

Corporate Finance

Weekly Highs and Lows:

GBP/EUR: 1.1084 / 1.1499

GBP/USD: 1.2515 / 1.2989

EUR/USD: 1.0992 / 1.1140

- GBP moves a further 2% last week.
- Boris Johnson was forced by law to send a letter to ask for a new delay but did not sign it.
- UK Chief Treasury Secretary says the Government will introduce Brexit legislation shortly.

FX Movements

- GBP/EUR started last week at 1.1450 heading lower in the morning as the Pound was sold off ahead of the Queen's speech. There were also GBP jitters after EU's Barnier stressed the lack of significant progress in recent talks seeing the pound head to the low of the week of 1.1350. On Tuesday, the Pound regained all of its Monday losses due to Brexit developments of a more likely scenario of the UK pulling through with a Brexit deal seeing GBP push just short of 1.1600 the highest we have seen since May 2019. Throughout the rest of the week the Pound kept steady trading in a 120 pips range between 1.1500

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and the high of the week of 1.1649. We saw the UK release poor economic data on Wednesday with Retail sales and Producer Price numbers coming in lower than expected. The pound is currently trading at 1.1590 seeing a 2% increase last week.

- GBP/USD opened last week just under 1.2600 retracting its weekly gains the following week lower to 1.2501 seeing some selling pressure on the back of GBP gains. The Pound then found some traction heading north of 1.2600 by Monday evening with the market sensing some progress from Mr Johnson in regard to a Brexit deal. On the Tuesday, the pair jumped from 1.2640 to 1.2797 reaching the highest level since mid-May due to a report mentioning that a draft was ready with also the EU officials trying to place negative comments on the Irish Border GBP still remained strong against the US Dollar seeing the Pound reach 1.2988 but then finishing the week just below 1.2900 +2% increase for the week.

- This week's Economic Calendar

Monday:

- 11:00 EU German Buba Monthly Report
- 16:00 UK BoE's Haldane Speech

Tuesday:

- 09:30 UK Public sector Net Borrowing
- 15:00 US Existing Home Sales

Wednesday:

- 10:40 EU German 10-Year Bond Auction
- 14:00 EU Consumer Confidence

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Thursday:

- 09:30 EU & German Markit Services PMI
- 09:30 EU Markit Manufacturing PMI
- 13:30 EU ECB Deposit and Interest Rate Decision
- 13:30 US Continuing Jobless Claims
- 13:30 EU ECB Monetary Policy Statement and P.C
- 13:30 US Durable Goods Orders
- 14:45 US Markit Manufacturing PMI

Friday:

- 07:00 EU German GFK Consumer Confidence
- 10:00 EU IFO Expectations
- 10:00 EU IFO Current Assessment
- 10:00 EU IFO Business Climate
- 15:00 US Michigan Consumer Sentiment Index

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➤ The Fact of the Week

An astronaut smuggled a corned-beef sandwich into space. After taking a bite, crumbs and rye started floating around the cabin. It has been referred to as '\$30 million sandwich.' NASA have taken steps to prevent corned-beef sandwiches from being taken on future flights.

➤ In Today's News

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Chile protests: Five dead after looters torch garment factory

Five people died after looters torched a garment factory near Chile's capital Santiago, bringing the death toll in violent protests to at least seven.

The military and police used tear gas and water cannon against protesters and a curfew was imposed in major cities.

A state of emergency already in place in Santiago is to be extended to cities in the country's north and south.

The unrest, sparked by a now suspended metro fare hike, has widened to reflect anger over living costs and inequality.

In a late-night statement on television on Sunday, President Sebastián Piñera said: "We're at war against a powerful enemy, who is willing to use violence without any limits."

BBC NEWS

Brexit: No 10 to push again for vote on Boris Johnson's deal

Parliament must be given "a straight up-and-down vote" on the PM's Brexit deal, No 10 says, after MPs delivered a major blow to his strategy on Saturday.

Boris Johnson was forced by law to send a letter asking the EU for a new delay on Brexit but did not sign it.


The PM now wants MPs to say a clear "yes" or "no" to the deal on Monday, adding: "We cannot allow Parliament's letter to lead to Parliament's delay."

It will be up to Speaker John Bercow to decide whether to allow the vote.

Mr Johnson reached a new deal with the EU last week, but it needs to be approved by the UK Parliament.

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The deal ditches the backstop clause - the "insurance policy" designed to prevent a return to physical checks on the Irish border.

Instead it will, in effect, draw a new customs border in the Irish Sea.

The whole of the UK will leave the EU customs union, meaning it could strike trade deals with other countries in the future.

BBC NEWS

Have a great week.

The SAB Corporate Finance Team.

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