23 May 2019

Economics

Global Economic Overview

Potholes in the (Belt and) Road?

Global

Last month we warned that a "*Goldilocks mix*" underpinned risk appetite, but that "*sentiment looks vulnerable to news*" on the trade war, fiscal policy or on monetary policy positions. Sentiment has indeed since shifted amidst a breakdown in US-China trade talks and a broader deterioration in US-China relations. That has triggered a 3% fall in the S&P 500 so far in May. On the trade war, our base case continues to envisage a settling in the dispute with a US-China agreement eventually reached. As such our global growth forecasts are held steady at 3.3% for 2019 and 3.5% for 2020, but the balance of risks has clearly tilted to the downside. One factor is that the US and China dispute risks morphing further into the corporate space, with the US targeting Chinese technology companies. The G20 Summit in Japan on 28/29 June will be critical in identifying if US-China relations can be bought back on track.

United States

The escalation in the US-China trade dispute has led to further questions about the robustness of the US economic outlook, with the yield spread between 10-year Treasury notes and 3-month T-Bills seemingly warning of an economic contraction. However we cite reasons to eye this metric with caution (the expanded Federal Reserve balance sheet and bigger fiscal deficits, with a focus on short-term debt to finance these). Overall, the relatively closed US economy continues to show resilience to the trade war and even sectors (farming) suffering most, cannot lay all the blame at the door of the trade war; returns have been in decline for longer. We now judge that the deterioration in US-China relations will see the Fed remain in a prolonged policy pause and the Fed funds rate held steady at 2.25-2.50% this year and next.

Eurozone

Euro area GDP growth rebounded in Q1 (+0.4% qoq), supporting our forecast of 1.4% for this year (2020 remains at 1.7% too). However the risks remain skewed squarely to the downside, where we remain concerned over trade developments and that the rebound in Q1 may have been supported by specific one offs. The latest manufacturing data from Germany also gives us some pause for thought. On ECB policy we continue to forecast an interest rate move in March 2020 and whilst we note that the EONIA forward curve is downward sloping over the next year, we continue to judge that the next ECB rate move is more likely to be up rather than down. But the risk is of a later move. Meanwhile we continue to envisage a rising euro over the medium term, with forecasts of $1.15 end-2019 and $1.22 end-2020.

United Kingdom

The PM's Withdrawal Agreement Bill (WAB) has caused uproar among Tory MPs, principally by promising a House of Commons vote on a second EU referendum. At the time of writing, Mrs May remains in office, but she could resign any day soon. This changes a few things. First, while we suspect that the WAB would have struggled to get through the Commons anyway, the spectre of a new PM suggests that a subsequent series of binding votes on Brexit options will not take place, lessening the chances of a prompt resolution and an EU exit on 31 October. Our central case now is that the UK will seek a further delay to its EU departure, perhaps by six months. Also, we judge that the risks of 'no deal' have risen, as have the chances of an election before 2022. Markets may not just be wary over a Corbyn-led government, but also the Brexit Party wielding influence, given their likely strong showing at the European Parliament elections. Furthermore we have scaled back our expectations of Bank rate rises – we are now forecasting the next move in Q3 2020. Additionally a short term sterling rally looks less likely – our end-2019 target is now $1.27 (previously $1.37) and 90.5p against the euro (previously 84p).

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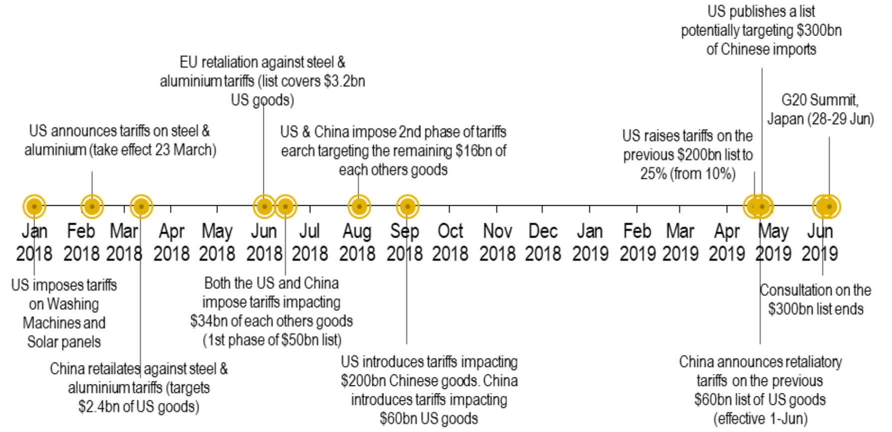
Global

Last month we warned that markets' goldilocks moment was vulnerable to downside news. Indeed a breakdown in US-China talks and more tit-for-tat tariff increases (see Chart 1) have been the catalyst for a 3% fall in the S&P 500 so far in May. The key question now is whether this is simply a bump in the road or a more fundamental breakdown in relations, which risks derailing global growth and driving a market downturn. We suspect the former, but the path to a final deal may not be straightforward. For instance we would not rule out the possibility of the US levying tariffs on the $300bn of Chinese imports that avoided previous tariff rounds. Equally further measures from China are possible, with restrictions on rare earth metals recently hinted at. But…

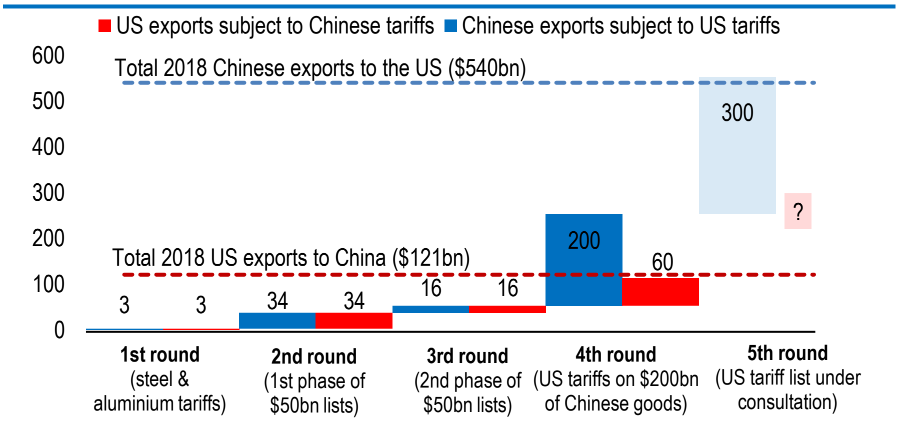
Chart 1: Timeline of current trade dispute



Source: Peterson Institute

…we judge that a major selling of Chinese US Treasury holdings, as one report suggested, is highly unlikely. June will be a pivotal month, with Presidents Trump and Xi set to meet at the G20 Summit (28-29). Certainly a prolonged trade war is in neither's interests, but arguably less so on the Chinese side. Therefore brokering a deal will involve more Chinese compromise, particularly around issues such as intellectual property. Economic concerns may pressure the authorities, with the trade war so far having had a larger drag on China than the US. As a consequence the Chinese authorities have undertaken stimulatory policies, arguably at the expense of financial stability concerns.

