26 October 2021

Investec Bank plc (UK)

Economics

Global Economic Overview

Inflation concerns rise, as doves fly south for the winter

Global

The past month has witnessed the global economy still more embroiled in energy shortages, logistical issues and deficiencies of other inputs such as labour. This all indicates a worsening in the trade-off between growth and inflation, at least in the short-term. Bond markets have expressed their concern. Breakeven sovereign yields and inflation swaps have moved to new highs in various jurisdictions, as investors begin to doubt the transitory nature of these cost pressures. Major stockmarkets seem less affected - indeed the S&P500 has reached new all-time highs. We have made only modest tweaks to our global outlook and are forecasting world GDP growth of 5.6% and 4.5% for this year and next year, from 5.7% and 4.7% last month. A danger is that central banks begin to act on the financial market signals referred to above, in which case aggregate growth prospects could look somewhat different.

United States

The FOMC looks set to herald the start of QE tapering at its 3 November meeting as members judge that substantial progress has been made on both its inflation and employment objectives. We have trimmed our GDP forecasts to 5.8% and 3.8% for 2021 and 2022, down 0.2% pts in each case, largely reflecting supply shortages. Rebounding labour market participation should boost the size of the labour force in due course, easing supply shortages and capping wage pressures. Also initial signs are that firmer longer-term rates are having an adverse impact on housing market activity. We maintain our call that the FOMC will wait until Q1 2023 to raise the Fed funds target, some 6-9 months later than priced into short-term interest rate markets.

Eurozone

Given the latest weak production data, we have nudged down our Euro area GDP forecasts to 5.2% and 4.6% for 2021 and 2022 respectively (prev. 5.4% and 4.7%). Meanwhile eurozone inflation expectations (5y5y) are at their highest since 2014, but the ECB has maintained both its dovish stance and opinion that inflation will return below target in the medium-term. We reaffirm our forecast for a first rate hike in Q4 2023. The euro has struggled recently, falling below $1.16 for the first time since July 2020. But we maintain our forecast for $1.20 end-2021 and $1.25 end-2022.

United Kingdom

Substantial upward revisions to past GDP data have had the greatest impact on our forecasts this month, reflected in the 0.7ppts upgrade to our growth outlook for 2021 to 6.9%. Despite this higher base, our 2022 forecast has been pushed down slightly by 0.3ppts to 4.5%. Downside risks to this view do remain, especially in light of the surging Covid-19 cases and the uncertainty regarding how the labour market has reacted to the expiry of the furlough scheme. However we expect that these risks will be outweighed by the current inflationary concerns, and thus deem it likely that the Bank of England will hike the Bank rate by 15bps to 0.25% in its upcoming November monetary policy meeting.

	2021	2022
GDP Growth (%)		
Global	5.6	4.5
US	5.8	3.8
China	7.8	5.4
UK	6.9	4.5
EU19	5.2	4.6
Key Official Interest rates (%, end-year)		
US Fed funds	0.00-0.25	0.00-0.25
ECB Deposit rate	-0.50	-0.50
UK Bank rate	0.25	0.75
FX rates (end-year)		
€:$	1.20	1.25
€:£	0.85	0.82
£:$	1.42	1.53
$:¥	115	120
AUD:$	0.75	0.77
€:CHF	1.08	1.12

Please click here for a full overview of our economic and market forecasts

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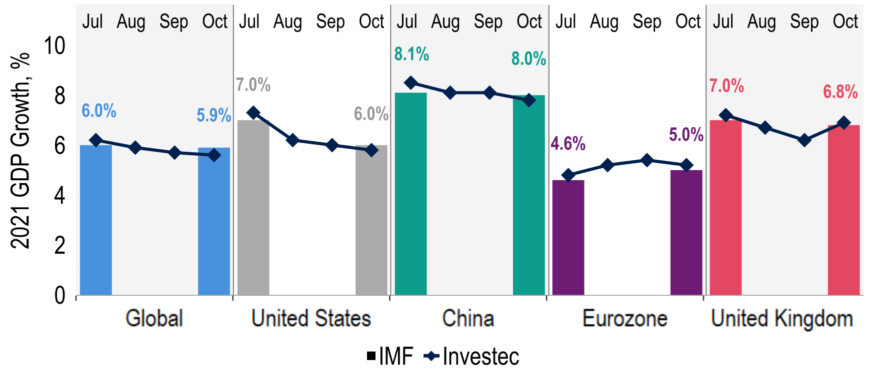
Global

In its latest *World Economic Outlook*, the IMF made few changes to its GDP growth projections relative to July: it nudged down its 2021 forecast by 0.1%pts to 5.9% but kept its 2022 forecast unchanged at 4.9%. Over the same three months, we have cut our own forecasts more, by 0.6%pts to 5.6% for 2021 and by 0.4%pts to 4.5% for 2022 (Chart 1). The biggest downgrades were to the US, reflecting disappointing labour supply. More broadly, energy prices have made a difference: since the IMF put together its latest WEO, oil price futures for Dec 2021 and Dec 2022 have moved up by 11.1% and 9.2%, respectively, and natural gas and coal prices have surged too. For…

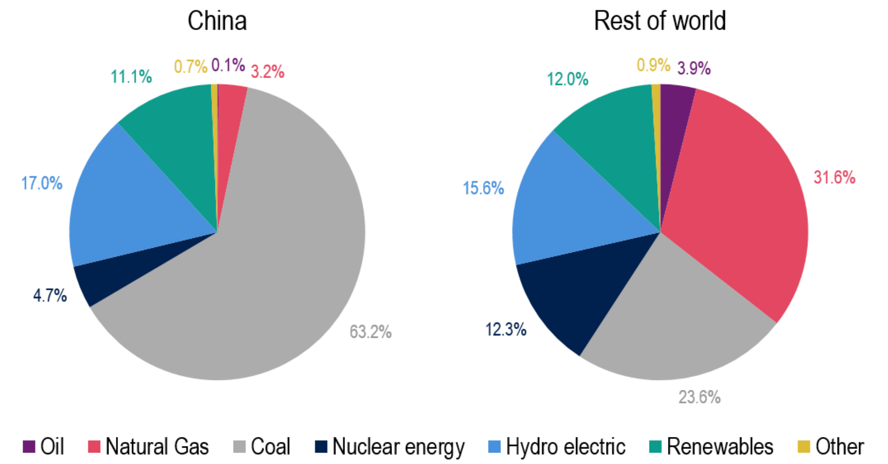
Chart 1: Minor downgrades to global GDP forecasts over the last few months



