



AFS Insights

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Headline Sweep

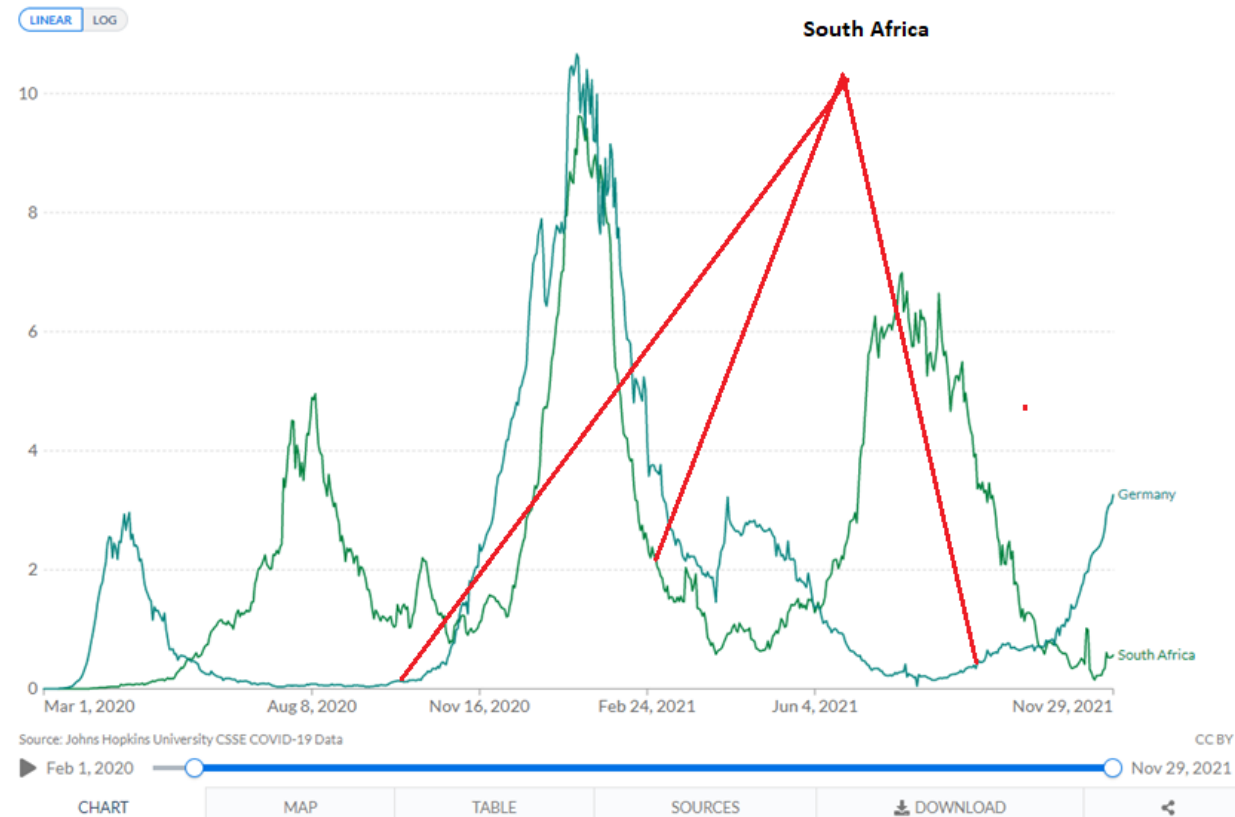
- Zemmour to Announce Candidacy in French Election Today: AFP
- Moderna CEO Sees Current Vaccines Less Effective on Omicron: FT
- Pfizer to Know Shot's Power Against Omicron Soon, CEO Says
- Omicron lockdown not needed for now, Biden says
- Powell Says Omicron Adds Economic Risks, Inflation Uncertainty

Overnight Comment/The Day Ahead

- **Regarding the Omicron vaccine roundup, the CEO of Pfizer, Albert Bourla, told Bloomberg in a worst case existing BioNTech vaccine will retain some effectiveness against Omicron.** According to Bourla, the company will be able to provide a definite answer in two to three weeks' time on the current mRNA vaccine effectiveness, which is about the same timeline as the WHO update on the latest variant that is popping up in more and more countries globally. Furthermore, the Pfizer CEO also said his company needs about 100 days for authorization for a re-formulated vaccine before rolling it out on a large scale.
- **Overnight the Moderna CEO, Stéphane Bancel, sounded a lot more downbeat on Omicron and his mRNA vaccine.** Bancel told the FT that "there is no world, I think, where [the effectiveness] is the same level... we had with Delta." The Bloomberg summary on the FT Interview also noted that scientists hadn't expected such a revolutionary mutation to emerge so soon – it should have happened two years later.
- **Meanwhile in South Africa, a rise in fatalities isn't noticeable.** The chart below from Our World in Data, which unfortunately gives nearly the same colors to Germany (our benchmark), hasn't showed a spike yet (not that on an absolute level, fatalities are flat):

Daily new confirmed COVID-19 deaths per million people

7-day rolling average. Due to limited testing and challenges in the attribution of the cause of death, confirmed deaths can be lower than the true number of deaths.