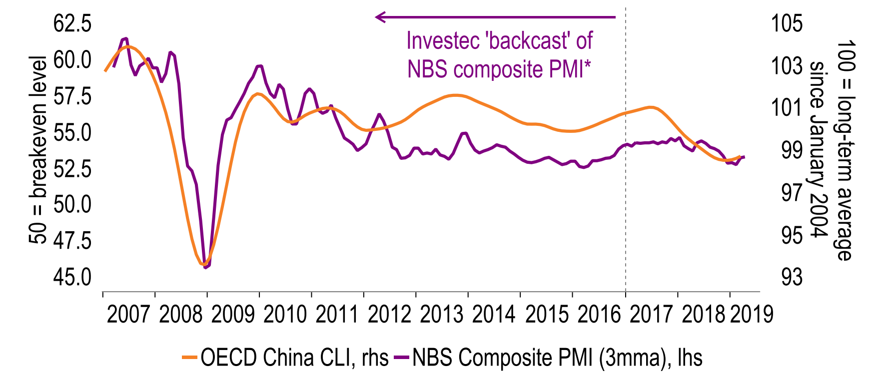
Chart 2: US and Chinese trade impacted by tariffs ($bn, chart is goods only)



Source: Bureau for Economic Analysis, US Trade Representative, MOFCOM

Though these looked to have helped stabilise the downturn in Q1, subsequent data have seen a further deterioration. Annual growth in industrial production slowed to a post-crisis low of 5.4% (yoy) in April, while a 7.2% expansion in retail sales was the weakest print since 2003. But volatility may be partly to blame, with industrial production having surged to a 4½–year high of 8.5% in March. Holistic indicators, by comparison, suggest that the slowdown has actually bottomed out (Chart 3). Though the latest round of tariffs presents a headwind to growth in H2, we expect it to be met with even more policy easing by Beijing in order to safeguard the growth target of 6-6.50%. Thus, we maintain our call for growth to slow to 6.2% this year from 6.6% in 2018.

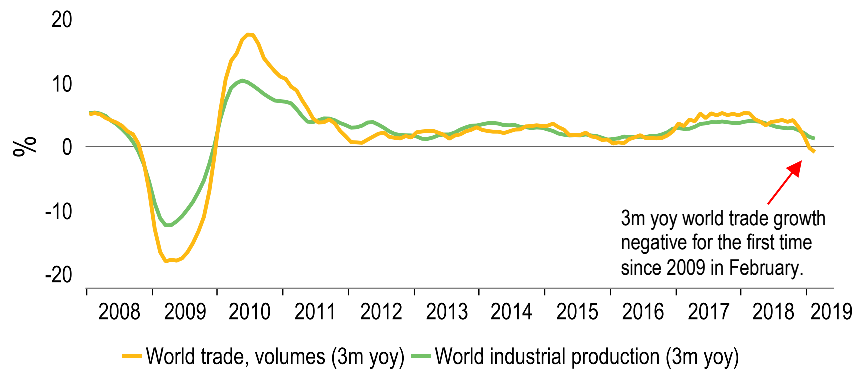
Chart 3: Composite indicators suggest China's slowdown has bottomed out#



#The OECD Composite Leading Indicator (CLI) is designed to provide early signals of turning points in business cycles. *Though the official China composite PMI only commenced in 2017, we extend this back to 2007 by applying the NBS weighting methodology to the manufacturing and non-manufacturing PMIs. Source: Macrobond, Investec

For now we maintain our 3.3% 2019 global growth forecast, a view which has been aided by stronger than expected Q1 GDP figures from several economies. 2020 also remains unchanged at 3.5% However we acknowledge that the latest trade dispute represents an increased downside risk, which could materialise should US/China relations deteriorate further. The result potentially is a more persistent drag on activity in H2, undermining recoveries in places such as the Euro area. Trade wars threaten other geographies too. Notably President Trump delayed a decision on auto tariffs by six months, but there are serious European concerns that President Trump may turn his attention to the EU once a US-China deal is sealed.

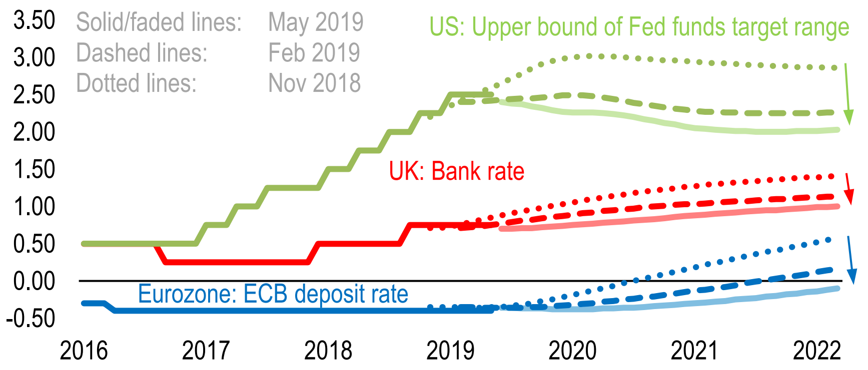
Chart 4: The trade dispute has contributed to a slowdown in world trade and industrial output



Source: Macrobond, CPB

Reflecting this shift in the balance of risks has been the flattening in market expectations for interest rates. Six months ago, policy tightening by the Fed, ECB and BoE was all priced in for 2019. But markets are now factoring in looser policy stances in the eurozone and clearly pricing in US rate cuts (Chart 5). All the while, a growing number of governments beyond China have pledged to lift fiscal spending, partly as a response to growing voter discontent after several years of austerity. Though this combination should help to cushion the impact of the trade dispute, the diminished amount of fiscal policy headroom in the post-crisis era limits the amount of offset that can be provided. Renewed fears of a global...