Sources: IMF WEO, Investec forecasts, Macrobond

…all but the energy exporting nations, higher fossil fuel prices act as a dampener on GDP growth, by boosting costs and disincentivising production. For China, the impact of energy costs on GDP is even more direct. Over half of electricity is still generated from coal-fired plants (Chart 2). As power prices have, to date, been tightly regulated – some liberalisation for energy-intensive industrial users has just been announced – power companies have not been able to pass on much of the cost pressures they are experiencing. Instead, the combination of high demand and less electricity generation, exacerbated by flooding in coal mining regions, has resulted in power outages. At least 17 regions have had to curtail industrial output to cut electricity demand.

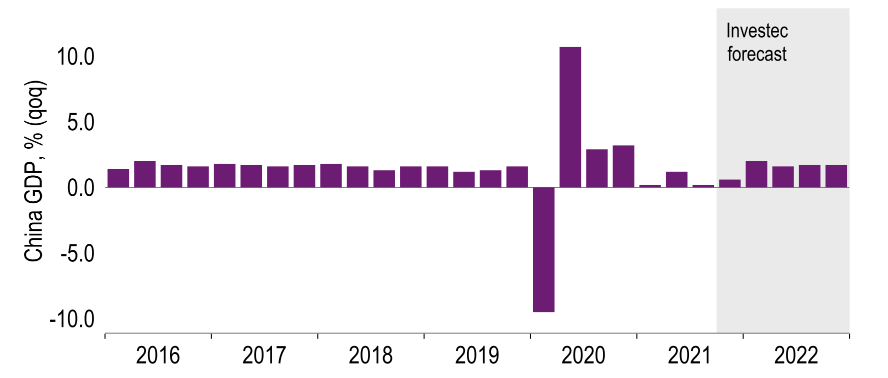
Chart 2: China still relies disproportionately on coal for electricity generation



Source: BP *Statistical Review of World Energy* 2021

Even though these seem to have bitten particularly hard only from late September onwards, Q3 GDP growth disappointed, expanding by just 0.2% q/q, which is well below recent trends (Chart 3). We have therefore cut our Chinese growth forecast since last month by 0.3pp to 7.8% for '21 and by 0.1pp to 5.4% for '22, respectively. The impact of reduced industrial output from China, of course, has wider repercussions globally too: it will add to the shortages of goods and therefore further fuel the current pricing pressures faced by global supply chains. Still, it too will prove 'transitory' once the balance between demand and supply in China's power market is restored.

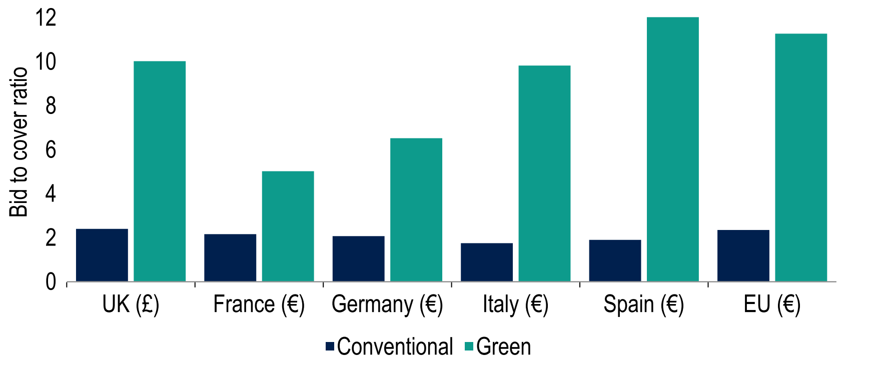
Chart 3: The fuel shortages have hindered China, but normal(ish) service to resume in 2022



Sources: Investec forecasts, Macrobond

Amidst the attention on climate change, the market for green bonds looks to be a clear winner and growth area, if the most recent issues are anything to go by. In the last month Spain, the UK and the EU have witnessed unprecedented demand, with bid-to-cover ratios into double digits. The EU's 15yr bond received over €135bn in bids for a €12bn issue (the largest to date). This market is only set to grow with the EU stating its intention to issue up to €250bn by the end of 2026, given its €750bn NextGenerationEU plan which requires 37% to be spent on climate related investments and reforms. Putting further focus on this area will be next month's COP26 meeting in Glasgow, where countries aim to set out 2030 emissions reduction targets.

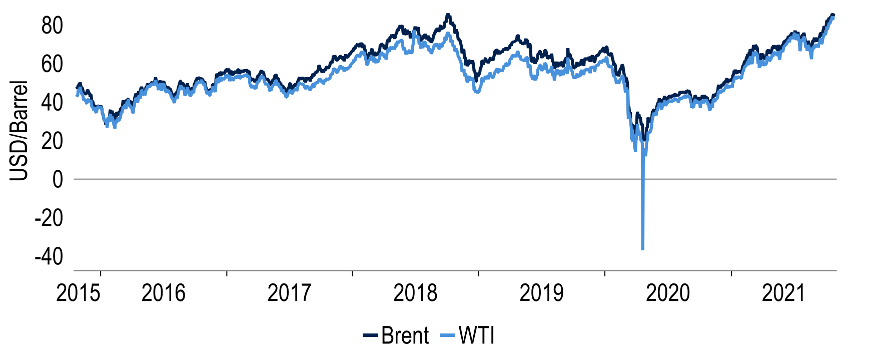
Chart 4: Green bonds are attracting significantly more cover than conventionals



Sources: Macrobond, DMO, AFT, Bundesbank, Italy MEF, Tesoro Público, European Commission

