



# Weekly Investment Update

## 24<sup>th</sup> December 2021

### News Headlines

**Omicron** – Preliminary data from a number of studies globally has confirmed that the Omicron variant of covid-19 appears less likely to put people infected in hospital than the Delta strain. Research from Scotland has found that Omicron was associated with around a two-thirds lower risk of hospitalisation compared to the Delta variant, although it was ten times more likely than Delta to infect people who'd already had the illness. Imperial College London also found that people with the Omicron variant were almost half as likely to need an overnight hospital stay.

**Biden's bill** – West Virginia Senator, Joe Manchin, effectively killed US President Biden's economic agenda on Sunday, as he rejected the almost \$2 trillion "Build Back Better" package, meaning it currently has no hope of passing a Senate vote. The Senator raised objections to elements of the bill intended to fight climate change, which are opposed by the coal and natural gas industries that are economic drivers in his state. President Biden, however, still believes there is a possibility that he could get the bill passed through Congress, stating that he and Senator Manchin "would get something done". Majority Leader, Chuck Schumer, said that he wants a vote on a revised version of the bill in January. On the back of the rejection, Goldman Sachs trimmed its quarterly GDP forecasts for 2022 on the assumption that the plan would not become law.

**US economic data** – A flurry of economic data on Thursday suggested that the US economy remains resilient. The US personal spending expenditure index (PCE) leapt 5.7% year-on-year in November, which is the fastest rise since 1982, up from 5.1% in October. The surge in PCE will reassure the Federal Reserve that it was right to speed up the tapering of its stimulus programme last week.

### Market Summary

**Global Equities** – Equity markets enjoyed a reassuring rally to end the year on a positive note, with the MSCI World index posting a weekly gain of 2.05%. The standout winners were the US markets, as US stocks rose to record highs on Thursday after a third consecutive daily advance. Easing fears around the Omicron covid variant's severity and low trading volumes going into the holiday period allowed equities globally to advance.

**Commodities** – Gold prices finished at five-week highs, as inflation concerns on the back of the high personal consumer expenditure data pushed the yellow metal higher.

Oil prices (Brent Crude & WTI) finished the week up c.4%, buoyed by the same market conviction that economic activity won't be slowed down by the spread of the Omicron variant.

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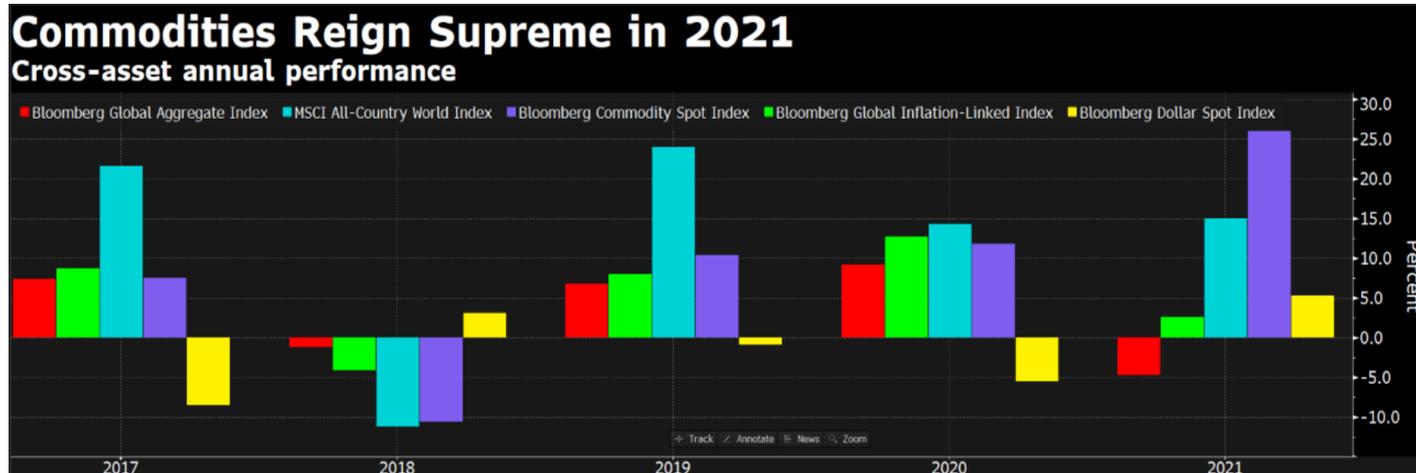


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## Chart of the Week



Source: Bloomberg – Commodities topped the performance charts in 2021

## Key Economic Releases Next Week

Monday	Tuesday	Wednesday	Thursday	Friday
- Japan unemployment	- US consumer confidence		- EU inflation flash	- China manufacturing PMI

## Market Performance – 24/12/2021

Global Market Indices	2021 YTD %*
FTSE 100	14.13%
S&P 500	25.82%
DAX	14.85%
Nikkei 225	4.93%
Hang Seng	-15.16%
Fixed Income	Yield %
UK 10 Yr Gilt	0.92 %
US 10 Yr Treasury	1.49%
Commodities	2021 YTD %
Gold	-5.16%
Currency	
GBP/USD	1.34 (24/12/2021)
GBP/EUR	1.18 (24/12/2021)

Source: FE Analytics/ Bloomberg.com

\*Total Return/Local currency

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