

Daily Update

Your daily market news, moves
and outlook



Thursday, 2nd of December

Markets Outlook

Equities: European equities have opened lower on Thursday morning, tracking a weaker close on Wall Street last night after the first Omicron case was officially detected in the States. This follows what was a strong rebound on mainland Europe yesterday, the EuroStoxx50 gaining almost 3%. The main indices are about 1.4% lower at the time of writing, in what has been the asset class's choppiest week of trade in quite a while. Market participants will of course continue to watch any new information regarding the Omicron variant, along with comments from central bank officials ahead of the Fed, ECB, and BOE meetings on December 15th and 16th. The VIX is lower today at \$28, spiking last night to a high of \$32.61 as the S&P traded through 6-week lows.

Currencies: EUR/USD has stabilised in the last week or so, moving mostly sideways around the 1.13 mark after having lost much ground over the course of September-November. This move lower had come as a divergence was emerging between the ECB (looking to remain dovish for longer) and the Fed (looking to taper faster and potentially hike one to two times next year). The safe-haven Japanese Yen has been in demand since the Omicron announcement, USD/JPY down to 113.20 and EUR/JPY seeing 9-month lows this week of 127.50.

Safe-havens: Yield curves continued to flatten yesterday, markets are becoming increasingly nervous about the timing of the Fed's somewhat hawkish shift. Short-duration bond yields in the US remain near post-pandemic highs, while the region's 10yr sits at 1.45% this morning.

Looking ahead: One of the main focuses of the day for markets in general will be the monthly OPEC+ meeting, OPEC leaders will come together and decide whether to release more oil into the market or curb supply amid significant volatility in energy markets. Elsewhere, we will get a number of Fed officials speaking this afternoon, US Treasury Secretary Janet Yellen will also speak (2pm Irish time). The US Non-Farm Payrolls figure for November and monthly Unemployment Rate releases will come tomorrow at 1:30pm and could cause further volatility for North American markets.

Key Events to Watch

02/12/2021 - OPEC Meetings

03/12/2021 - ECB President Lagarde speaks

03/12/2021 - US Non-Farm Payrolls

03/12/2021 - US 'ISM Services PMI'

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,513	-1.18%	20.15%
DAX	15,472	2.47%	12.78%
EuroStoxx	4,179	2.86%	17.64%
ISEQ	7,953	1.35%	7.82%
FTSE	7,168	1.55%	10.96%
Nikkei 225	27,753	-0.65%	1.13%

FX	Value	Daily Change	YTD Change
EUR/USD	1.1320	-0.15%	-7.30%
EUR/GBP	0.8526	0.04%	-4.58%
GBP/USD	1.3277	-0.13%	-2.80%
USD/CHF	0.9206	0.22%	4.00%
USD/JPY	112.89	-0.22%	9.64%
EUR/JPY	127.78	-0.36%	1.63%

Fixed Income	Value	Daily Change
US 10yr	1.404	-0.052
US 2yr	0.551	-0.016
German 10yr	-0.350	-0.003
Irish 10yr	0.150	0.040
UK 10yr	0.840	0.029
Japanese 10yr	0.057	0.001

Financial News Round Up

Omicron Update

Sentiment across financial markets continues to fluctuate as the week goes on and we slowly learn more about the Omicron Covid variant. France and the United States became the latest nations yesterday to announce a confirmed case of the new strain within their populations, the top French scientific adviser stating that Omicron could become the dominant Covid variant in the country by the end of January. We note that the first US case was a fully vaccinated individual who recently returned from South Africa. A formal announcement is expected from President Biden today or tomorrow, requiring travelers to wear masks through mid-March. The White House is also expected to mandate stricter testing for international visitors.

US infectious disease expert Dr. Fauci stated on Wednesday that it could take two weeks or more to gain insight into the transmissibility of Omicron, the severity of illness, and importantly to what extent it can evade the existing vaccines.

According to the WHO, the variant is now in at least 23 countries including the US, Canada, Brazil, Ireland, the UK, Germany, France, Italy, Japan, Australia, Saudi Arabia, and South Korea.

In terms of announcements from large pharmaceutical firms this week, the CEO of BioNTech said that the vaccine it manufactures with Pfizer was likely to offer strong protection against severe disease from the new strain. Results from a lab analysis carried out by GSK indicate that their new antiviral drug is 79% effective in treating Omicron infections.

These positive developments contrast with Regeneron's study of its own antiviral medicine, which it said could be less effective in treating the disease, and Moderna, whose CEO this week raised similar concerns about its vaccine with regard to Omicron.

Mortgages in Ireland

News has emerged from mortgage provider Avant Money, that the firm plans to cut a number of its mortgage interest rates from this time next week. Fixed rates are due to be reduced by as much as 0.3%, with lower follow-on variable rates starting at 2.0%.

"Avant Money entered the mortgage market with a mission to bring lower mortgage interest rates, innovative new products and long-term value giving real savings over the life of a mortgage" said Brian Lande, head of mortgages at Avant Money.

Avant, who are now offering a 3yr fixed rate of 2.2% for first-time buyers at a loan-to-value of 90%, has pointed to the fact that borrowers will save thousands over the lifetime of their mortgage through new lower monthly repayments. "For example, switchers needing a mortgage of €250,000 over 20 years with a 70% loan to value could save up to €56,070 over the life of their mortgage with the new lower 3-year fixed rate" they added.

For more information on lower mortgage rates and details on switching your current mortgage, please contact john.finnamore@seasprayfs.ie