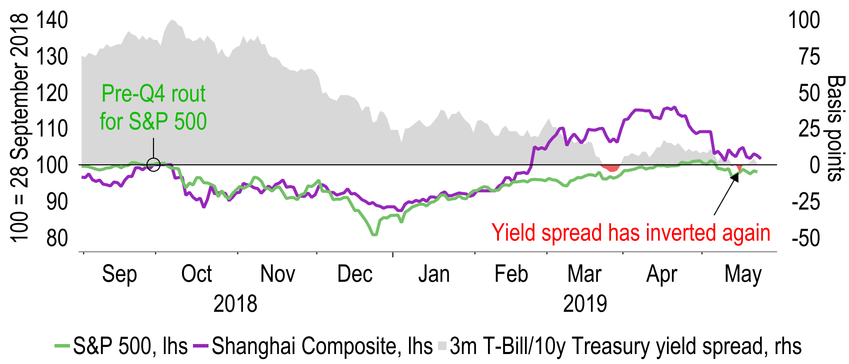
Chart 5: Market-implied paths for interest rates have fallen over the past six months (%)#



#Curves are estimated using instantaneous forward overnight index swap rates in the 15 working days to 24 April 2019, 30 January 2019 and 24 October 2018 respectively. No adjustment is made for the spread between the curves and the respective policy rates. Source: Bank of England Inflation Report (May 2019)

...slowdown have served to disrupt the recovery in risk appetite seen since the start of the year. While US and Chinese equity indices had managed to surpass their respective pre-Q4 rout levels, both have stumbled again following a re-ignition in tensions between Washington and Beijing (Chart 6). Investors have also sought out safe havens, resulting in the yield spread between 3m T-Bills and 10y Treasuries briefly inverting again in May after having done so in March for the first time since the financial crisis. Given the fragility of sentiment, we reiterate the risk that nervousness becomes embedded which in-turn creates a self-fulfilling global economic downturn.

Chart 6: Risk appetite has suffered on the back of renewed fears of a global slowdown



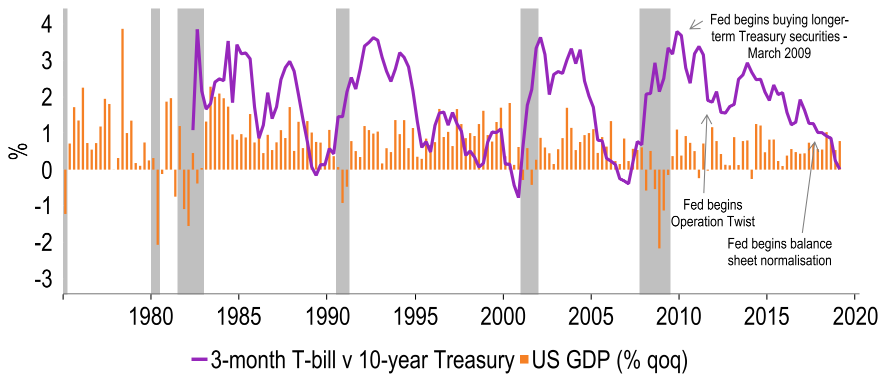
Source: Macrobond

Investec

United States

The escalation in the US-China trade dispute has led to further questions about the robustness of the US economic outlook. Here yield curve 'inversion' has been one message widely flagged. Chart 7 is one example and at face value appears to warn of an impending economic contraction. We are careful not to dismiss such messages completely but at the same time flag reasons to eye this carefully. Here we note that the heavily expanded Federal Reserve balance sheet (having boosted demand for Treasuries since 2009) has led to a sea change in long-term yields. In addition the bigger fiscal deficits (with a focus on short-term debt to finance these) presents a further structural shift which also distorts the...

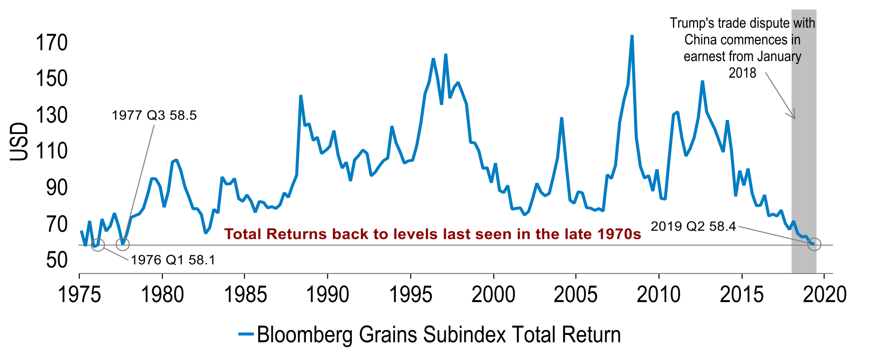
Chart 7: 10-year US Treasury Note and 3-month T-bill – a warning of an impending contraction?



Source: Macrobond, Investec

...picture. One might also want to question whether in circumstances where survey and hard data appear to be presenting different pictures of the economic situation (Chart 15) and where potentially earth shifting political events (trade wars) are present, whether market indicators might be further disrupted as investors struggle to build in this information appropriately. As we flagged in our April *Global,* the relatively closed US economy has shown and continues to show resilience to the trade war. Although overall US economic momentum is holding up solidly, the US farm sector is shouting loudly about the tariff escalation and President Trump is prepping more support for the sector. But even here…

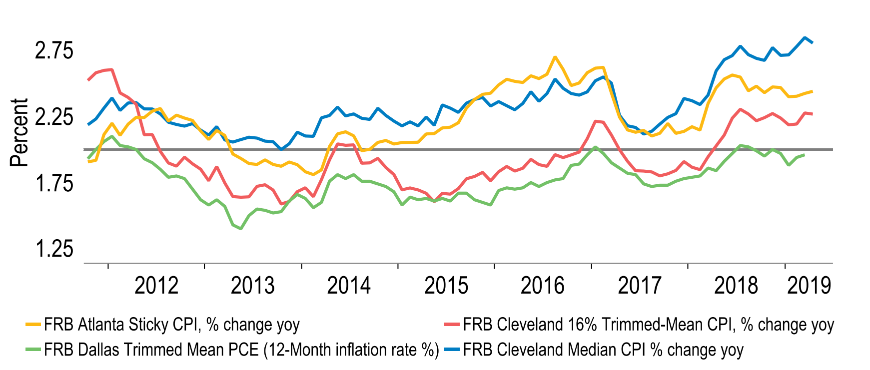
Chart 8: The hit to the US farm sector has come at a tough time…



Source: Bloomberg, Macrobond

…the trade war cannot shoulder all of the blame. The farm sector was suffering falling returns well before the start of the dispute. We have made no adjustment to our US growth forecasts (we see 2.6% for 2019 and 1.7% 2020) but we do judge that the balance of risks has shifted sufficiently to lengthen the Fed's policy pause; we no longer expect a September increase. However we do not share the view implicit in market pricing that we will see one or more reductions in the Federal funds rate by the end of this year. Alongside negative trade war developments, softish PCE inflation readings have helped to persuade investors of the case for rate cuts. However Fed Chair Jerome Powell has…

Chart 9: Inflation looks less lacklustre on other measures, which Chair Powell is eyeing…



The sticky index is a weighted basket of items that change price relatively infrequently. The Dallas Fed measure trims out 24% of the mass from the lower tail and 31% from the upper. The Cleveland Fed metric is symmetric (16% trim).

