SEASPRAY PRIVATE
Wealth Management Solutions

Monday, 20th of December

Markets Outlook

Equities: European stock markets are opening sharply lower Monday as countries react to surging Omicron-variant Covid-19 cases with tighter mobility restrictions, potentially damaging the region's economic recovery.The Netherlands went into a full lockdown on Sunday, with all but essential stores closed until at least Jan. 14., providing a lead to several other European governments. Ireland started a partial lockdown with all bars restaurants etc closed from 8pm. In Italy, the government is considering new measures to avoid a surge in infections during the holiday period, local newspapers reported on Sunday. While France and Germany effectively closed their borders to UK visitors. While in the UK on Sunday, Sajid Javid, the U.K. health minister, refused to rule out the chance that further restrictions would be imposed before Christmas. This follows the Mayor of London declaring a "major incident" in the capital due to the rapid spread of the variant. Deaths in the U.K. have ticked up but hospital admissions are still within their recent ranges. The World Health Organization said on Saturday that the number of Omicron cases is doubling in 1.5 to 3 days in areas with community transmission, but noted that much remains unknown about the variant, including the severity of the illness it causes. On the plus side, China's central bank cut its one-year prime rate on Monday for the first time since April 2020, boosting support for its troubled real estate sector. In early corporate news, BNP Paribas is likely to be in focus today after the Wall Street Journal reported that Canada's Bank of Montreal is in advanced talks to buy the U.S. arm of the French bank. An agreement could be reached as soon as this week, according to the report, potentially valuing the unit at around $15 billion. The economic data slate is largely empty Monday, in a holiday-shortened week, with only current account data for the Eurozone as a whole due for release.
Currencies: The dollar was up on Monday morning in Asia as the U.S. Federal Reserve signaled an earlier interest rate hike in March 2022, while Europe grapples with surging Omicron. The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.03% to 96.573.
Safe-havens: Gold, which moves inversely to the dollar, was down on Monday morning in Asia as the Fed signaled an earlier interest rate hike. Gold edged down 0.18% to $1,801.65 in overnight trade.

Key Events to Watch

20/12/2021 - UK CBI industrial order expectations
20/12/2021 - EU current account data
21/12/2021 - EU consumer confidence
22/12/2021 - US consumer confidence
23/12/2021- US core price index & Durable goods orders

Market Moves

Equity Indices	Value	Daily Change	YTD Change
S&P 500	4,621	-1.03%	23.20%
DAX	15,532	-0.67%	13.21%
EuroStoxx50	4,161	-0.96%	17.13%
ISEQ	8,148	0.32%	9.47%
FTSE	7,270	0.13%	12.53%
Nikkei 225	27,938	-2.13%	1.80%

FX			
EUR/USD	1.1252	0.12%	-7.89%
EUR/GBP	0.8520	0.44%	-4.59%
GBP/USD	1.3207	-0.25%	-3.43%
USD/CHF	0.9241	0.05%	4.37%
USD/JPY	113.41	-0.23%	9.81%
EUR/JPY	127.57	-0.13%	1.17%

Fixed Income		
US 10yr	1.365	-0.037
US 2yr	0.605	-0.037
Bund 10yr	-0.397	-0.025
Irish 10yr	0.003	-0.440
Gilt 10yr	0.769	0.010
JGB 10yr	0.037	-0.007

Financial News Round Up

BNP Paribas

BNP Paribas, France's biggest bank by market capitalisation, has announced that it has agreed to sell its U.S. unit Bank of the West to Canada's BMO Financial Group for around $16.3 billion. BNP Paribas has been struggling to keep up with larger rivals in the U.S. retail banking market, while the sale will also strengthen BMO's foothold in the United States. "This is a value accretive transaction for all sides, which emphasises the quality of Bank of the West franchise," said BNP Paribas chief executive Jean-Laurent Bonnafe on Monday. BNP Paribas said it would use proceeds from the sale to fund more share buybacks and to finance relatively small, bolt-on acquisitions and further develop its presence in Europe. The French bank said it would also consolidate and further develop its activities in the United States. BNP Paribas had bought Bank of the West in 1979 before merging it with French Bank of California. The unit had been BNP Paribas' largest business outside of Europe. BMO said the acquisition would bring in nearly 1.8 million customers and would further extend its banking presence through 514 additional branches and commercial and wealth offices in key U.S. growth markets. BNP shares opened down 1.39% on the news plus weaker European markets in general.

Ryanair

Ryanair has bid farewell to the London Stock Exchange (LSEG.L) after earlier confirming plans to delist its shares due to EU rules on ownership post-Brexit. The airline applied to authorities to cancel its listing on the main market in London as "the volume of trading of the shares on the LSE does not justify the costs related to such listing and admission to trading". It added that trading in the City had "reduced materially" as a percentage of its overall shares activity during the year. The company, which is Europe's largest budget carrier, has a primary listing on the Euronext Dublin exchange, and has already made some of its investors in the UK sell shares to ensure it complies with the mandate since Brexit. The share of Ryanair and other travel stocks have suffered in recent weeks on the back of Covid lockdown fears again. With its strong balance sheet we recommend buying on weakness.

Standard Chartered

Standard Chartered has been slapped with a record £46.55m fine for failings in its reporting of key information to regulators. The Prudential Regulation Authority (PRA) said the bank had made five errors in reporting its US liquidity position between March 2018 and March 2019. It said Standard Chartered had failed to promptly notify the watchdog of one of the errors and had not been "open and cooperative" during the process. It marks the largest fine ever handed down by the PRA