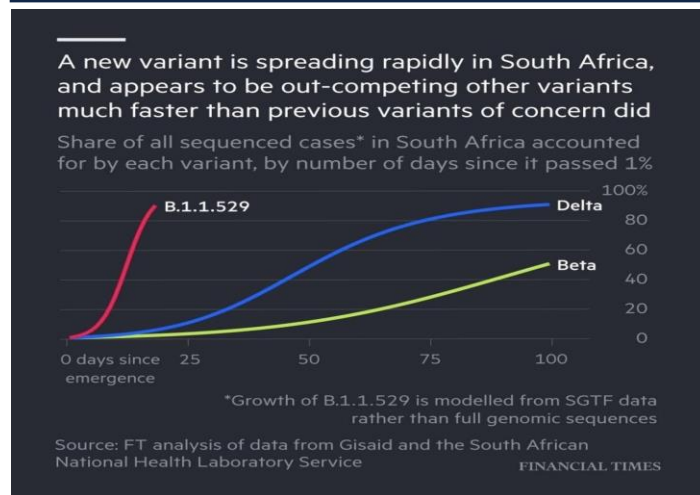


# Travel Restrictions, Stocks Down: Here's What To Know About Omicron, The New Highly Mutated COVID Variant!

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It's, yet again, consistent with the hypothesis that "no one is safe until everyone is safe."

The World Health Organization on Friday assigned the name "omicron" to a new, heavily mutated variant of coronavirus found in South Africa that has sparked fears of a more transmissible, possibly vaccine-resistant virus and sent shockwaves through global markets as governments around the world bar travel from the region. The EU and UK moved to impose travel restrictions on a group of southern African nations, while Israel has banned travellers from South Africa.

The Dow Jones Industrial Average finished Friday off 905 points (-2.5%), while the S&P 500 closed down by 2.3%, with Europe's Stoxx 600 sliding 3.7% and MSCI's broad Asia-Pacific index falling 1.7%. The Nasdaq Composite was lower by 2.2%. Examples of travel stocks that were hit hard Friday include Carnival (CCL, -11.0%), American Airlines (AAL, -8.8%), United Airlines (UAL, -9.6%) and Expedia (EXPE, -9.5%).

European shares fall from record highs



Other assets have also been affected, with investors moving rapidly into safe havens such as sovereign bonds, just as they move to push back their expected timing of future rate hikes from central banks as well. The moves in yields on US government bonds, including 16 bps for the 10-year, were the largest since March 2020.

Moreover, Oil prices have moved sharply lower 10% on the prospect of weaker growth and lower mobility, and West Texas Intermediate (U.S. crude oil) is back beneath 75 USD per barrel. Even cryptocurrencies reminded markets that they too are risk assets; Bitcoin, for instance, was off 8.1% to 54,246.80 USD.

And naturally, several assets that were popular during the 2020's COVID crash were up on Friday. COVID vaccine makers Pfizer (PFE, +6.1%) and Moderna (MRNA, +20.6%) jumped, as did popular stay-at-home plays including Zoom Communications (ZM, +5.7%) and Peloton Interactive (PTON, +5.7%). Other pandemic beneficiaries such as meal-kit company HelloFresh, grocery delivery company Ocado and online fashion retailer Zalando were among the small number of gainers in Europe.

## Quick Takeaways

- The omicron COVID variant certainly bears watching, as it could trigger even more worldwide shutdowns and slam the progress of economic recoveries around the globe. In turn, that could also prompt the world's central banks (including the Federal Reserve) to reconsider recent adjustments to tighten monetary policy and delay future rate hikes.
- The new variant is "most unlikely to fully escape immunization provided by vaccination and prior infection", said Francois Balloux, director of the UCL Genetics Institute in London. "With high vaccination rates and promising drugs on the horizon, a possible B.1.1.529 wave should be far less painful to weather than the Alpha and Delta ones."
- Another positive is that, because of the efforts of South African scientists, countries have been warned about the risks posed by Omicron far sooner than they were about Delta, which had already spread widely from India before the world was alerted.



## Key Questions

### ***Another wave ,that will break soon, or is it going to last ?***

Nothing is certain and mixed opinions have been shared, thus, no specific clear answer would be served! But what we can be almost sure about is that this will not be the last transformation to witness for COVID-19, that 's why there is no need to panic or make decisions to close and prevent travel without additional information, completing vaccination, wearing masks and social distancing are imperatives that should not be underestimated.

The market's decline of 2.5% in one day is not a cause for serious concern, it is just a snapshot of one day of trading, the lesson of what the market will take from its distance after absorbing the positive and negative variables and their short-term expectations within the limits of the information and analysis of their impact.

In the meantime, developed countries may realize that adequate support for vaccines and the expansion of their manufacture in developing countries and even temporary exemption from restrictions on the protection of industrial intellectual property rights will be in their interest as it is for the poor of developing countries, and that the world as a whole will pay for delay.

According to the scientists, the Omicron variant carries worrying mutations that may let it evade antibodies. But it will take more research to know how it fares against vaccinated people! Even if Omicron proves to be the most infectious Sars-Cov-2 variant so far, there is no evidence yet from South Africa or anywhere else about whether it will turn out to cause worse symptoms. "It could go either way," said Jacob Glanville, a computational immunologist and founder of California therapeutics company Centivax.

Also, William Hanage, an epidemiologist at the Harvard T.H. Chan School of Public Health said, "This could be bad. This could be very bad. But we don't know enough to roll that tape forward." Moreover, Dr. Hanage and other researchers said that vaccines will most likely protect against Omicron, but further studies are needed to determine how much of the shots' effectiveness may be reduced.

### ***What would be Omicron's impact on Egypt tourism recovery?***

If Omicron spreads around the world and leads to a marked increase in hospitalizations and deaths, then governments may have to reimpose social distancing measures or intensify existing restrictions — which in the worst case could mean a return to lockdowns. Already, the EU and UK moved to impose travel restrictions on a group of southern African nations, while Israel has banned travellers from South Africa.

However, as we mentioned earlier, there is no need to panic and freak-out! Because if we compared what just happened with the new delta variant time and spread, we could predict that this will not negatively impact Egypt tourism and most probably won't last for too long but we need in all cases to wait for scientists results to know how it fares against vaccinated people! we should be more ready to hear this a lot every now and then!

And most importantly, we should not neglect that the Egyptian state has taken many unprecedented decisions to support the tourism sector and lift all burdens on it, especially concerning postponing the collection of utility consumption fees, in light of the socioeconomic repercussions of the coronavirus pandemic. The state has incurred a lot of losses to maintain the continuity of thousands of workers in the tourism sector, and not to prejudice their job opportunities.