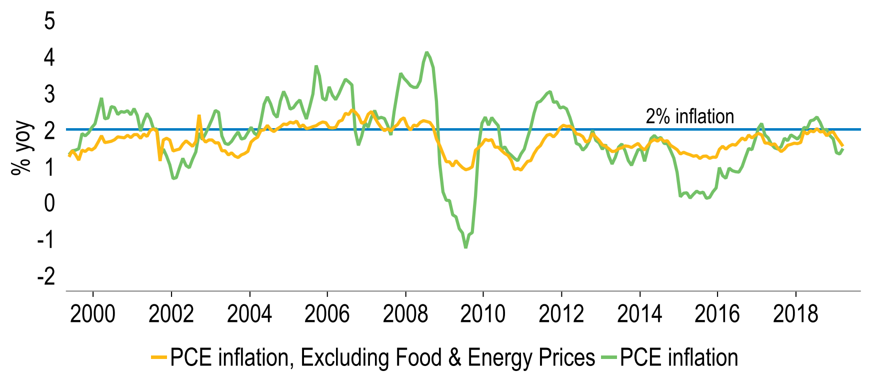
Source: Macrobond

…pointed out idiosyncrasies behind softer Q1 inflation readings whilst he has also drawn attention to other inflation metrics as shown in Chart 9. These stand close to or above the 2% target and importantly have held a steadier trend of late as Chair Powell highlighted. Away from recent inflation readings, the Fed's review of its monetary policy framework is gathering steam with the Chicago Fed hosting a conference on 4-5 June. The persistent undershoot of the 2% level is a key focus (Chart 10) amidst consideration of whether there would be value in targeting average inflation over a multiyear period or price-level targeting (in which policymakers seek to stabilize the level…

…around a constant growth path). The question is if such strategies would help in achieving the 2% inflation goal and reinforce the central bank's inflation targeting credibility. With this review ongoing we judge that this reinforces the likelihood of a long policy pause. Federal Reserve Board (FRB) Vice Chair Richard Clarida has linked the importance of this work to the fact that "the short-run Phillips curve appears to have flattened". Our Phillips Curve constructed using the wider U6 unemployment measure (Chart 11) demonstrates this flattening and a shift lower too. Note that with pay growth readings conforming to the lower, flatter, curve, the case for steady current policy looks to be strengthened. But as Clarida has warned, a flatter Phillips Curve also…

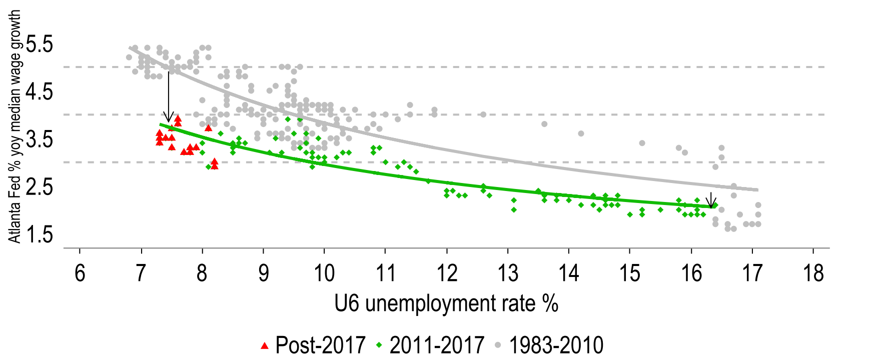
…"increases the cost in terms of economic output, of reversing unwelcome increases in longer-run inflation expectations". The latter reinforces the case for the Fed to remain vigilant amidst a tight jobs market. The Fed has also been considering the appropriate balance sheet size; it plans to halt QE roll-off and freeze the balance sheet size (at about $3.5trn) from October. Needing to maintain "ample" reserves this will be much larger than pre-crisis levels as Chart 12 shows. However Chair Powell has also indicated the Fed will look at a standing repo facility, designed to ease banks' reserve needs, avoid it having to judge "ample" reserves* and add to its control over short term interest rates, where the Fed has been battling to keep the effective funds rate within its target range.

Chart 10: PCE inflation has undershot 2% persistently in recent years.



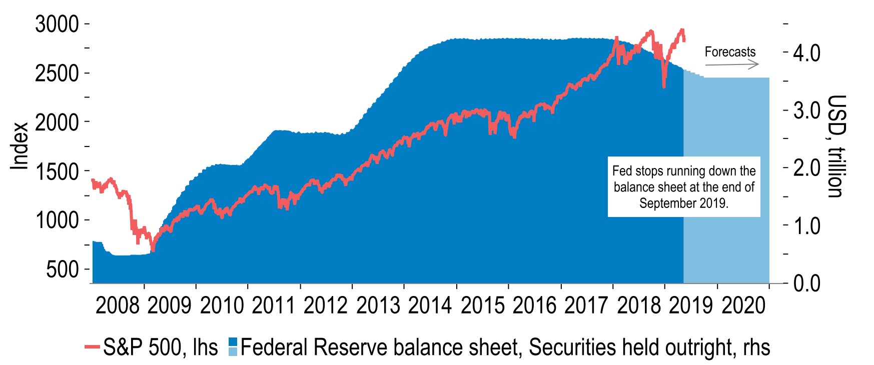
Source: Macrobond

Chart 11: The shift in the Phillips Curve. The curve uses the U6# unemployment measure.



