Investec Bank plc (UK)

27 April 2023

Economics

Global Economic Overview

Some calm, plenty of questions

Global

April has seen some calm return to financial markets after the banking woes of March, but with some uncertainties, especially over US bank First Republic. Whilst the situation looks to be stabilising there are set to be repercussions, with stricter regulations over the long-term and more immediately, tighter credit conditions. We expect this to drag on US activity, but in global terms this should be offset by stronger Chinese growth. The latter has helped nudge up our 2023 world GDP forecast to 2.7%. 2024 remains at 2.9%. Meanwhile headline inflation rates are retreating, prompting a halt to tightening by some central banks. The Fed, ECB and BoE are likely to follow through on one or two more hikes given sticky core inflation, but we suspect they too are nearing peak rates, before an anticipated pause and an eventual policy easing from the BoE and the Fed.

United States

Concerns over US banking stress are less acute, but questions remain. Banks' aggregate use of the Fed's discount window and the new BTFP facility has been broadly steady. Bank deposit levels have yet to stabilise, though it is difficult to unpick genuine depositor flight from other factors such as the taxpaying season and the Fed's QT. Markets are now fretting over the debt ceiling impasse, with the Treasury's extraordinary measures only estimated to be effective until June. FOMC minutes showed that the Fed now shares our expectation of a recession this year. There has been firmer evidence that inflation will be pushed lower by easing rental cost pressures. A cut in rates in Q4 remains our baseline case but the FOMC's views will be shaped by its next Senior Loan Officer Opinion Survey.

Eurozone

Recent data suggests the economy skirted recession after all this winter. But stronger current momentum looks set to run into more restrictive policy and credit conditions. We now see 25bp rate hikes in both May and June (giving a peak Deposit rate of 3.50%), adding to already substantial tightening via both rates and shrinking excess liquidity, and also via more hesitant bank lending. The net result may still be stagnation in H2. As pipeline pressures for lower inflation led by raw materials start to feed through to consumers, we see scope for the ECB to revert to a somewhat less restrictive policy stance, if only from early '24. This, along with lower inflation itself, could see GDP growth strengthening to 1.1% next year.

United Kingdom

Economic activity has been more robust than we envisaged at the start of this year, leading us to lift our 2023 GDP forecast from -0.3% to +0.1%. This does still factor in a mild Q3/Q4 recession and a challenging environment for businesses and households, but directionally there is slightly more optimism over the outlook. As such, and reflecting on our upwardly revised inflation profile, we have tweaked our interest rate call. We maintain our view that the MPC will only hike once more in this tightening cycle, taking the peak Bank rate to 4.50% in May, but the risks of a June hike have grown. Moreover, although we still expect a rate cut by the end of the year, given the more robust backdrop we now think just one cut will be appropriate, in November, aligning with the release of the MPR.

	2023	2024
GDP growth (%)		
Global	2.7	2.9
US	0.9	0.2
China	5.5	4.9
UK	0.1	0.9
EU20	0.6	1.1
Key official interest rates (%, end-year)		
US Fed funds	4.75-5.00	3.50-3.75
ECB Deposit rate	3.50	2.50
UK Bank rate	4.25	3.00
FX rates (end-year)		
€:$	1.14	1.18
€:£	0.90	0.90
£:$	1.27	1.31
$:¥	125	120
AUD:$	0.72	0.73
€:CHF	1.05	1.07