Energy prices have surged higher in recent weeks with benchmark Brent and WTI reaching multiyear highs at $86bbl and $85bbl respectively. In turn the rise is leading to some concerns over possible economic impacts, with the White House having been in discussions with producers to help bring down costs and some suggestions that the US could release oil from its Strategic Petroleum Reserve. Among other factors, a surge in other commodity prices such as natural gas and coal is contributing to higher oil prices. These have led to the power sector and heavy industry switching to oil, an influence which the IEA has suggested could lift oil demand by 500,000bpd over the next six months. These represent…

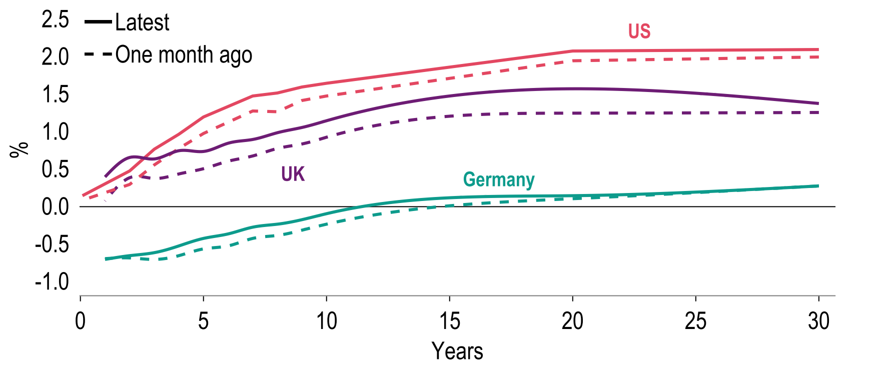
Chart 5: Oil prices have surged to multi-year highs in the last month



Source: Macrobond

…just the latest in commodity price spikes which are adding to concerns over the inflation outlook and contributing to a rise in bond yields, as evidenced by the inflation component of nominal yields – 10y breakeven Treasury yields are up 32bps since August. Markets are also reassessing the outlook for monetary policy, most prominently so in the UK. This is particularly evident at the short end of the curve where 2y yields hit a two year high at 0.73%, as markets have moved to price in 100bps of tightening by the end of 2022 (see UK section). Bearing in mind widening term rate differentials with the US, we have adjusted our dollar yen view. At end-2022 we are now looking for ¥120 (prev. ¥104).

Chart 6: Yields have shifted up further in the last month, particularly gilt yields

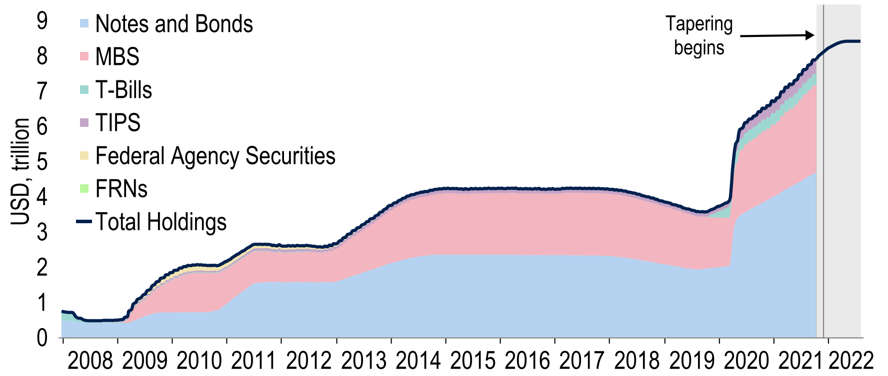


Source: Macrobond

United States

Ahead of the 3 Nov FOMC meeting, the committee's intention to announce a tapering in its $120bn per month QE purchases, has become the worst kept monetary policy secret. It seems likely that the Fed will aim to have ceased bond purchases by the middle of next year, which would leave it free to begin to raise the Fed funds target in H2 2022. Our own base case, helped by an expectation of inflation dropping sharply next year (see below), remains that the first increase in the Fed funds target will occur in Q1 2023. Money markets though have been steadily pricing in more hikes over the past weeks and now expect the first move as soon as Q3 2022, with the funds target range at 1.00%-1.25% by end-2023.

Chart 7: The Fed's balance sheet has more than doubled in size over the pandemic

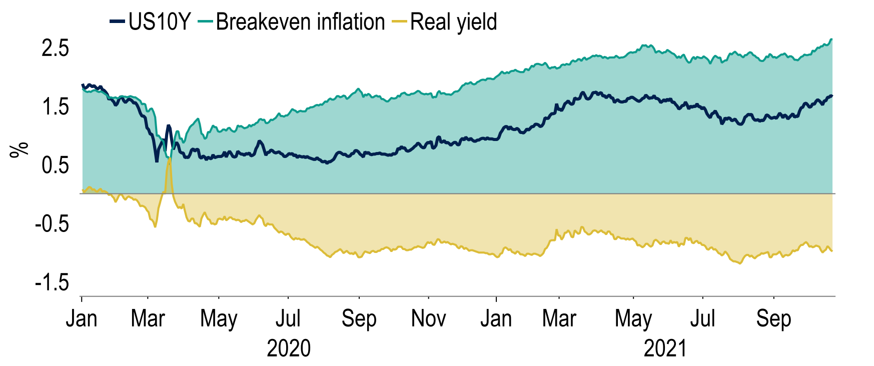


The grey shaded area represents Investec projections, i.e. from 26 Oct 2021 onwards.

Sources: Macrobond, Investec calculations

The risk of a US sovereign default was (once again) averted close to the eleventh hour. Democratic and Republican lawmakers agreed a bipartisan deal to kick the can down the road by a couple of months, extending the effective deadline to 3 December. Arguments over the Budget bill however, have been among Democrats themselves, with 'progressives' and 'moderates' debating the size of the package. Weekend reports suggest a compromise may be in sight, with a hefty slimming down of the original $3trn proposal, perhaps even to $1.5trn. What is not clear is whether Democrats will attempt to end the filibuster or even abolish the debt ceiling at the same time.