U6 unemployment measure - includes total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons. Source: Investec, Macrobond

Chart 12: The Fed's balance sheet is set to remain enlarged on pre-crisis levels…



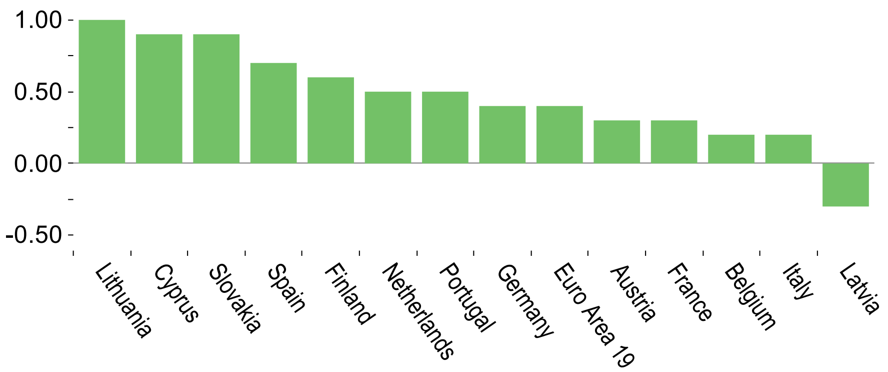
Source: Macrobond

* Here as reserves drain, the scarcity point would be demonstrated by the funds rate and other money market rates moving up relative to the target range. At this point, banks would start to use the repo facility, injecting reserves into the system and preventing rates from rising further. That is, the facility would ensure there were "ample" reserves. https://www.stlouisfed.org/on-the-economy/2019/march/why-fed-create-standing-repo-facility

Eurozone

Euro area GDP growth was confirmed at +0.4% (qoq) in Q1, the firmest pace since Q2 2018. Germany grew by 0.4%, the first positive outturn for three quarters. Of the 13 countries so far reporting, output in Lithuania surged by 1.0%, while that of its neighbour, Latvia, contracted. For the eurozone as a whole we expect a similar pace of expansion through H2, after a slightly softer Q2 (+0.3%). This leaves our GDP forecasts unrevised for now at 1.4% for this year and 1.7% for next. However we are concerned that much of the rebound from Q4's +0.2% reflects idiosyncratic factors which are not set to reoccur and that global trade tensions might not dissipate reasonably promptly.

Chart 13: Q1 Euro area GDP growth (%, qoq)

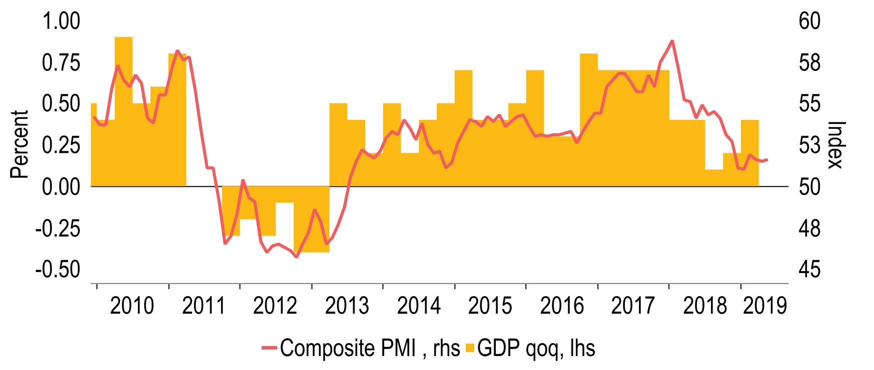


Q1 estimates are not yet available for Estonia, Ireland, Greece, Luxembourg, Malta & Slovenia

Source: Macrobond, Eurostat

A clear discrepancy has emerged between key surveys and official data - the former is signalling a softer pace of economic activity. The composite PMI is a good example. This averaged 51.5 in Q1, implying a quarterly pace of GDP growth some way below the published +0.4% (Chart 14). This is not confined to the Euro area (it is notably apparent in Britain, see UK section below). While pure sentiment indicators often give misleading steers, we tend to place more faith in PMI type surveys, which are compiled on the basis of 'actual' purchasing activity. Why such a disconnect is evident is difficult to explain, save to say that it not completely uncommon and that we are not inclined to downgrade our GDP forecasts.

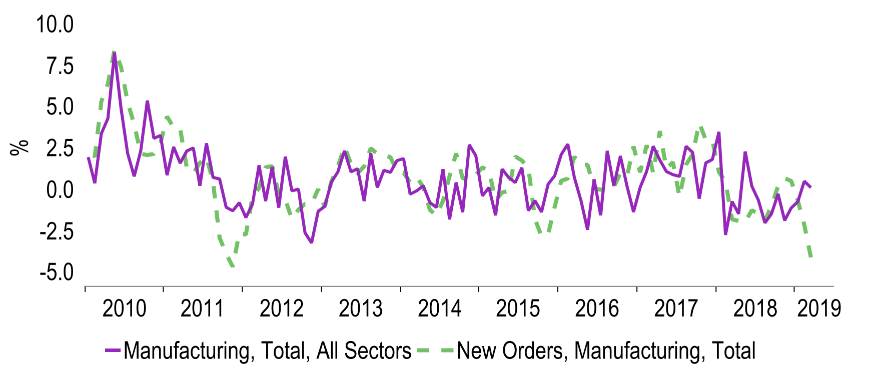
Chart 14: Euro area surveys weaker than official data: GDP (qoq) and Composite PMI



Source: Macrobond, IHS Markit

That said, we do recognise threats to the economic outlook, and by implication our monetary policy forecasts (see below). One danger of course arises from a more protracted trade war between the US and China. Another comes from German manufacturing orders pointing towards a slump in factory output (Chart 15). Manufacturing expanded by 0.5% over Q1, following a contraction of 1.0% in Q4. But the Bundesbank Monthly Report recently warned that the pick-up was largely due to tax reductions, one-off effects in the car industry and mild weather. Hence one should not expect a repetition in Q2 and we are aware that the risks to our forecasts lie squarely to the downside.

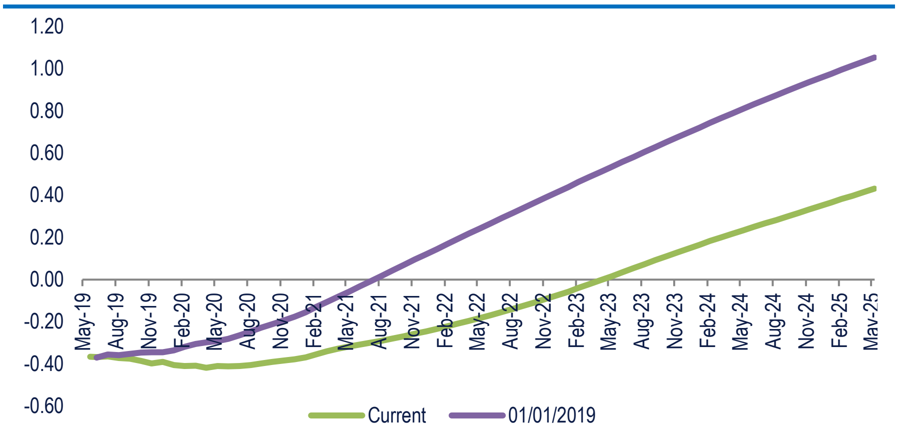
Chart 15: German manufacturing orders and manufacturing output (3m/3m)



Source: Macrobond

Downside risks, in particular those stemming from renewed trade tensions have further flattened the EONIA forward curve, with markets pricing in a 30% chance of a 10bp cut in the deposit rate by Q1 2020. Whilst we acknowledge that the risks are increasingly moving towards a later hike, we suspect that the curve is overly gloomy and that the ECB is not moving towards a further loosening. If anything the stabilisation in economic data has led various ECB members to row back on the possibly of a tiered deposit rate, a move that could arguably have opened the door to a cut. As such we reaffirm our view of a 20bp rise in the deposit rate to -0.20% in March 2020.