Please click here for a summary of our economic and market forecasts

Philip Shaw
+44 (0) 20 7597 4302
philip.shaw@investec.co.uk

Ryan Djajasaputra
+44 (0) 20 7597 4039
ryan.djajasaputra@investec.co.uk

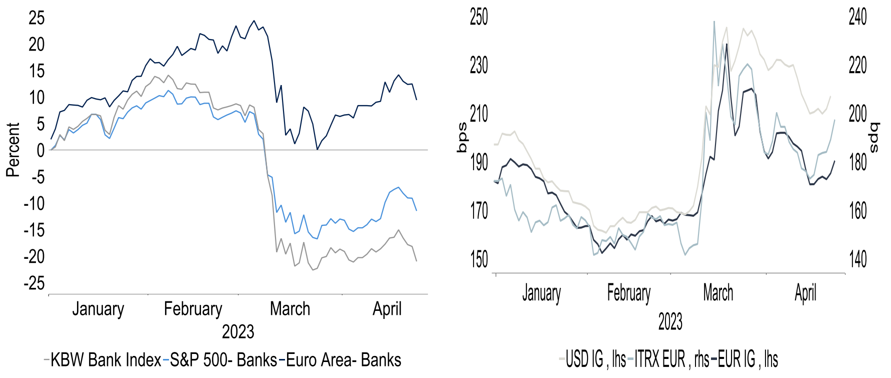
Ellie Henderson
+44 (0) 20 7597 6714
ellie.henderson@investec.co.uk

Sandra Horsfield
+44 (0) 20 7597 5882
sandra.horsfield@investec.co.uk

Global

April has seen March's banking worries subside following the lack of further major negative news. Bank equity prices have generally stabilised, First Republic aside, whilst CDS and bond spreads have eased back. As was evident in March, sentiment can play a key role in the health of the financial system and can quickly contribute to problems for banks. Credit Suisse's results highlighted this revealing $69bn of asset outflow in Q1. Thankfully, in the US, where most of the issues have been centred, deposit outflows and use of the Fed's emergency facilities have started to stabilise (see US section). But as the dust begins to settle focus is shifting to supervision. US…

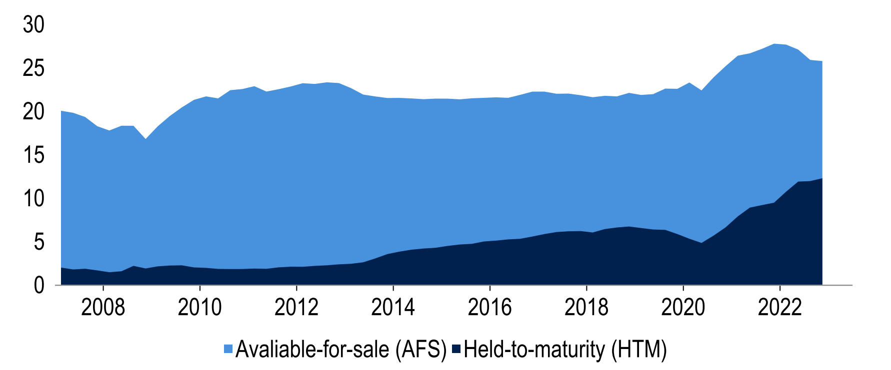
Chart 1: Bank equities, CDS and bond spreads have begun to stabilise



Right hand pane references banks subordinated bonds Sources: Macrobond, Investec Economics, Bloomberg

…regulators are already centring on the rules that allowed SVB to fly under the radar. Focus is on the treatment of bonds designated as 'available-for-sale', the Fed considering a reversal of 2019 rules that allowed banks with less than $250bn of assets from reflecting unrealised losses on these bonds in their capital ratios. Deposit insurance is also being reviewed, with the BoE considering an overhaul of the UK scheme, including an uplift in the current £85k limit, which could see banks prefunding more of the guarantee. Ultimately tighter regulation could place additional burdens on banks, potentially hampering lending, but new rules will take time. March's market tensions are however likely to have a…

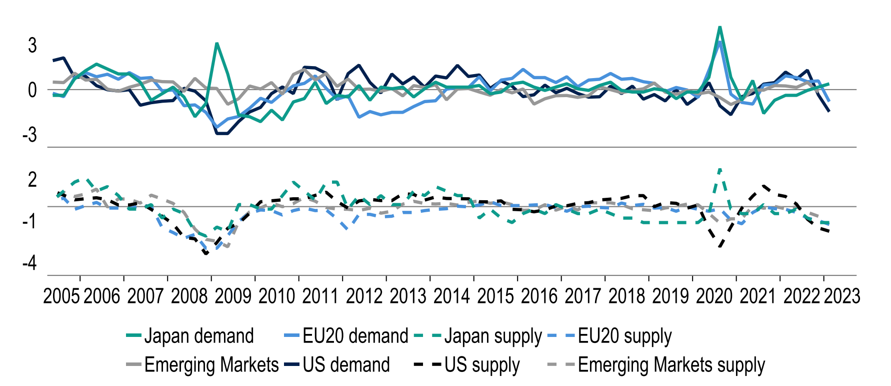
Chart 2: Bank holdings of Held-To-Maturity & Available-For-Sale securities (% of total assets)



