yields (%)	2015	2016	2017	2018	2019	2020 YTD (to 11/12)
U.S.	2.2	2.4	2.4	2.7	1.9	0.89
German	0.6	0.2	0.4	0.2	-0.3	-0.63
UK	1.9	1.2	1.2	1.3	0.8	0.18
Japan	0.2	0.0	0.0	0.0	0.0	0.01
Ireland	1.1	0.7	0.7	0.9	0.1	-0.33
Italy	1.6	1.8	2.0	2.8	1.4	0.55
Greece	7.9	7.1	4.1	4.4	1.4	0.58
Portugal	2.5	3.8	1.9	1.7	0.4	0.04
Spain	1.7	1.4	1.6	1.4	0.4	0.00

Central Bank Rates (%)	2015	2016	2017	2018	2019	2020 YTD (to 04/12)
ECB	0.05	0.0	0.0	0.0	0.0	0.0
Bank of England	0.50	0.25	0.50	0.75	0.75	0.1
U.S. Federal Reserve	0.50	0.75	1.50	2.50	1.75	0.25

Foreign Exchange Rates	2015	2016	2017	2018	2019	2020 YTD (to 04/12)
Euro/Dollar (€/\$)	1.09	1.04	1.20	1.15	1.11	1.21
Euro/Sterling (€/£)	0.75	0.84	0.89	0.90	0.85	0.92
Sterling/Dollar (£/\$)	1.46	1.24	1.36	1.28	1.30	1.32

IPD All Property Return (%) in Local Currency	2015	2016	2017	2018	2019	2020 (to end Q3)
Ireland	25.2	12.6	8.0	9.6	5.3	-0.8
U.K.	13.3	3.6	10.3	6.2	1.3	-2.9
U.S.	12.5	7.8	7.1	7.5	6.3	0.8

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Sources: Factset / Bloomberg / Moneymate / MSCI

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