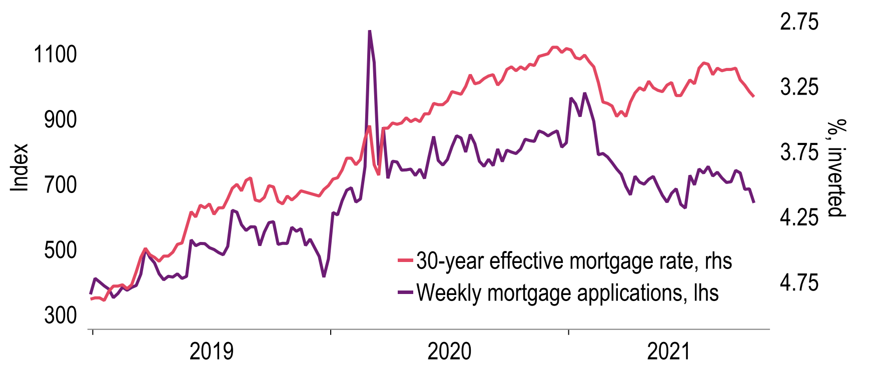
Chart 8: 10-year Treasury yields have risen in the last month, driven by rising breakeven rates



Source: Macrobond

Mounting fears over inflation have resulted in Treasury yields rising across the curve over the past month, with 10-year yields reaching 1.70%, within 10bps of the high in March. This entirely reflects the inflation expectations (or breakeven yield) component, which has risen by 27bps to 2.66%. By contrast 'real yields' are 15bps lower. 30y mortgage rates have risen by 25bps from the summer's lows and overall mortgage applications have dropped by 15% since August's highs. A weakening in various housing related indicators may well follow, slowing markets' enthusiasm to push yields up. Accordingly our 10y Treasury forecasts remain at 1.75% for the end of this year and 2.00% next.

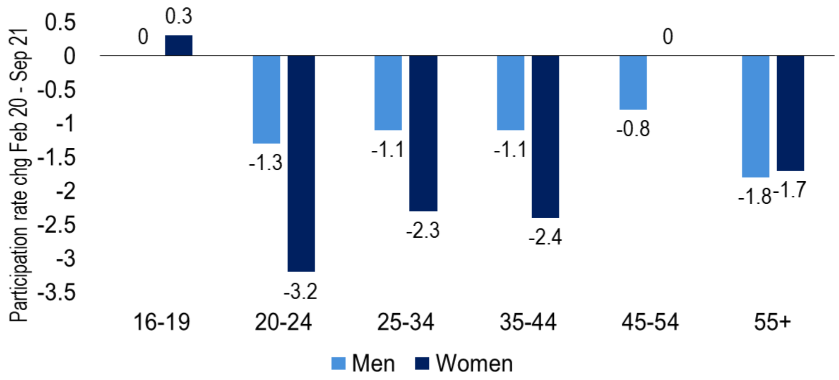
Chart 9: Mortgage rates have risen and supressed (total) mortgage applications



Source: Macrobond

Meanwhile, record vacancies and a falling unemployment rate point to a strengthening labour market. As such, a number of Fed officials have stated that progress towards the employment goal has been met. However glitches do exist, as highlighted by the last two weaker than expected payroll reports – a relatively modest 429k jobs were added in August and September combined. Furthermore, a sluggish recovery in the participation rate, particularly within child-rearing and retirement age groups (Chart 10), is a point of interest. A recovery in participation over the autumn would help to ease labour shortages and cap some of the upward pressure on wage rates.

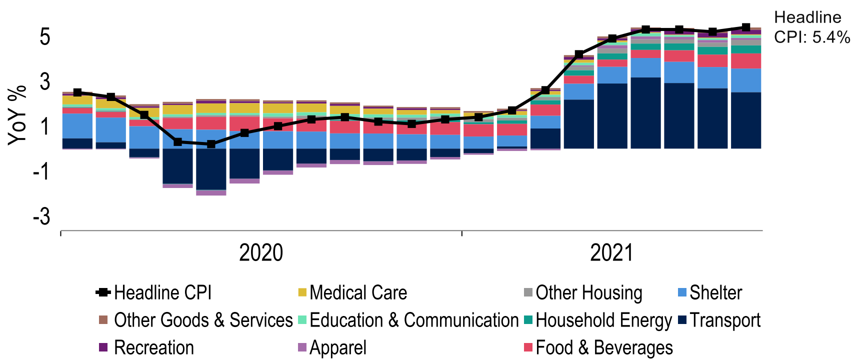
Chart 10: Participation rate remains stubbornly below pre-pandemic levels



Source: Macrobond

Surging inflation rates, which have led to a broad agreement that 'substantial further progress' has been made towards the Fed's price stability goal (i.e. avoiding undershoots which have prevailed over most of the past few years). These price pressures are yet to cool, with headline CPI inflation in September at 5.4% failing to ease back, despite some moderation in elevated areas such as second-hand cars. One danger is that price pressures are broadening. However, we do not expect high inflation to persist through 2022, especially without sustained wage pressures, which is not part of our base case.

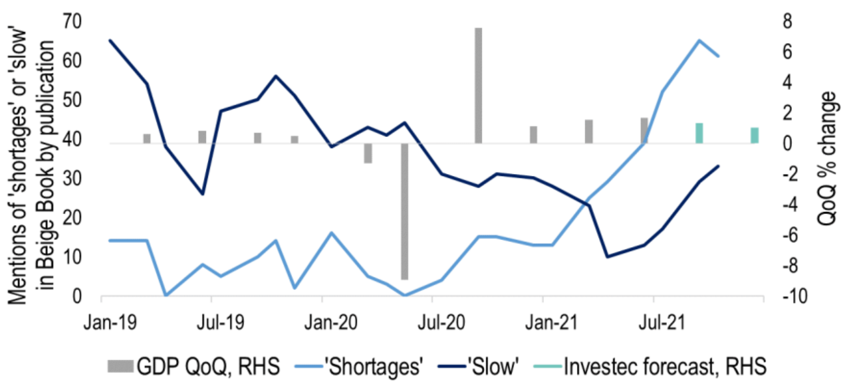
Chart 11: Is US CPI inflation broadening out? (contributions to annual rate by sector)



Source: Macrobond

Although the US economic recovery remains robust, taking stock of the supply chain disruptions and the associated shortages, we have opted to downgrade our GDP forecast by 0.2ppts for both this year and next, to 5.8% and 3.8%, respectively. A weakening in momentum due to supply constraints has been highlighted in Beige Book publications, in which mentions of 'shortages' and 'slow' have increased significantly. It is unlikely that this headwind to growth will ease in the near-term – shipping group Maersk, which carries around 20% of all seaborne freight globally, has warned that disruptions will persist into next year. Aside from supply bottlenecks, rising mortgage rates also pose a downside risk, as mentioned above.