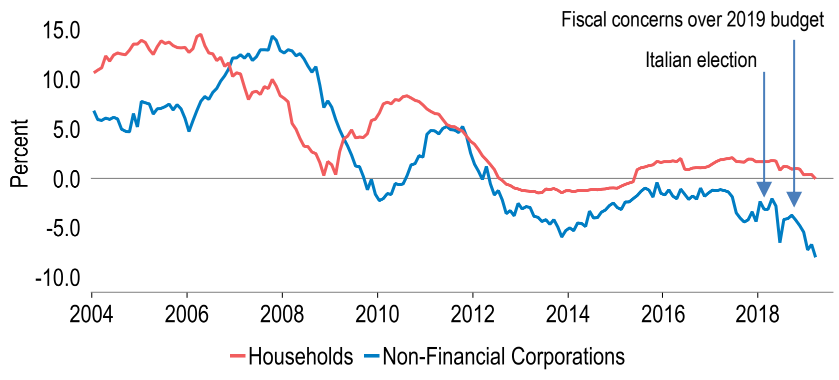
Chart 16: EONIA currently prices in a modest chance of a deposit rate cut over the next year (%)



Source: Macrobond

Whilst yields have moved lower (Spanish 10yr yields have hit a record low 85bps), sovereign spreads in Italy have widened (275bps over Bunds). Several factors have been in play, including issues surrounding Banca Carige, renewed fiscal worries and some strong rhetoric from Deputy PM Salvini. This last point is likely to be political grandstanding ahead of the European Parliamentary elections, whose importance is often underestimated in the UK. But should Lega (with support from FdI# and others) win more than 40% of the vote, it is not impossible that they trigger an early election. However we would warn that political uncertainty could undermine Italy's recovery, a precedent being the deterioration in credit growth following the political uncertainty in 2018.

Chart 17: Italian bank lending to households and corporates (change yoy)

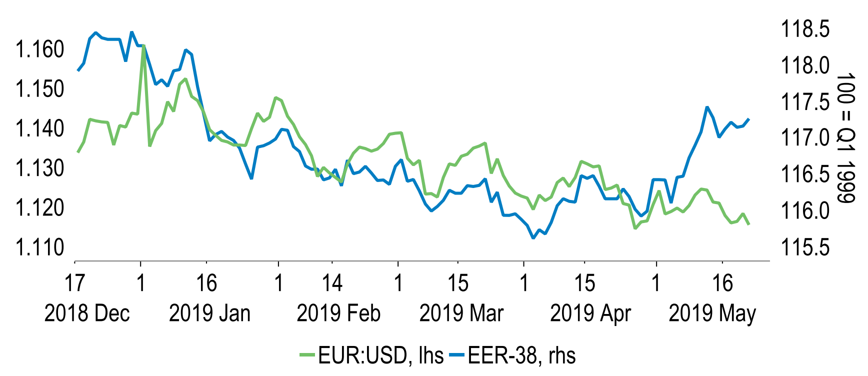


Fratelli d'Italia (Brothers of Italy)

Source: Macrobond

The euro has been weak this year, falling 2.7% against the USD, hitting its lowest level since mid-2017 at $1.113 on 25 April. Its broader performance on a trade weighted basis has been a more modest fall of 1% (YTD), helped by the 2.5% fall in sterling since the start of May. At these levels we continue to see potential for the euro to rise over the medium term, a view which is driven by what we see as an overly downbeat interpretation of the Eurozone outlook. That is driven in part by a disconnect between surveys and official data as noted above. This view is also reinforced by our decision to drop our call for one more Fed hike this year. As such we maintain our year end forecasts of $1.15 in 2019 and $1.22 in 2020.

Chart 18: Euro performance against the USD and trade weighted euro



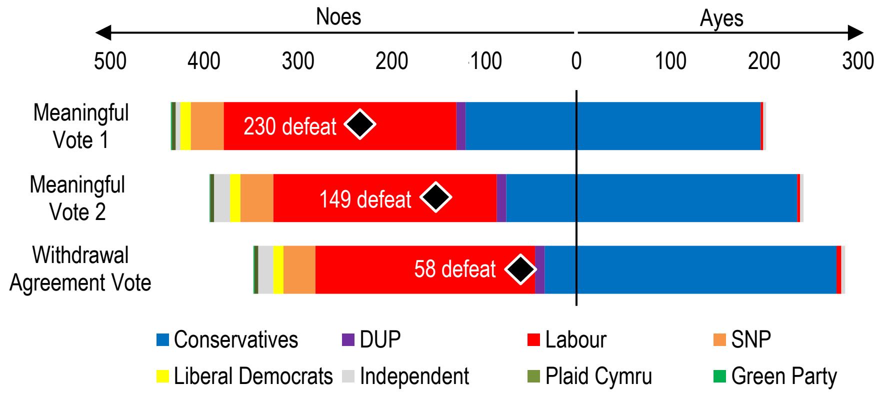
EER-38 is the ECB trade weighted euro index against the 38 largest trading partners

Source: Macrobond

United Kingdom

Brexit news is back with a vengeance. Theresa May's planned Withdrawal Agreement Bill (WAB), the legislation formalising the terms of the UK's exit from the EU, included a 10-point plan. It was framed to attract the support of more Labour MPs, following the scale of the defeats seen in the three preceding votes (Chart 19). But a measure to include a parliamentary vote on a second EU referendum caused uproar among Tory MPs and triggered the resignation from the government of Leader of the House, Andrea Leadsom. While we suspected the WAB would not pass, we thought a series of subsequent votes on alternative future options, could lead to a solution and the UK leaving the EU on 31 October.