Sources: Macrobond, Investec Economics, IMF April 2023 Global Financial Stability Report

…near-term impact, adding to the tightening of credit conditions which began in 2022. This coupled with softer loan demand should ultimately result in weaker credit growth, a factor already in some areas. On a sector basis, tightening in credit availability does vary, but US CRE has certainly been a focus and coupled with refinancing needs over the next few years is an area of risk. Gauging the wider impact of lending standards on activity is difficult. However, IMF estimates suggest March's issues are likely to have cut the level of GDP in one year's time by circa 0.4%pts in the US and EU20. This figure tallies with our own changes to US forecasts where we have made downgrades to both 2023 and 2024. But in terms of the…

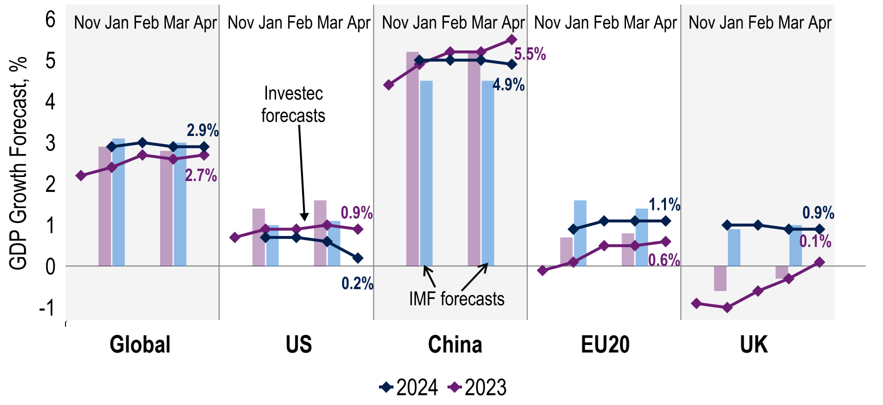
Chart 3: IMF estimates: Loan supply and demand were weakening even prior to March (index)



Sources: Macrobond, Investec Economics

…global outlook this is set to be offset by a stronger than previously expected 2023 performance from China. This being driven by the end of its zero Covid policy and follows better than expected Q1 GDP data (4.5% y/y). Consequently our 2023 forecast has been pushed up to 5.5% from 5.2%. Elsewhere small upgrades in both the UK and the EU20 help to nudge up our 2023 global growth forecast to 2.7% (previously 2.6%), whilst 2024 is maintained at 2.9%. Aside from credit conditions we still see the absolute level of rates, which is now restrictive in many countries acting as a headwind to growth and would argue that the cumulative effect of tightening has yet to be fully felt given policy lags.

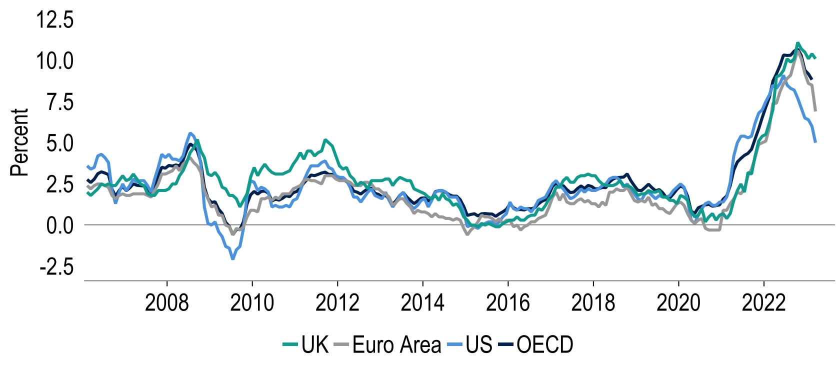
Chart 4: Global growth: Softer US growth offset by China



