SEASPRAY PRIVATE
Wealth Management Solutions

Tuesday, 14th of December

Markets Outlook

Equities: European equity markets set for a cautiously higher open. Asian equities trading slightly weaker overnight. Sentiment is slightly positive but cautious ahead of a busy week of central bank meetings. FOMC expected to accelerate tapering. Also policy decisions from ECB, BoE, SNB and Norges bank out on Thursday. Continued uncertainty about the strength or otherwise of the Omicron variant is adding to market angst amid concerns its rapid transmissibility could prompt governments to reinstate restrictions. Travel and leisure sectors were very hard hit yesterday as Airlines appealed to the UK government to ameliorate its stance and to provide additional support. Some commentators are questioning if the near panic approach being taken this week in the UK is actually a medical issue or a political ruse by Borris Johnson to distract from negative recent events around the Tories. Elsewhere, there will be focus on UK banks as the Bank of England says its latest stress test shows that the banking sector is resilient to even very challenging economic scenarios. This tested the largest UK banks' and building societies' ability to cope with another severe economic shock, on top of the economic shock from the pandemic.

Currencies: The dollar scaled a one-week high versus a basket of major rivals on Tuesday, supported by expectations of a hawkish Federal Reserve meeting this week and haven demand amid continued uncertainty about the Omicron coronavirus variant. The dollar index, which measures the currency against six peers, rose as high as 96.464 for the first time since Dec. 7 before trading 0.04% firmer at 96.404. The U.S. central bank is expected to announce it will wrap up its bond buying stimulus sooner than previously communicated, potentially setting up earlier interest rate increases next year. Money markets currently price good odds of a rate hike by June, with another as early as November.

Safe-havens: Gold prices were down on Tuesday morning, but moves were small as investors await decisions from key central banks meetings. Gold futures inched down 0.09% to $1,786.65. Other precious metals including silver inched down 0.1%, platinum was stable at $929.45 and palladium was down 0.3%.

Week ahead: All the focus this week will be on Central banks

Key Events to Watch

14/12/2021 - US PPI
15/12/2021 - UK CPI, PPI
15/12/2021 - Fed Rate Decision
16/12/2021 - EU & UK PMI's

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,669	-0.91%	24.31%
DAX	15,672	0.34%	14.17%
EuroStoxx50	4,205	0.54%	17.74%
ISEQ	8,048	-1.57%	8.35%
FTSE	7,282	0.70%	11.93%
Nikkei 225	28,433	-0.73%	3.60%

FX			
EUR/USD	1.1268	-0.12%	-7.75%
EUR/GBP	0.8534	-0.01%	-4.41%
GBP/USD	1.3205	-0.10%	-3.44%
USD/CHF	0.9232	0.10%	4.34%
USD/JPY	113.72	0.14%	10.15%
EUR/JPY	128.16	0.03%	1.61%

Fixed Income		
US 10yr	1.430	0.007
US 2yr	0.644	0.000
Bund 10yr	-0.381	-0.001
Irish 10yr	0.014	-0.016
Gilt 10yr	0.699	0.001
JGB 10yr	0.044	-0.005

Financial News Round Up

BT Plc

Overnight it was announced that the French billionaire Patrick Drahi has increased his stake in BT to 18%, prompting the government to warn it could step in to block a full potential takeover of the British telecoms giant. Drahi's telecoms group Altice UK, which in June paid £2.2bn for a 12.1% stake to become BT's largest shareholder, has paid about another £1bn to further boost its shareholding. Drahi, who had been blocked from making a further move until 11 December under UK takeover rules, played down the stake-building and reiterated that he did not intend to make an offer for BT, but said that could change if circumstances did – including if a third party made an offer. A government spokesperson said it would "not hesitate to act" to protect BT from foreign takeover if necessary. Britain has become more wary of threats to the economy and national security posed by the sale of certain UK companies to foreign rivals and private equity firms. The UK government has already ordered investigations into deals including the $75bn (£57bn) takeover of the Cambridge-based chip designer Arm by its US rival Nvidia. From January, the UK government will gain tougher powers to block the takeover of important national assets, which BT would certainly be designated, under the National Security and Investment Act 2021. Still, the telecom firm's shares have more than halved since 2016 and BT is now on high alert.

Ocado Plc

The UK online supermarket Ocado Retail has today reported a 3.9% fall in revenue in its latest update. It has blamed the situation on difficulties in securing labour. Ocado Retail, a joint venture between Ocado Group and Marks & Spencer, said revenue totaled £547.8m in its Q4 to November 28 compared to £570.1m in the same quarter last year. The joint venture said that early in the quarter, headcount decreased across its delivery and customer fulfilment centre (CFC) roles due to changing conditions in the post-Covid lockdown UK labour market but added that vacancies had since returned to more normal levels. It said average customer orders per week were up 8.5% to 375,100 from the prior year, driven by a 22% increase in active customers to 832,000. However, the average basket's value fell 12% to £118 as many consumers returned to the office and spent less time at home. The venture said that the participation of M&S products in orders continued to be strong, at nearly 30% of the basket. They also highlighted cost inflation due to nationwide utility price increases and dry ice shortages and is mitigating these through various management measures. Ocado's revenue had fallen 10.6% in its third quarter, hurt by a July fire at its warehouse in Erith in London, which disrupted operations. The joint venture said the 2020-21 outturn was expected to be in line with guidance. It forecast a return to mid-teens revenue growth in 2022, at the top of the historic pre-COVID-19 range of 10-15% and plans investments of around £50m in 2022 across a variety of areas to support growth.