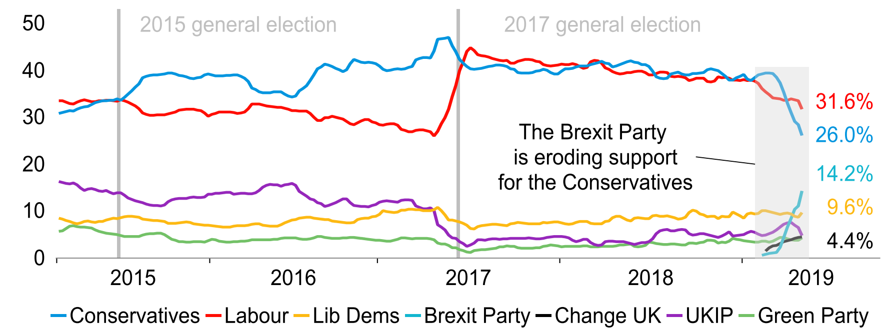
Chart 19: Parliamentary arithmetic was stacked against the PM



Source: commonsvotes.digiminster.com, Investec

The shelf life of Mrs May's premiership was in any case short. But at the time of writing, her resignation seemed imminent, with many Conservative MPs striving to get a new leader installed before the 21st July summer recess. It is not clear who will take over. Former Foreign Secretary Boris Johnson is the bookmakers' favourite. However Tory Party history shows that the frontrunner does not win. Our guess is that the new PM would want to take a wider look at Brexit options, perhaps leading to another 6-month delay to end-April 2020. Whoever takes over will need to lift the party's fortunes after the European elections. A late opinion poll had put the Tories in 5th place with 7%, with the Brexit Party at 37%.

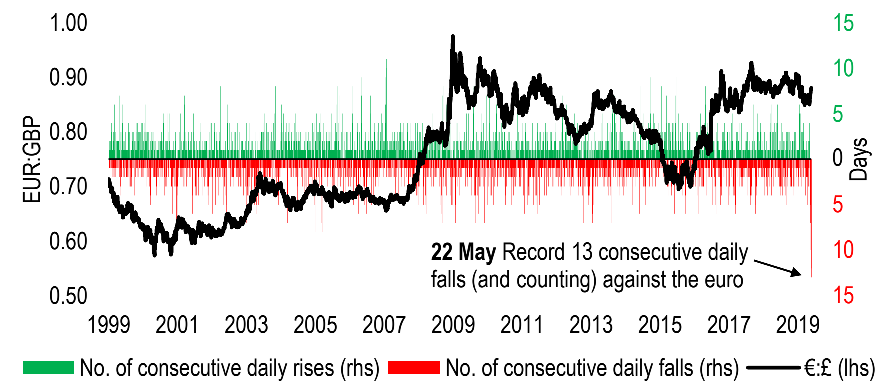
Chart 20: Eurosceptics are deserting the Conservatives in droves#



#Poll of polls of **Westminster** voting intentions which is calculated as a seven point moving average with additional modifications so as to ensure the over saturation of the average by certain pollsters in publishing more regularly has no effect on the headline numbers. Source: Macrobond, Britain Elects

Our expectation of a further delay to Brexit implies the pound remains under pressure for longer. Sterling will also likely suffer as a new Tory leader could shift to a more hardline Brexit stance, in an effort to claw back Brexit Party votes. Also, should the WAB fail to appear in Parliament, less Eurosceptic MPs will be more limited in their channels to prevent a "no deal" Brexit, presenting further downside for the pound. Finally, on top of all of this, investors will continue to eye the heightened risk of a General Election, such that investors refocus on the implications of a Corbyn-led (or even Brexit Party participating) government. As such we now see sterling remaining under pressure, falling to 91p vs the € by end Q3 (and $1.24) and holding close to that by…

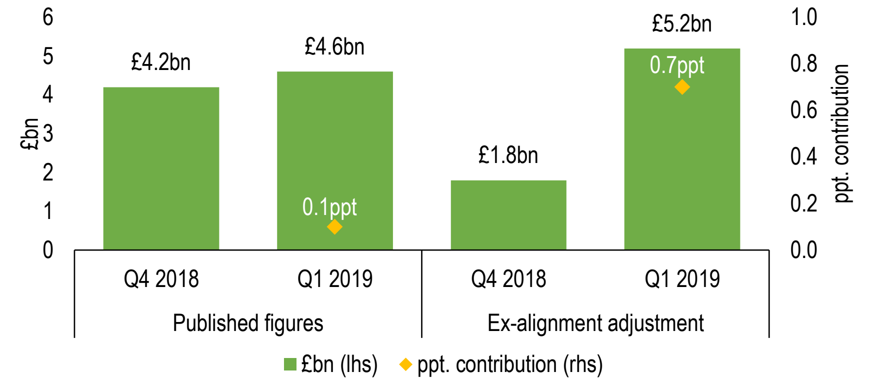
Chart 21: Political uncertainty has seen GBP fall for a record 13 consecutive days against EUR



Source: Bloomberg, Investec calculations

…end-19 at 90.5p (and $1.27). We look for 90p (and $1.36) by end-20 (from 86p & $1.42 before). Amid Brexit uncertainty, one might be surprised to hear UK GDP rose by 0.5% qoq in Q1. However precautionary stockbuilding ahead of the original Brexit deadline was a key support. A quick glance at the 'headline' figures does not show this. Q1's inventory build was estimated at a (very) punchy £4.6bn, but similar to Q4's £4.2bn. The *swing* in stockbuilding (£0.4bn), which is what matters, added just 0.1ppts to demand. However when adding the ONS 'alignment adjustments' the contribution to GDP growth becomes +0.7ppts (Chart 22), more in keeping with the anecdotal steers on the extent of inventory builds.

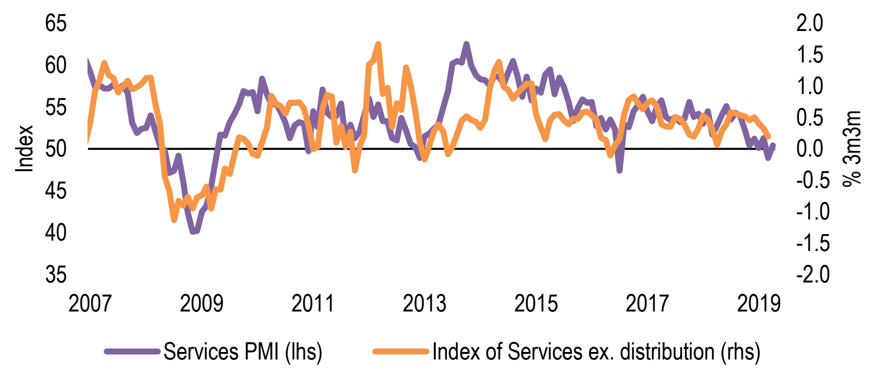
Chart 22: UK inventory build £bn (and ppt contributions to QoQ GDP).



