



Weekly Market Update

Monday 13th January 2020

Weekly Highs and Lows:

GBP/EUR: 1.1700 / 1.1825

GBP/USD: 1.3012 / 1.3213

EUR/USD: 1.1093 / 1.1206

• Pound slips after Rate cut announcement

• Philippine Taal volcano begins spewing lava

US jobs growth slows in December

FX Movements

PGBP/EUR opened last Monday just above 1.1700 having the EU release their Retail and Markit Services PMI results in which came out far better than expected across all countries situated in the EU. The UK also released their Markit Services PMI which came out stronger too, but with extension talks from Boris mentioned that there will be no extension to the date of the 31st January the Pound found some traction against the Euro climbing above 1.1800 by mid Tuesday. The EU released some more positive data from their retail sales on Tuesday seeing the Pound fall slightly in the afternoon down to 1.1725. The pair

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carried on the week fairly choppy trading within the 1.1725 and 1.1800 region throughout the rest of the week finishing up on Friday evening at 1.1750.

Monday morning after the UK release good Markit Services PMI which came out better than expected gaining 100 pips to 1.3180. On Tuesday morning, the pair climbed to 2020 highs of 1.3213 following bullish market behaviour. BoE governor Mark Carney had an interview with the FT and indicated to them that the BoE can still cut interest rates close to Zero. The Pound sold off and saw prices steady around the 1.3100 mark. Throughout the rest of the week the Pound remained fair level around this level with mixed data out from the U.S and with Mark Carney reiterating on Thursday to what he said to the FT on Tuesday the Pound finished up lower below 1.3100.

This week's Economic Calendar

Monday:

- 09:30 UK Trade Balance
- 09:30 UK Manufacturing Production
- 09:30 UK Industrial Production
- 09:30 UK Gross Domestic Product
- 09:30 UK Manufacturing Production

Tuesday:

- 13:00 US Consumer Price Index
- 14:00 US Fed's Williams Speech
- 19:00 US Monthly Budget Statement

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Wednesday:

- 08:40 UK BoE's Saunders speech
- 09:00 EU German Real GDP Growth
- 09:30 UK CPI
- 09:30 UK PPI Core Output
- 09:30 UK Producer Price Index
- 09:30 UK Retail Price Index
- 10:00 EU Trade Balance
- 10:00 EU Industrial Production
- 13:30 US Producer Price Index
- 16:00 US China Phase one Trade deal signature
- 18:00 EU German Buba President Speech
- 19:00 US Fed's Harker

Thursday:

- 07:00 EU German CPI
- 09:30 UK BoE Credit Conditions Survey
- 13:30 EU ECB Monetary Policy Meeting
- 13:30 US Retail Sales
- 13:30 US Continuing Jobless Claims
- 13:30 US Initial Jobless Claims
- 15:00 US Fed's Bowman Speech

Friday:

- 09:30 UK Retail Sales
- 10:00 EU Consumer Price Index
- 13:30 US Building Permits
- 15:00 US Michigan Consumer Sentiment

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The Fact of the Week

The average human body temperature has been dropping by 1/20 of a degree Fahrenheit per decade, since being established as 98.6 in 1851. The reason is improved health and thus reduced population-level inflammation; heat is a symptom of inflammation.

➤ In Today's News

Taal volcano: Lava spews as 'hazardous eruption' feared

A volcano in the Philippines has begun spewing lava, as authorities warn that a "hazardous eruption" is possible "within hours or days".

In the early hours of Monday, a weak flow of lava began seeping out of Taal volcano - located some 70km (45 miles) south of the capital Manila. It comes after it emitted a huge plume of ash, triggering the mass evacuation of 8,000 people from the area. Taal is the Philippines' second most active volcano.

Situated on an island in the middle of a lake, it is one of the world's smallest volcanoes and has recorded at least 34 eruptions in the past 450 years.

BBC NEWS

Have a good week,

SAB Corporate Finance Team

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