

Markets News - 29-11-2021

Spread bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 75.2% of retail investor accounts lose money when trading spread bets and CFDs with these introduced providers. You should consider whether you understand how spread bets and CFDs work, and whether you can afford to take the high risk of losing your money. Past performance of any strategy or trader should not be relied upon for future performance.

This presentation has been prepared without regard to your investment objectives or financial situation. It is important that you consider the information presented in light of your individual circumstances and objectives, including: level of experience, personal goals and risk tolerance.

Most importantly, do not invest money you cannot afford to lose.

All opinions, news, research, analyses, prices and other information contained herein are intended as general information only and are provided on the understanding that Twowaymarkets is not rendering investment, legal or tax advice. You should consult with appropriate advisors on all such matters. Nothing contained in this presentation should be construed as an offer to sell or a solicitation of an offer to buy in any financial market whatsoever.

None of the services or investments referred to in this presentation are available to persons residing in any country where the provision of such services or investment would be contrary to local law or regulation. It is the responsibility of the attendees to comply with any local law or regulation to which they are subject.

Twowaymarkets is a trading name of TMS Capital Limited. Head and Registered Office: The Innovation Centre, University Way, Cranfield, MK43 0BT. TMS Capital Limited is a company registered in England and Wales, number: 03960337. Authorised and Regulated by the Financial Conduct Authority. FCA Register Number: 195581.

Just when you might have thought the **pandemic** was in the **rear-view mirror**, global markets were reminded that **it definitely isn't**.

In fact, the **gloom and doom** merchants believe that **Covid will be with us for years** until the **world's population is vaccinated**.

That said, apparently the **new strain of Omicron**, as named by WHO(which was first **identified in Botswana**), is quite unusual and we are **unlucky** to have had such a variant with so many mutations.

Anyway, the **market reaction was brutal**.

The news was **first reported Wednesday** that there was a new strain, by Friday, when most of the US was on the Thanksgiving holiday period, the **markets slumped to their worst falls in 18 months**.

Why the fall? Why so brutal?

Well, we know **markets don't like uncertainty**.

The new variant could usher in a lot **more restrictions** if it turns out to be a **lot more transmissible**, which it appears to be, and more lethal, which we **won't know for two or three weeks**.

So, we have an **uncertain two or three weeks** whilst scientists work out whether this new **Omicron variant will be a game changer**.

For now, markets were in a significant bout of **risk-off** as **investors** reacted with **horror at the news**.

Review

**FTSE -180 -2.49% DOW -702 -1.97% S&P -103 -3.34% NASDAQ -565 -3.52%
DAX -902 -5.59% NIKKEI -994 -3.34% Hang Seng -969 -3.87%**

The **VIX**, a measure of fear and greed, **jumped by the most on 10 months** as **shares plummeted** and **bonds**, typically safe haven plays, **rallied**.

Shares in the **US fell 2.7%**, **3.2% in the UK** and just **over 5% in Germany**. The **FTSE All World Index was down 2.2%**, **Bond yields fell** as investors piled into the safe haven with yield on the **10-year treasury falling 16 basis points**.

The usual sectors came under **heavy selling** such as **travel and hospitality sectors** which **Pharma's were big winners** with **Moderna jumping 20%** on the news.

Monday morning the markets are generally experiencing a modest rebound with a risk-on adjustment. The holiday-thin conditions in the US last Friday probably exacerbated the sell off, plus the weekend uncertainties did not help.

EURUSD +0.25 +0.22% GBPUSD -1.05 -0.78% USDJPY -0.77 -0.67%

The **US Dollar had a mixed week** with moves dominated by the **risk-off move** on Friday. The **EURO and the Yen** are regarded as **safe haven** and as such rallied versus the USD on the news.

The Federal Reserve, if pushed....albeit **unlikely**, could **reverse their tightening moves** with respect to the QE tapering, which would be USD negative.

Gold -54 -2.932% UK OIL -5.55 -7.08% US OIL -7.47 -9.87% Bitcoin -4,329 -7.45%

Collateral damage was most noted in the Oil market where prices fell **alarmingly**. By the close on Friday evening, the oil markets, both **Brent and WTI, were down over 10%** which is the **biggest fall since April 2020** during the initial phase of the pandemic.

Biden tried to cool the oil price in the US with the release of a chunk of the strategic oil reserves. It failed. If only he knew before hand about the Covid Omicron variant

Gold attracted a **little safe haven** buying but it **sold off later on in the session** which sums up Gold's year.

Data / Events this week

Generally, **data last week** was **better than consensus** with some positive PMI data out of Europe and the UK.

This week is the first Friday of the new month means its **non-Farm employment data** or just plain Unemployment data.

Ordinarily this would be a market defining moment but with this **Omicron variant**, the news is likely to be **dominated with every twist and turn**.

The key points that the market will want to know is:

- 1)** How transmissible is this.
- 2)** Will existing vaccines work against it
- 3)** Will it be more or less lethal (that is what effect will it have on mortality and hospitalisations rates)

Until these points are answered the uncertainty remains.....

Monday

US, Japan
& Canada

Central Bank speakers

US, everywhere

Cyber Monday. Hold onto your Money....

US

Clarida speaking. Maybe less hawkish in light of Friday's news?

Tuesday

China

Manufacturing PMI – still soft, below 50?

US

Powell to testify (two days) on the CARES Act before the before the senate Banking Committee

Wednesday

Us

ADP employment change. 525K new jobs...

UK

Governor of BoE Bailey speaking.

US

Second & final of testimony by **Jay Powell.**

US

ISM Manufacturing PMI- Still red-hot but cooling slightly

US

Crude oil inventories.

Thursday

Opec

Joint committee meeting between **OPEC** and **JMMC.** I wonder what the reaction will be?!? A possible pause in production increases.

Friday

Eurozone

Lagarde speaking at Reuters interview....

US

Non-Farm employment – 528K – Not sure what effect this data will have following Covid Omicron news.

Unemployment rate 4.5%

US

Average hourly earnings 0.4%

ISM Services PMI – still very hot, but like
Manufacturing, cooling a little.