Chart 12: The Fed's Beige Book highlights shortages as a headwind to growth

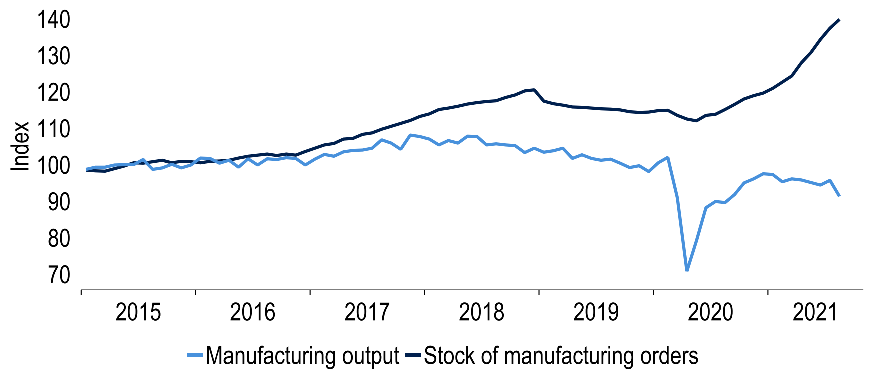


Source: Macrobond, Investec, Federal Reserve

Eurozone

This month, we have nudged down our forecasts for Eurozone GDP, by 0.2pp to 5.2% for '21 and by 0.1pp to 4.6% for '22. This is on the back of weak industrial production figures. Germany in particular has been hit hard by supply chain disruptions hampering output: in August, manufacturing production was down 10.5% relative to pre-pandemic levels, whereas unfilled order volumes were up 21.7% (Chart 13). However, this has to be set against what looks like a very strong bounce in services: accommodation and food service turnover volumes were up by a whopping 89% in August relative to the Q2 average. At the Eurozone level, our estimates are now that Q3 quarterly GDP growth was on a par with Q2. Certainly…

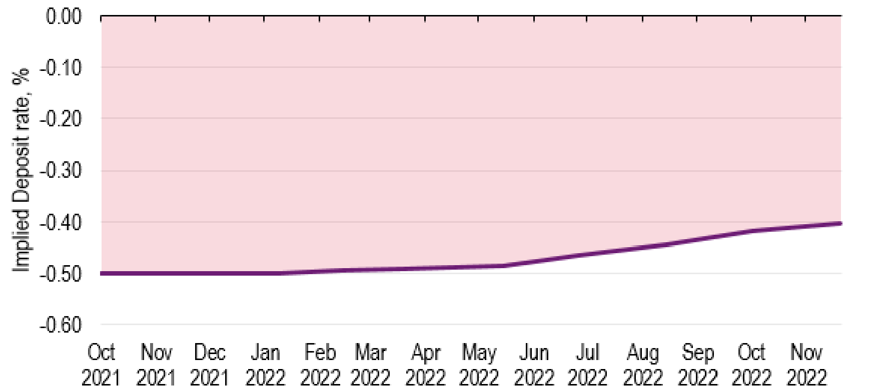
Chart 13: German manufacturers are struggling to keep up with soaring order books



Source: Macrobond

…output trends are not a major worry for the ECB right now. The bigger headache is the price picture. September HICP inflation climbed up to 3.4% year-on-year. Although that leaves the Q3 average outturn, at 2.8%, only just above the ECB's Sep forecast of 2.7%, its Q4 forecast of 3.1% looks almost certain to be comfortably overshot: we pencil in a rate of 3.7%. Markets have taken notice, the EONIA curve now pricing in a chance of around 40% for a first 25bp ECB hike by Dec '22 (Chart 14). This comes despite ECB policymakers stressing that current high inflation should prove transient and that the ECB's forward guidance indicates more patience than is priced in.

Chart 14: Markets are pricing in a higher chance of ECB rate hikes than policymakers endorse



Source: Refinitiv

An interesting turn is a personnel change. In a sudden move, Bundesbank President Jens Weidmann, an ECB Governing Council hawk, announced his resignation from the end of '21. Whether the new German government – itself yet to be confirmed, but looking like a 'traffic light coalition' of SPD/FDP/Greens – puts in place a similarly hawkish replacement or opts for a more dovish President could have significant repercussions for the balance of discussions. Otherwise the GC looks stable - of the Directors and other 'Big-5' national central bank Governors, only Banque de France head Villeroy's term expires over the next year, and he has been nominated for a second term by President Macron (Chart 15).

Chart 15: Not much movement in the senior echelons of the ECB Governing Council?

