



CROSSINVEST

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29 November 2021

Overnight Market Brief

Friday's news of the emerging Omicron variant triggered a wave of travel bans and discussion of lockdown procedures in a number of countries that led to the largest move in US 10y bond yields since March 2020 with yields -16bps in the shortened US Black Friday trading session along with a -12% move in Brent crude oil. Since Friday we have seen an increase in cases identified, with 13 in Netherlands from an arriving South Africa flight, Italy seeing their first case likely arriving two weeks ago, and in a variety of cities in Germany. In addition to flight bans which have been imposed on southern Africa by a number of countries, the UK will introduce mandatory face masks in shops and public transport from 4AM Tuesday and everyone entering the UK will be required to take a PCR test within two days of arrival and must self-isolate until they have a negative result. With the WHO guiding they will need two weeks to ascertain if it is resistive to vaccines, we are likely due to a continued onslaught of reactionary headlines across geographies until more information is presented.

Key Events

Israel will ban foreigners from entering the country for two weeks as it imposes measures to battle the Omicron variant of covid-19. A few cases have also been identified in Australia, Belgium, Britain, Germany, Hong Kong and Italy.

CROSS WEEKLY

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
S&P 500 Index	USD	4,594.62	-2.27%	-0.23%	22.33%
Dow Jones Industrial Average	USD	34,899.34	-2.53%	-2.57%	14.03%
Nasdaq Composite Index	USD	15,491.66	-2.23%	-0.04%	20.20%
STXE 600 PR Index	EUR	464.05	-3.67%	-2.41%	16.29%
FTSE 100 Index	GBP	7,044.03	-3.64%	-2.67%	9.03%
MSCI Asia Ex. Japan Index	USD	791.19	-2.34%	-2.53%	-6.14%
Nikkei 225 Tokyo	JPY	28,751.62	-2.53%	-0.49%	4.76%
Shanghai A Share Index	CNY	3,735.32	-0.56%	0.47%	2.61%
S&P/ASX 200	AUD	7,279.35	-1.73%	-0.61%	10.51%
FIXED INCOME					
US2YT Yield	-	0.4980	-14.18bps	0.1bps	37.69bps
US10YT Yield	-	0.4980	-113.61bps	0.1bps	37.69bps
Bunds 10Y Yield	-	0.4980	74.9bps	0.1bps	37.69bps
BBG USD HY Corp	-	4.8600	20bps	63bps	68.01bps
FOREX					
Euro/US Dollar	USD	1.1317	0.96%	-2.09%	-7.36%
US Dollar/Japanese Yen	JPY	113.38	-1.72%	-0.50%	9.81%
US Dollar/Singapore Dollar	SGD	1.3718	0.31%	1.71%	3.76%
British Pound/US Dollar	USD	1.3337	0.11%	-2.52%	-2.44%
US Dollar/ Chinese Yuan	CNY	6.3933	0.11%	-0.19%	-2.05%
Australian Dollar/ US Dollar	USD	0.7123	-0.93%	-5.25%	-7.42%
US Dollar Index	-	96.089	-0.71%	2.09%	6.84%
GOLD / OIL					
Brent Crude	USD	72.72	-11.55%	-13.82%	40.39%
Gold Spot Price	USD	1802.59	0.77%	1.08%	-5.04%



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EQUITIES

- US markets closed lower last Friday as a new coronavirus variant identified in South Africa threatens to derail global economic recovery.
- European equities declined on risk-off sentiment from the emergence of a new Covid-19 strain and the threat of re-entering lockdowns.
- Asian markets closed lower on concerns over the economic impact from the new Covid-19 variant.

FIXED INCOME

- Softer tone for Chinese property with single B names down 2-4pts while BB names close down 0.5-1.5pts. KAISAG 21s dropped 10pts with rest of curve down 2-7 pts after news on suggested exchange offer. CAPG was lower by 5pts on the back of downgrade on both onshore and international rating agency.

FOREX

- Risk aversion: Fear of repeat lockdowns forced by new Covid variant spooked financial markets, lifted the safe haven USD while commodity currencies were broadly lower. A firmer EUR, driven by unwinding of EUR-funded EM FX carry trades. Within Asia, concerns that the tourist industry could suffer anew weighed heavily on the THB
- Oil: Oil prices could stay high through winter but ease off next year faces downside risk, as a new Covid variant could negatively impact oil demand. It would be interesting to see how OPEC+ will respond when it meets on 2 December.
- Gold: Risk of faster Fed tapering weighed on gold anew. Provided that the threat of new Covid variant to global growth is contained.

MACRO

- European stocks plummeted on Friday amid fears over a new highly mutated variant of Covid-19. The Stoxx Europe 600 Index closed 3.7% lower, the biggest drop since June 2020 as threats of fresh lockdowns clouded the outlook for the continent's economy. Travel and leisure stocks cratered along with banks and energy stocks, while stay-at-home winners such as Delivery Hero and HelloFresh rose. As expected, airlines coped the brunt of the selling with British Airways parent IAG (-15%) nosediving, while RyanAir (-12.1%) and AirFrance-KLM (-9.7%) fared little better. In contrast, Swiss online pharmacy Zur Rose Group and Luxembourg-based lab testing company Eurofins Scientific climbed 8.6% and 7.9%, respectively.

DIRECT EQUITIES

- Didi Global Inc. shares declined after Chinese regulators requested the ride-hailing giant to delist from US exchanges. Didi shares have fallen about 44% since its US debut in July after Chinese regulators launched multiple investigations into the company amidst a crackdown on tech firms.
- Tesla Inc. will launch its overdue German production operations in December, where an estimated 30,000 vehicles will be manufactured in the first half of 2022. Production was slated to begin in July but was delayed on environmental clearance.

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