Our World
in Data

- **We also did a quick roundup of South African news websites and newspaper this morning.** A sense of Omicron panic is nowhere to be found: no stories on hospitals toiling under the strain or rising fatalities. Now, recall that the South African doctor who was all over the news last weekend said she saw the first new cases from November 18. We've been wrong on Corona countless of times, but it's safe to say that the limited evidence on the new variant is reassuring – relatively speaking. Then again, for us armchair virus 'experts', it's too soon to draw any conclusions.
- **Turning to some market commentary, the US 10y Treasury yield was trading at 1.46 at pixel time, which happens to be Friday's low.** USD OIS rate 1-year forward, our key benchmark for Fed rate hike bets, traded at 66bps. That's down 34bps from the pre-Omicron high on Thursday. In FX safe haven currencies CHF and JPY are the strongest as the dollar is losing ground against all the major currencies. At the same time, the JPM EM currency basket is falling further against the greenback. Asian equities are mostly lower this morning, with the Hang Seng (-2.2%) leading the declines. S&P 500 futures were trading at 4,616 points, which is 36 points above Friday's low but clearly below this week's ATH of 4,740 points.
- **Overnight Fed Chair Powell gave his first comments since the outbreak of the new variant, saying Omicron adds to economic risk while adding to inflation uncertainty.** All in all, nothing to see here except that he didn't join the 'taper faster' train. But he will have plenty of occasion to do so when he testifies before Congress today.
- **Looking ahead, we have Eurozone CPI data on tap for November, with consensus expecting headline and core to print at 4.5% and 2.3%, respectively.** Several ECB Governing Council members have proclaimed that we're now at or around peak

inflation. Besides Powell's testimony, we also have NY Fed Chief Williams and outgoing Vice Chair Clarida hitting the mic later today

Calendar

TIME	REGION	EVENT	PERIOD	CONSENSUS	PRIOR
08:45	France	PPI MoM	Oct	--	1.70%
08:45	France	PPI YoY	Oct	--	11.60%
08:45	France	Consumer Spending MoM	Oct	--	-0.20%
08:45	France	Consumer Spending YoY	Oct	--	-2.30%
08:45	France	CPI EU Harmonized MoM	Nov P	0.00%	0.40%
08:45	France	CPI EU Harmonized YoY	Nov P	3.00%	3.20%
08:45	France	GDP QoQ	3Q F	3.00%	3.00%
08:45	France	GDP YoY	3Q F	3.30%	3.30%
09:00	Spain	Retail Sales SA YoY	Oct	--	-0.10%
09:00	Austria	CPI YoY	Nov P	--	3.70%
09:55	Germany	Unemployment Change (000's)	Nov	-25.0k	-39.0k
09:55	Germany	Unemployment Claims Rate SA	Nov	5.40%	5.40%
10:00	Spain	Current Account Balance	Sep	--	1.0b
10:00		ECB's Villeroy speaks in Paris			
10:00	Italy	GDP WDA QoQ	3Q F	2.60%	2.60%
10:00	Italy	GDP WDA YoY	3Q F	3.80%	3.80%
10:30	Portugal	CPI EU Harmonized MoM	Nov P	--	0.40%
10:30	Portugal	CPI EU Harmonized YoY	Nov P	--	1.80%
11:00	Italy	Sells Up to EU2 Billion of 0% 2026 Bonds			
11:00		Riksbank's Ohlsson speech			
11:00	Italy	Sells Up to EU2.25 Billion of 0.95% 2032 Bonds			
11:00	Italy	Sells Up to EU1.5 Billion of 2029 Floating Bonds			
11:00	Italy	CPI EU Harmonized YoY	Nov P	3.20%	3.20%
11:00	Italy	CPI EU Harmonized MoM	Nov P	0.00%	0.80%
11:00	Eurozone	CPI Core YoY	Nov P	2.30%	2.00%
11:00	Eurozone	CPI Estimate YoY	Nov	4.30%	4.10%
11:00	Eurozone	CPI MoM	Nov P	-0.20%	0.80%
11:30	Germany	Sells EU3 Billion of 2028 Bonds			
14:00		BOE's Mann speaks at event with Barclays			
14:30	Canada	Quarterly GDP Annualized	3Q	3.00%	-1.10%
15:00		ECB Board Member Panetta Speaks			
15:00		ECB Weekly Balance Sheet			
15:00	US	FHFA House Price Index MoM	Sep	1.20%	1.00%
15:00	US	S&P CoreLogic CS 20-City MoM SA	Sep	1.30%	1.17%
15:00	US	S&P CoreLogic CS 20-City YoY NSA	Sep	--	19.66%
15:45	US	MNI Chicago PMI	Nov	67	68.4
16:00		Powell, Yellen Testify Before Senate Panel on CARES Act Relief			
16:00	US	Conference Board Consumer Confidence	Nov	110	113.8
16:30		Fed's Williams gives remarks at NY Fed food-insecurity event			
17:30	US	Sells 52-Week Bills			
19:00		Fed's Clarida Discusses Fed Independence			

Consensus data: Bloomberg News; All Times Are in Central European Time

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