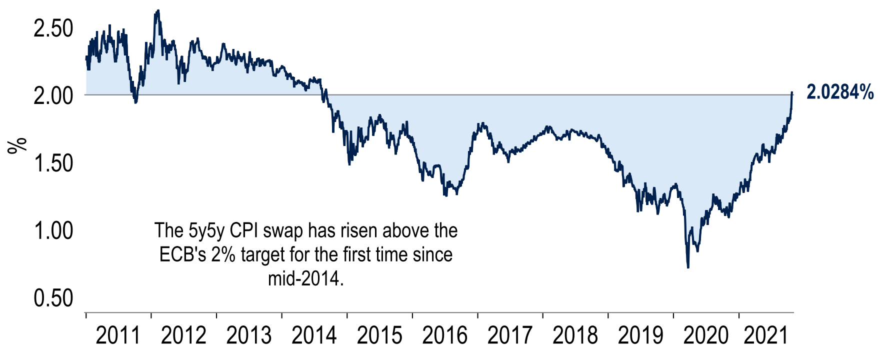
Member	Position	Term-end	Notes
Lagarde	President	2027	Appointed in 2019. Eight-year term.
de Guindos	Vice-President	2026	Appointed in 2018. Eight-year term.
Elderson	Executive	2028	Appointed in 2020. Eight-year term.
Lane	Chief Economist	2027	Appointed in 2019. Eight-year term.
Schnabel	Executive	2028	Appointed in 2020. Eight-year term.
Panetta	Executive	2028	Appointed in 2020. Eight-year term.
Weidmann	Bundesbank President	2021	Stepping down as of end-2021.
de Cos	Banco de España Governor	2024	Appointed in 2018. Six-year term.
Villeroy	Banque de France Governor	2027	Appointed in 2015. Beginning his second six-year term.
Visco	Banca d'Italia Governor	2023	Appointed in 2011. In his second six-year term.
Knot	De Nederlandsche Bank President	2025	Appointed in 2011. In his second seven-year term.

Sources: ECB, national central banks

Investec

Of course, the key policy issue is the medium-term inflation outlook. September's staff forecasts saw HICP inflation at 1.7% in 2022 and 1.6% at end-2023. These forecasts seem certain to be lifted in December. But the broad assumption continues to be that the inflation spike is temporary, albeit exacerbated by energy. One factor the ECB will be watching is inflation expectations, where the 5y5y CPI swap has risen above the ECB's 2% target for the first time in over seven years. Ultimately it remains the labour market which is the key determinant and whether the inflation backdrop feeds through into serious wage pressures. At present this has not occurred, but the ECB is monitoring developments in this space very closely.

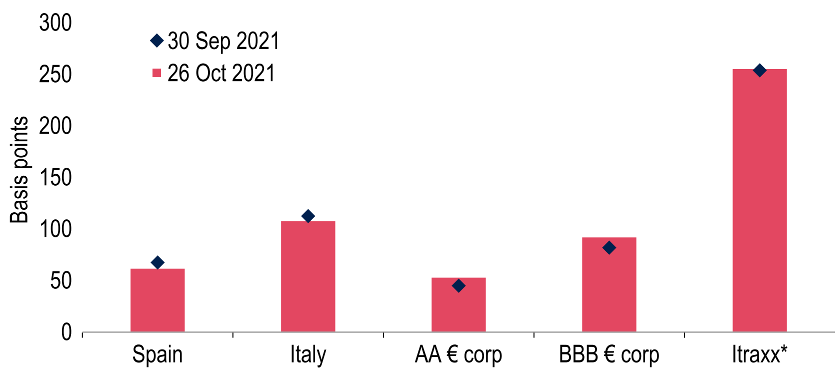
Chart 16: Market inflation expectations are defying the Governing Council's narrative



Sources: Bloomberg, Macrobond

Given inflation worries, bond markets have seen some notable moves of late, with 10y Bund yields reaching -0.08%, the highest since May 2019. But despite this, financial markets more broadly have not experienced a deterioration in risk sentiment. For example, there are no signs of tensions in Euro area bond markets, with Spanish and Italian yield spreads stable over the month, whilst the primary market has remained strong, particularly in the green space. Admittedly there has been some widening in corporate credit spreads (Chart 17), but in our view, the ECB probably still considers financial conditions to be stable. Aside from bonds, equity markets have been firm, the Euro Stoxx 50 gaining 4% on the month.

Chart 17: Most bond spreads remain steady, with slight widening in some corporate spreads

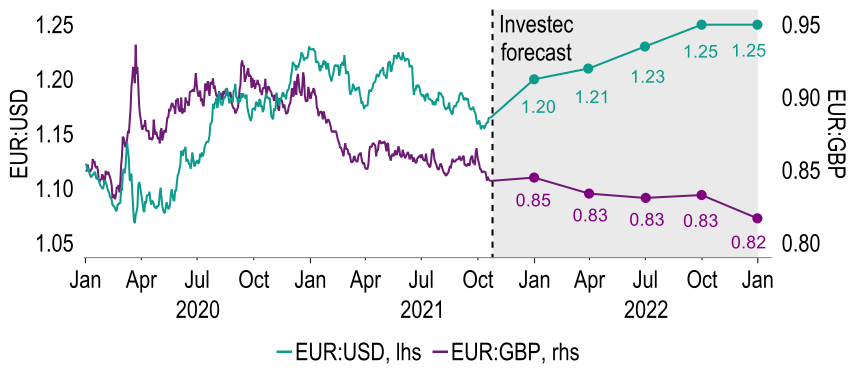


*Itraxx Europe Crossover

Sources: Macrobond, Refinitiv

The euro came under more pressure in the first couple of weeks in October, falling below $1.16 for the first time since July 2020. Since mid-October it has regained the $1.16 level. We foresee the common currency climbing to $1.20 by end-year, and a further gradual rally next year, to reach $1.25 in H2 2022. But sterling has outperformed the euro throughout this month. In fact EURGBP has already fallen beneath our end-year target of 85p, after the Bank of England's hawkish tones this month. We see this trend continuing, at least through 2022, with rate differentials likely to support the UK unit after some euro outperformance. We stand by our forecast for 82p by end-2022.

