

Daily commentary

Friday, 20 July 2018

Key news

- UK retail sales disappoint
- Chinese yuan weakens

Markets overview

Good morning

After softer-than-forecast UK inflation data on Wednesday, yesterday's retail sales figures missed expectations by a considerable margin. A Bloomberg survey of analysts had forecast an annualised rise of 3.7% which actually came in at 3.0%, due largely to a fall of 0.6% in June. Commentators have been quick to stress that the data is notoriously volatile and that no firm conclusions can be based on one isolated month. On balance, a Bloomberg poll indicates that the majority of analyst still expect a UK rate rise in August.

The Chinese yuan has been weakening lately and yesterday hit its lowest point in over a year. This is consistent with recent economic data showing the Chinese economy - and especially exports - slowing noticeably. The currency weakness is offsetting the tariffs imposed by the US; the concern would be that President Trump responds with further tariffs and a vicious circle develops.

Sterling lost further ground against the euro yesterday and starts the day half a cent lower at €1.1176 (0.8948p) and is also weaker against the dollar at 1.3009. The euro is marginally higher against the dollar and is currently trading at \$1.1640.

Have a good weekend - Aran

Market movers today:

- Trade war developments

Market rates

CCY pair	Market rate at opening
GBP/USD	1.3009
GBP/EUR	1.1176
EUR/USD	1.1640
EUR/GBP	0.8948
GBP/AUD	1.7667
GBP/CAD	1.7247
GBP/CHF	1.3006
GBP/DKK	8.3289
GBP/HKD	10.2101
GBP/JPY	146.2060
GBP/NOK	10.7063
GBP/NZD	1.9267
GBP/SEK	11.5910
USD/CNY	6.7775

LIBOR (last business day setting)

GBP 1 month	0.5913
GBP 3 month	0.7580
GBP 6 month	0.8597

Commodities and Stock Markets

Crude oil (\$/barrel)	72.84
Gold (\$/oz)	1223.37
FTSE 100	7683.97
Dow Jones	25064.5
Nikkei 225	22697.88
Hang Seng	28177.23
German DAX	12686.29

Source : Bloomberg

Danske Bank Markets in Northern Ireland

Today's Major Data Releases (source: Bloomberg)

Time	Region	Event		Expectation
09.30am	UK	Public Sector Net Borrowing	Jun	£3.6n
09.30am	UK	Public Sector Net Borrowing ex Banks	Jun	£5.0b

Contact List

Markets Team		
Maureen Brown	+44 (0) 28 90891111	mau@danskebank.co.uk
George McMaster	+44 (0) 28 90891100	gem@danskebank.co.uk
Andrew Lam	+44 (0) 28 90891111	anlam@danskebank.co.uk
Aran Shawcross	+44 (0) 28 90891111	psha@danskebank.co.uk
Caroline King	+44 (0) 28 90891111	caki@danskebank.co.uk
Joanne Casey	+44 (0) 28 90891111	joka@danskebank.co.uk
Head of Markets		
Brian Telford	+44 (0) 28 90891111	brte@danskebank.co.uk

Telephone calls with Danske Bank may be recorded

Danske Bank Markets
PO Box 183
1st Floor
Donegall Square West
Belfast
BT1 6JS

Markets E Mail:
markets@danskebank.co.uk

web-site:
www.danskebank.co.uk

SWIFT address:
DABAGB2B

Markets Fax Number:
+44 (0) 28 9004 9701

Business hours:
Monday - Friday
8.00 : 17.00

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