Source: Office for National Statistics, Investec calculations

A feature baffling markets is that surveys are currently undershooting official data. Chart 23 shows the services PMI and ONS services, but other relationships (e.g. Nationwide/Halifax house prices and the RICS) show the same thing. It is not clear why. While it is easy to turn to Brexit fears as a factor, we stress that this decoupling is international, not UK specific. Cutting through the general 'data fog', we have nudged up our UK GDP forecast to 1.6% for 2019, from 1.5%. Our expectation that we will now see longer lasting Brexit uncertainty implies that risks lie to the downside of these forecasts, although they might also imply less drag from destocking over 2019 as firms…

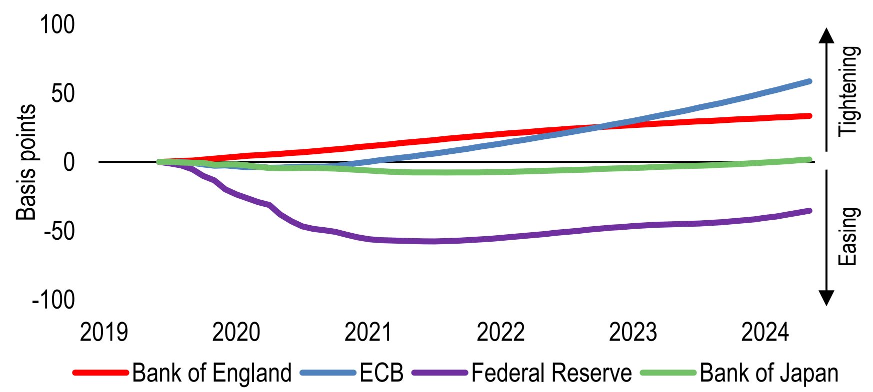
Chart 23: UK Services PMI and ONS Index of Services (excluding distribution).



Source: Macrobond, Investec calculations

…maintain Brexit preparedness. The UK forward curve is not fully pricing in a 25bp hike in UK rates until 2024. However in contrast with elsewhere, it is not downward sloping at any point over the next five years (Chart 24). The labour market is still tightening - unemployment now stands at 3.8%, a low since January 1975. May's BoE Inflation Report argued that a further erosion of spare capacity would likely result in a need for further tightening, albeit 'gradual and limited' in scope. We also see a rising path for Bank rate, but with our expectation of a Brexit delay to April 2020 we now judge that rates will rise only once (to 1.0% in August next year) by-end 2020, as Brexit uncertainty stays the MPC's hand.

Chart 24: We also see the BoE maintaining its tightening bias, but with Brexit delaying moves..



#Market curves take account of the spread between forward overnight index swap rates and the current policy rate in each geography. Data runs to May 2024.
Source: Macrobond, Investec calculations

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Global Forecasts

GDP Growth (%)

	Global	US	Japan	China	UK	EU19	Germany	France	Italy
2014	3.6	2.5	0.3	7.3	2.9	1.4	2.2	1.0	0.2
2015	3.4	2.9	1.3	6.9	2.3	2.0	1.5	1.0	0.8
2016	3.4	1.6	0.6	6.7	1.8	1.9	2.2	1.1	1.2
2017	3.8	2.2	1.9	6.8	1.8	2.5	2.5	2.3	1.8
2018	3.6	2.9	0.8	6.6	1.4	1.8	1.5	1.6	0.7
2019	3.3	2.6	0.7	6.2	1.6	1.4	1.0	1.3	0.4
2020	3.5	1.7	0.6	6.0	1.6	1.7	1.6	1.5	0.8

Source: IMF, Macrobond, Investec forecasts

Key Official Interest rates (%, end quarter):

	US Fed funds	Eurozone refi rate	Eurozone deposit rate	UK Bank rate	Australia cash rate
Current	2.25-2.50	0.00	-0.40	0.75	1.50
2019					
Q1	2.25-2.50	0.00	-0.40	0.75	1.50
Q2	2.25-2.50	0.00	-0.40	0.75	1.25
Q3	2.25-2.50	0.00	-0.40	0.75	1.25
Q4	2.25-2.50	0.00	-0.40	0.75	1.25
2020					
Q1	2.25-2.50	0.00	-0.20	0.75	1.25
Q2	2.25-2.50	0.00	-0.20	0.75	1.25
Q3	2.25-2.50	0.25	0.00	1.00	1.25
Q4	2.25-2.50	0.25	0.00	1.00	1.25

ECB asset purchases ceased at the end of 2018. The Fed's current maximum monthly pace of QE roll off stands at $35bn. Run-off ceases at the end of September. Source: Macrobond, Investec

10-year government bond yields (%, end quarter):

	US	Germany	UK
Current	2.36	-0.10	0.98
2019			
Q2	2.50	0.00	1.00
Q4	2.50	0.25	1.00
2020			
Q2	2.50	0.50	1.25
Q4	2.25	0.50	1.50

Source: Refinitiv, Investec

FX rates (end quarter/ annual averages)

		Current	2019				2020				2018	2019	2020
		23-May	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	average	average	average
Euro	€:$	1.114	1.12	1.12	1.13	1.15	1.18	1.18	1.20	1.22	1.18	1.13	1.19
Sterling	€:£	0.881	0.862	0.905	0.910	0.905	0.910	0.880	0.880	0.900	0.88	0.89	0.89
	(£:€)	1.135	1.16	1.10	1.10	1.10	1.10	1.14	1.14	1.11	1.13	1.12	1.12
	£:$	1.264	1.30	1.24	1.24	1.27	1.30	1.34	1.36	1.36	1.33	1.27	1.33
Yen	$	110.1	111	110	108	108	106	106	105	104	110	109	106
	€	122.6	124	123	122	124	125	125	126	127	130	124	125
	£	139.1	144	136	134	137	137	142	143	141	147	139	140
Aussie Dollar	$	0.688	0.71	0.68	0.68	0.72	0.73	0.73	0.73	0.75	0.75	0.70	0.73
	€:AUD	1.619	1.58	1.65	1.66	1.60	1.62	1.62	1.64	1.63	1.58	1.62	1.62
	¥	75.7	78.6	74.8	73.4	77.8	77.4	77.4	76.7	78.0	82.5	76.2	77.3
	£:AUD	1.838	1.83	1.82	1.83	1.76	1.78	1.84	1.87	1.81	1.79	1.82	1.82
Swiss Franc	€	1.123	1.12	1.12	1.13	1.15	1.16	1.18	1.20	1.20	1.16	1.13	1.18
	$	1.008	1.00	1.00	1.00	1.00	0.98	1.00	1.00	0.98	0.98	1.00	0.99
	£	1.274	1.30	1.24	1.24	1.27	1.27	1.34	1.36	1.33	1.31	1.27	1.32

Source: Refinitiv, Investec