Chart 18: Euro extends 2021 woes, but to climb against the dollar from here

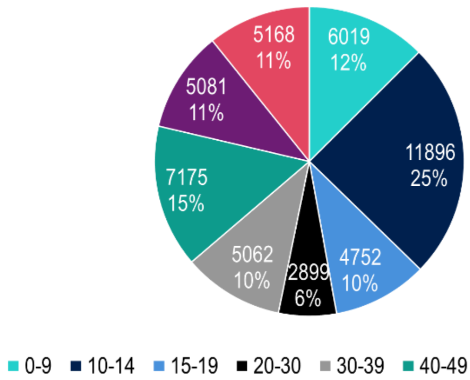


Sources: Investec forecasts, Macrobond

United Kingdom

Economic momentum has eased recently as supply shortages have hit sectors such as the car industry. GDP rose by 0.4% in August, but only after a 0.1% retracement in July. However for 2021 as a whole, the softer run of numbers is outweighed by upward revisions to prior data e.g. from the health sector. Overall we now see GDP growth of 6.9% in 2021 (from 6.2%) but 4.5% in 2022 (was 4.8%). Covid cases have risen again, averaging 50k per day. New cases are concentrated in younger age groups, especially secondary school children, where vaccination rates remain low. Indeed the 10-19 age group accounts for 34% of cases over the past two weeks, despite this cohort making up just 12% of the population*. The govt could invoke…

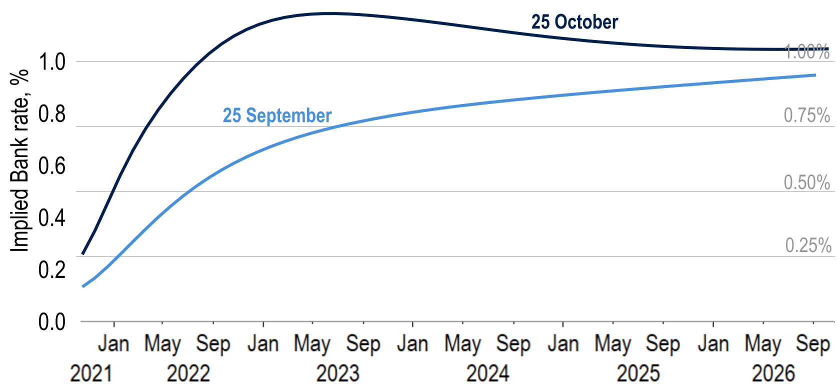
Chart 19: New daily Covid-19 cases disproportionately concentrated in school-age children



*Data corresponds to new daily cases in England by age, correct as of 18/10/21 Source: gov.uk

… its ‘Plan B’, which involves compulsory mask wearing and new working from home guidance, but another full lockdown looks unlikely. Interest rate expectations have rocketed over the past month, partly thanks to further signals from BoE Governor Bailey that rates need to rise. Short-term OIS rates are now fully pricing in a 15bp Bank rate rise to 0.25% next month (Chart 20). Indeed we now judge that concerns over the path of inflation will result in such a move on 4 Nov with further 25bp hikes in both Feb to 0.50% and Nov 2022 to 0.75%. Note a 0.50% rate triggers an ‘organic’ reduction in the level of QE, with the non-replacement of £37bn of the BoE’s maturing gilts in 2022 reinforcing the tightening.

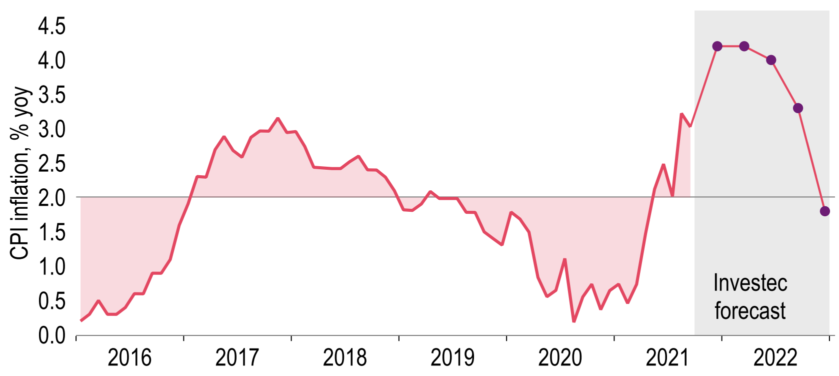
Chart 20: Market expectations are now pricing in an aggressive tightening in 2022



Source: Macrobond

With supply chain issues and labour shortages biting, inflation nerves are evident within the MPC. Chief Economist Huw Pill, for example, said inflation could rise above 5% in the near-term. Our own forecast looks for a peak of 4.3%. The *Ofgem* utility price cap rises in October (12.2%) and likely April (f. 15.0%) will provide upward pressure in the wake of the surge in wholesale energy prices. But we then see inflation dipping below target in H2 2022, as the energy crisis eases and (negative) base effects kick in. The risk of more entrenched inflation though is tangible if current labour market tensions persist and gains in pay growth drive a ‘second round’ of price increases.

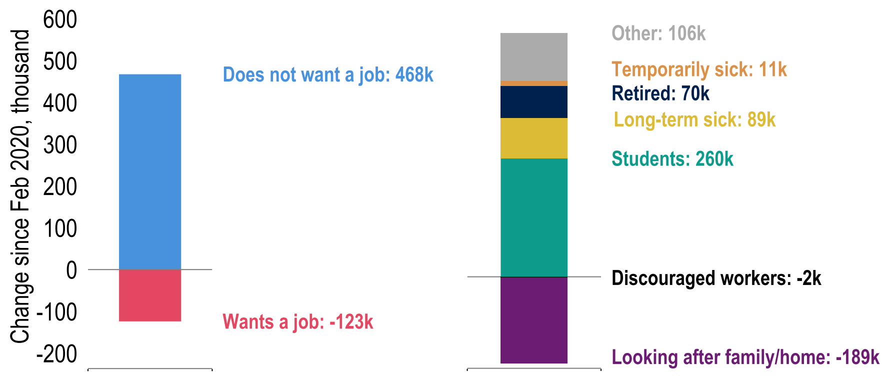
Chart 21: Inflation to run hot but then sink below target as energy prices turn



Sources: Macrobond, Investec forecasts

How far rates rise in part depends on how these labour market dynamics play out. Some 1m jobs were on furlough when the CJRS expired in September, hinting that the jobless rate is set to rise from August's 4.5%. Moreover labour force inactivity has risen by 345k since the start of the pandemic and it is feasible that many of these (e.g. students, Chart 22) return to the workforce at some stage soon, raising the amount of slack in the labour market. Ultimately we do not expect a material wage response, underpinning our view that the Bank rate need only rise gradually (to 0.75% end-2022, 1.25% end-2023). Note too that the forward curve is more aggressive, but that it is pricing in a risk of rates falling again in 2023 (Chart 20).

