
Corporate Finance

Welcome back and a Happy New Year

Yearly Highs and Lows:

GBP/EUR: 1.1752 / **1.2080**

GBP/USD: 1.3051 / **1.3515**

EUR/USD: 1.0880 / 1.1570


- Welcome back and a Happy New Year
- US – Iran conflict to drive the Markets
- Oil Prices jump on US Iran tensions

FX Movements

- GBP/EUR opened last Monday 30th December just above the 1.1700 mark, trading steady throughout the day with no high impact data to make any real move. On New Years eve day, the Pound managed to break through the 1.1800 region hitting a high of 1.1830 which was a good end to the year for Sterling. On the business day of the year the Pound dropped from the new high of 1.1870 down to 1.1800 as investors cashed out and took profit from the recent Sterling jump. The pair has been trading around 1.17-1.1750

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- GBP/USD opened up last Monday at 1.3100 trading steady with little movement around a 20-pip range. Similar to GBP-EUR, the Pound saw a 80 pip surge hitting 1.3280 before the New Year. This again, didn't last for long as profit takers cashed out seeing GBP fall back down to 1.3150 region where the pair has been trading quite steady last week within the 1.3060 and 1.3100 region.

Start of this year will be decided on whether a full agreement can be reached in time for the end of transition period. Please see the time line for the year.

- Conservatives won majority 12th December 2019
- PM's withdrawal agreement Bill brought back to commons **(passed)**
- 31st Jan 2020 – BREXIT DAY – Trade talks can begin within weeks.
- 30th Jun 2020 – Deadline for extending the transition period passes.
- 31st Dec 2020 – Has the trade deal been agree and ratified?

If **Yes**, Jan 2020 UK will start new relationship with the EU.

If **No**, Jan 2020 UK Exit transition without a trade deal.

This week's Economic Calendar

Monday:

- 08:55 EU German Markit Composite PMI
- 09:00 EU Markit Services PMI
- 09:30 UK Markit Services PMI
- 14:45 US Markit Services PMI
- 14:45 US Markit PMI Composite

Tuesday:

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- 10:00 EU Retail Sales
- 10:00 EU Consumer Price Index
- 13:30 ISM Non- Manufacturing PMI
- 15:00 US Factory Orders

Wednesday:

- 10:00 EU Business Climate
- 13:15 US ADP Employment Change

Thursday:

- 10:00 EU Unemployment Rate
- 13:30 US Continuing Jobless Claims
- 13:30 Initial Jobless Claims
- 16:30 US Fed's Williams Speech

Friday:


- 13:30 US Nonfarm Payrolls
- 13:30 US Average Hourly Earnings
- 13:30 US Labour Force Participation Rate
- 13:30 US U6 Underemployment Rate
- 13:30 US Unemployment Rate

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➤ The Fact of the Week

At first a soldier in the German revolution of '48, Carl Schurz busted out his friend from a prison in Berlin, fled on a boat to Edinburg, emigrated to the US, became a Union General in the Civil War, then US Senator, and later secretary of the interior. Mark Twain wrote his obituary.

➤ In Today's News

Qasem Soleimani: Boris Johnson and European leaders call for restraint

Boris Johnson has joined European leaders in a call for all sides to show restraint after the US assassination of Iranian general Qasem Soleimani. In a joint statement with Germany's Angela Merkel and France's Emmanuel Macron they said the current cycle of violence "must be stopped".

Mr Johnson will meet key ministers later and has discussed the deepening crisis with US President Donald Trump. Iran has vowed revenge after General Soleimani was killed in a US strike. In the joint statement, issued on Sunday night, Mr Johnson and his French and German counterparts urged restraint and called on Iran to refrain from further violent action and proliferation. The three leaders said they were concerned by the "negative" role Iran has played in the region but called on "all parties to exercise utmost restraint and responsibility".

BBC NEWS

Have a good week and a great 2020

SAB Corporate Finance Team

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