

If you thought Covid was all over now might be the time...

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I think it fair to say that I have never been a Covid optimist. Since February 2020 I have felt that those believing that Covid was just going to be a blip have been wrong.

So far whilst precise trajectories have, of course, been hard to predict my concern has been justified. Things have been persistently worse than the government has wished to portray, and its measures to address Covid related issues have always proved to be inadequate. Boosterism has always undermined any attempt to take measures to squash disease spread, ease pressure on the NHS or contain the disease by effective vaccination worldwide.

And so we come to Omicron. Do we have reason to be worried? Watch this and I suggest that we have.

<https://twitter.com/bbcnewsnight/status/1464367575471644678?s=21>

I will leave it to the Covid experts to discuss the health consequences of that risk. This blog is largely on economics. Markets noticed the risk and priced it yesterday. These two headlines come from FT emails this morning:

Stocks slide most in a year on concern over new coronavirus variant

Worries about impact of Omicron strain knock airline shares while vaccine makers rally

NOVEMBER 26, 2021

Oil prices drop more than 10% as virus variant threatens blow to demand

Brent and WTI crude grades record biggest one-day losses since April 2020

NOVEMBER 26, 2021

The Guardian had this variation:

Stock markets

FTSE 100 hit by biggest fall since June 2020 amid new variant fears

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Travel, aviation and oil stocks around world badly hit as worries deepen over effect of fresh Covid wave on global economy

● Oil prices plunge as new Covid variant spooks markets

Of course markets can get their reactions wrong. It's also true that if only they had not been over-optimistic about Covid being over they would not need this adjustment.

I do not, of course, know what will happen. Omicron may be a storm in a tea cup. Danny Altmann clearly does not think so. From what I read it is not. In that case three things follow.

The first is that travel restrictions will not stop the spread of this variant.

The second is that only serious measures, including masks, ventilation, social distancing and maybe lockdowns are likely to achieve that. Vaccine variants are maybe 100 days away, and take much longer to roll out.

And third, the economy is not likely to be booming any time soon as a result.

In that case all those clamouring for interest rate rises should put their demands on hold. They are the last thing that we will need.

And all those who think that government spending can be brought under control, as Rishi Sunak would define it, should also think again. The likelihood that government intervention in the economy might be required again looks to be quite high to me at present, although all options are on the table right now.

And last of all, those who really think that it's all over had better think again. Until we take the obligation to vaccinate the world seriously this is a long way from happening.