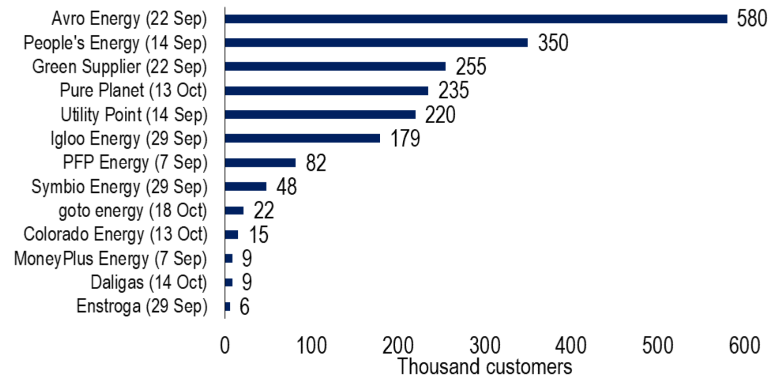
Chart 22: Inactivity levels have increased, and it is yet unclear how many will return to work



Source: Macrobond

Key risks to our forecasts stem from the outlook for wholesale energy prices. Gas prices have been increasing at a rapid rate, rising by some 110% since August, resulting in the collapse of many energy suppliers (Chart 23). Although Ofgem's energy price cap has been limiting the exposure of households to the spiralling costs, the cap is set to be adjusted next April. How much it will rise by is uncertain – our own projections assume a 15% increase. Hefty energy price hikes and higher inflation generally of course pose downside risks to our GDP forecasts via a hit to consumer spending. But we note that households currently hold an estimated £150bn of 'excess' savings which may mitigate some of those risks.

Chart 23: Energy suppliers fall like dominoes, impacting over 2 million customers



Source: Investec Securities Research

Household finances should not have to take much more of a hit from this week's Budget and Spending Review. Chancellor Sunak not only has to restore the health of the public finances following the recent ramp up in borrowing and debt, but also needs to be mindful of the cost of living challenges faced by households, especially given the current surge in energy prices. So Mr Sunak looks set to reintroduce fiscal rules, but perhaps also provide support to households via, for example, a temporary cut in VAT on utility bills. Sunak's approval ratings have been consistently high. But it is much easier to be popular when you are disbursing cash than when you are clawing it back again.

Chart 24: Autumn Budget and Spending Review – all a game of give and take?

For a full guide to the upcoming Budget and Spending Review, please see our preview.

Sources: Investec, gov.uk

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Global Forecasts

GDP Growth (%)

	Global	US	Japan	China	UK	EU19	Germany	France	Italy
2016	3.3	1.7	0.8	6.9	1.7	1.9	2.2	1.0	1.3
2017	3.8	2.3	1.7	6.9	1.7	2.6	2.7	2.4	1.7
2018	3.6	2.9	0.6	6.8	1.3	1.9	1.1	1.8	0.9
2019	2.8	2.3	0.0	6.0	1.4	1.5	1.1	1.8	0.3
2020	-3.1	-3.4	-4.6	2.3	-9.7	-6.3	-4.6	-8.0	-8.9
2021	5.6	5.8	2.3	7.8	6.9	5.2	2.9	6.4	5.9
2022	4.5	3.8	2.2	5.4	4.5	4.6	4.9	4.2	4.3

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	0.00-0.25	0.00	-0.50	0.10	0.10
2021					
Q1	0.00-0.25	0.00	-0.50	0.10	0.10
Q2	0.00-0.25	0.00	-0.50	0.10	0.10
Q3	0.00-0.25	0.00	-0.50	0.10	0.10
Q4	0.00-0.25	0.00	-0.50	0.25	0.10
2022					
Q1	0.00-0.25	0.00	-0.50	0.50	0.10
Q2	0.00-0.25	0.00	-0.50	0.50	0.10
Q3	0.00-0.25	0.00	-0.50	0.50	0.10
Q4	0.00-0.25	0.00	-0.50	0.75	0.10

Source: Macrobond, Investec

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

	US	Germany	UK
Current	1.62	-0.13	1.11
2021			
Q2	1.45	-0.19	0.83
Q4	1.75	-0.25	1.00
2022			
Q2	2.00	-0.25	1.25
Q4	2.00	0.00	1.25

Source: Refinitiv, Investec

FX rates (end quarter/ annual averages)

		Current	2021				2022				2020	2021	2022
		26-Oct	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	average	average	average
Euro	€:$	1.162	1.18	1.19	1.16	1.20	1.21	1.23	1.25	1.25	1.14	1.18	1.23
Sterling	€:£	0.841	0.85	0.86	0.86	0.85	0.83	0.83	0.83	0.82	0.89	0.86	0.83
	(£:€)	1.190	1.17	1.16	1.16	1.18	1.20	1.20	1.20	1.22	1.13	1.16	1.20
	£:$	1.381	1.38	1.38	1.35	1.42	1.45	1.48	1.50	1.53	1.28	1.37	1.48
Yen	$	113.9	111	111	112	115	117	118	119	120	107	111	118
	€	132.4	130	132	129	138	142	145	149	150	122	131	145
	£	157.5	152	153	150	163	170	175	179	184	137	152	174
Aussie Dollar	$	0.752	0.76	0.75	0.72	0.75	0.75	0.75	0.77	0.77	0.69	0.75	0.76
	€:AUD	1.546	1.54	1.58	1.60	1.60	1.61	1.64	1.62	1.62	1.66	1.58	1.62
	¥	85.62	84.2	83.3	80.6	86.3	87.8	88.5	91.6	92.4	73.6	82.8	89.3
	£:AUD	1.839	1.81	1.84	1.87	1.89	1.93	1.97	1.95	1.99	1.86	1.84	1.95
Swiss Franc	€	1.068	1.11	1.10	1.08	1.08	1.09	1.10	1.11	1.12	1.07	1.09	1.10
	$	0.919	0.94	0.93	0.93	0.90	0.90	0.89	0.89	0.90	0.94	0.92	0.90
	£	1.271	1.30	1.28	1.26	1.28	1.31	1.32	1.33	1.37	1.20	1.27	1.32

Source: Refinitiv, Investec