

THE WEEK THAT WAS: WEEK 52 – ending 31st DECEMBER 2020

“Success consists of going from failure to failure without loss of enthusiasm.” W.Churchill

Domestic Irish news



Irish residential housing ‘list prices’ surge 7.4% as supply of homes for sale continues to decline

A December report by Irish property website Daft.ie showed a significant reduction in supply of homes for sale, just 15,390 vs. 40k+ average for past 13 years. The reduction in supply has seen ‘ask prices’ surge but firmer data will be required to see what the impact is on completed sale prices.

Brexit



As was widely expected but not guaranteed, a last-minute Brexit deal was negotiated, avoiding significant shock to the UK and Irish economies

European and UK negotiators have succeeded in resolving the remaining sticking points in Brexit negotiations, avoiding a worst-case-scenario ‘no deal Brexit.’ Market reaction was muted, with sterling and UK share markets gaining moderately on what was seen as the base case outcome and was therefore largely priced into markets.

Global Stock Markets



The global share market gained 14.8% in 2020 having gained 1.2% in the final week of trading.

Despite the truly significant challenges faced throughout 2020, global share markets closed out the year in positive territory with a number of markets near all-time record highs. The positive end was achieved in the face of a number of significant concerns but as markets focused on the positives: prospects for prompt Covid-19 vaccine roll-outs and continued central bank supports for markets and economies.

The Story of the Week



An aspiring pharmacy student was left mortified by a very contemporary mistake; having bagged an interview for a spot at her dream university in Manchester, her heart sank mid-way through her entrance interview as she noticed her Zoom username had not been updated since a holiday season quiz night with friends. She opted to say nothing and hope the assessor would not notice her ‘Quiztina Aguilera’ username. As we all settle back to work, a possibly useful reminder to tidy-up after any online festivities!

Coronavirus

Markets focus on vaccine prospects as global case counts surge, while Covid-19 mutation tests people’s resolve

A mutation of Covid-19 that was first discovered in the UK is spreading across Europe and the world. The new strain is estimated to spread as much as 50 - 70% more rapidly and has exacerbated the significant spikes in case counts and hospitalisations that were anticipated post-holiday season. To date, markets have continued to focus on the relatively near-term prospect of wide-spread vaccination, as first inoculations are already underway.

US Economy



A 900 bn stimulus package has been agreed for the US economy, expected to add 0.5% to US GDP

Despite protracted political challenges, the package has been agreed. Meanwhile, the run-off for 2 remaining Senate seats remains tight at 50/50 odds. Should the seats go to Democrats, a substantial further package is anticipated. Results likely this week.

This is intended as a general review of investment market conditions. It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person. Any comments on specific stocks are intended as an objective, independent view in relation to that stock generally and not in relation to its suitability to any specific person. ILIM may manage investment funds which may have holdings in stocks commented on in this document. Past performance may not be a reliable guide to future performance. Investments may go down as well as up. Funds may be affected by changes in currency exchange rates.

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Index performances and market data

Equity & Bond Markets (%) in Local Currency	2015	2016	2017	2018	2019	2020 YTD (to 31/12)
MSCI AC World (Gross TR)	1.8	9.7	20.4	-7.2	26.9	14.8
ISEQ Overall Return	33.6	-2.7	9.7	-20.5	31.4	5.3
FTSE 100 TR	-1.3	19.1	11.8	-8.5	17.6	-10.9
Euro Stoxx 50 TR	6.4	3.7	9.2	-12.0	29.3	-3.2
S&P 500 TR	1.4	12.0	21.8	-4.4	31.0	18.4
Nasdaq Composite	5.7	7.5	28.2	-3.9	34.5	43.6
Nikkei 225	9.1	0.4	19.1	-10.2	20.0	16.0
MSCI Emerging Markets	-8.0	7.1	27.8	-12.2	13.0	16.7
Eurozone Government Bonds 1–5 yr	1.0	0.9	-0.2	0.0	1.1	0.56

Sovereign 10yr Bond Yields (%)	2015	2016	2017	2018	2019	2020 YTD (to 31/12)
U.S.	2.2	2.4	2.4	2.7	1.9	0.93
German	0.6	0.2	0.4	0.2	-0.3	-0.60
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	-0.29
Italy	1.6	1.8	2.0	2.8	1.4	0.54
Greece	7.9	7.1	4.1	4.4	1.4	0.61
Portugal	2.5	3.8	1.9	1.7	0.4	0.01
Spain	1.7	1.4	1.6	1.4	0.4	0.03

Central Bank Rates (%)	2015	2016	2017	2018	2019	2020 YTD (to 31/12)
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 31/12)
Euro/Dollar (€/\$)	1.09	1.04	1.20	1.15	1.11	1.23
Euro/Sterling (€/£)	0.75	0.84	0.89	0.90	0.85	0.90
Sterling/Dollar (£/\$)	1.46	1.24	1.36	1.28	1.30	1.37

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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