

Corporate Finance

Weekly Highs and Lows:

GBP/EUR: 1.1880 / 1.2074

GBP/USD: 1.2850 / 1.3052

EUR/USD: 1.0777 / 1.0864

- Trump begins his first trip to India.
- Corona Virus credit crunch hits Chinese Firms
- Macron “not sure” of UK-EU trade deal by deadline.

FX Movements

- GBP/EUR opened last week at 1.2030 edging lower on Monday under the 1.20 region trading in the afternoon relatively flat around 1.1980 region in the afternoon. On Tuesday, the UK posted their claimant count change which came out better than expected posting +5.5K against the expected +22.6K with the ILO Unemployment rate staying unchanged at 3.8% allowing the Pound to hit two-month highs against the Euro seeing the price go to 1.2074. On Wednesday, the UK posted strong macro data but besides this, the Pound dropped due to strong selling pressure channelled through uncertainties on the UK and EU transition period. The pair fell down to 1.1880 by Thursday, again despite UK posting strong retail sales figures.

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With what the market and new think a delayed reaction to positive UK figures from last week the Pound managed to regain some of its mid-week losses and climb back higher on Thursday afternoon towards the 1.20 region but couldn't quite make it, closing the week at 1.1950.

- GBP/USD opened last week at the high of the week 1.3052 seeing the market try and push the Pound higher early morning but couldn't quite manage to push to new highs. The pound dropped slightly lower mid-morning despite it being an American Holiday, US Presidents Day. On Tuesday and Wednesday morning, the UK posted good macro-economic figures which help upholster the Pound around the 1.30 region but on Wednesday afternoon the US released very good PPI and Housing figures seeing the Pound drop down to 1.2850. On Friday, the Pound managed to regain some mid-week losses pushing back up towards the 1.2950 region with good retail sales figures out posted from the UK.

➤ This week's Economic Calendar

Monday:

- 13:30 US Chicago Fed National Activity

Tuesday:

- 07:00 EU German GDP
- 13:30 US Housing Price Index
- 14:00 US S&P Case Shiller Home Price
- 15:00 US Consumer Confidence
- 20:00 US Fed's Clarida Speech

Wednesday:

- 15:00 US New Home Sales

Thursday:

- 10:00 EU Business Climate

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- 13:30 US Durable Goods orders
- 13:30 US Core Personal Consumption Expenditures
- 13:30 US Gross Domestic Product
- 13:30 US GDP
- 13:30 US Initial Jobless Claims
- 15:00 US Pending Home Sales

Friday:

- 08:55 EU German Unemployment rate
- 10:00 EU German President Buba speech
- 13:00 EU German Harmonized Index of Consumer Price
- 14:45 Chicago Purchasing Managers

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➤ The Fact of the Week

Adam Walker was protected from a great white shark by a pod of dolphins while swimming to raise money for dolphin conservation. About 10 dolphins surrounded him for about 1 hr in Cook Strait, 6th leg of the Oceans Seven: a marathon of 7 long-distance open water channel swims around the world.

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In Today's News

Coronavirus credit crunch hits millions of Chinese firms.

Mounting debts have hit Chinese companies struggling to pay workers and suppliers amid the coronavirus outbreak.

President Xi Jinping said on Sunday that China faces a "big test" to combat the virus.

The government has asked banks to offer more credit for an economy stunned as the virus spreads rapidly.

But a survey of small and medium Chinese firms found millions at the edge of survival.

The Chinese Association of Small and Medium Enterprises said around 60% could cover regular payments for only one to two months before running out of cash.

Only 10% said they could hold out six months or longer.

At the same time, the industry group said that "nearly 60% of the enterprises (surveyed) have resumed work."

BBC NEWS

Have a great week.

The SAB Corporate Finance Team.

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