Sources: Macrobond, Investec Economics

With peak headline inflation now seemingly in the rear-view mirror the question is turning to when a pause will emerge. In Asia this is already beginning, South Korea, India and Indonesia having already moved to such a stance. Korea is even mulling the prospect of easing policy. For the major central banks (Fed, ECB, BoE) the stickiness of core inflation is proving a headache, which is likely to support the argument for one or two more hikes, but we do believe the peak is within sight. Thereafter, the question centres on how long a pause and when and how far rates might be cut. Currently an easing is priced into the US this year and 2024 for the EU20 and the UK, views not dissimilar to our own (at…

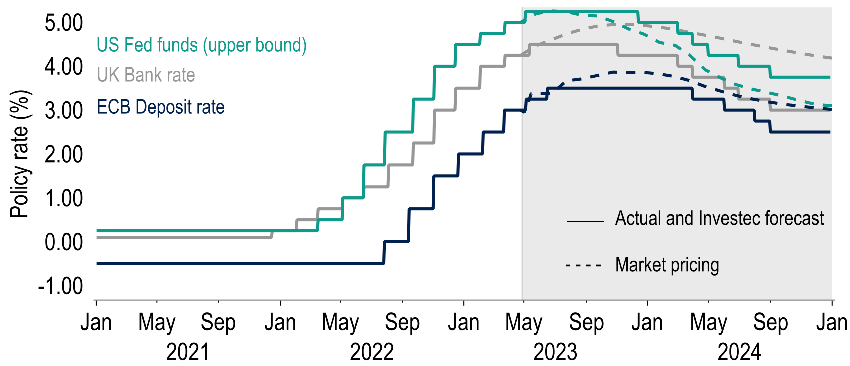
Chart 5: Globally, headline CPI inflation has peaked



Sources: Macrobond, Investec Economics

… least for the first two) - see sections below. The medium-term path for rates remains unclear though, but it will doubtless be guided by central bank estimates of the neutral rate. On this front the IMF's April WEO was notable for its estimate that rates could return to pre-crisis lows, driven by the structural issues that drove the rate lower over past decades coming back into play. But it should be noted that the analysis deals with the real rate rather than the nominal rate in which policy is set. It could also be argued that there has been a regime shift in recent years, with factors such as supply side issues likely to contribute to inflation and ultimately mean that *nominal* rates are unlikely to fall back to pre-2020 levels anytime soon.

Chart 6: Major central banks look to be nearing peak rates

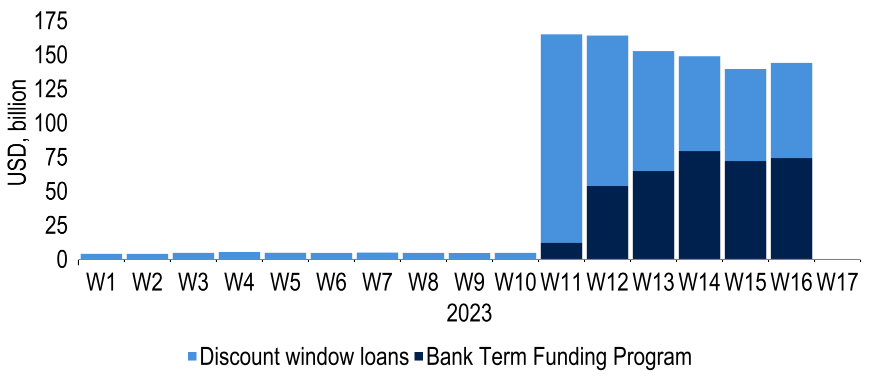


Sources: Macrobond, Investec Economics

United States

Concerns about the stress surrounding US commercial banks have eased in recent weeks, but questions remain. In late March, most of Silicon Valley Bank was sold to First Citizens. First Republic disclosed it had lost $102bn of deposits in Q1, but most reports suggest the switch of deposits from small to large banks has been stemmed. Meanwhile use of the Fed's new Bank Term Funding Program and the (amended) discount facility has not exceeded mid-March levels, but nor has it come down materially (Chart 7). Also, aggregate bank deposit outflows do not seem to have been stemmed (Chart 8). This may however partly simply reflect the timing of the US taxpaying season…

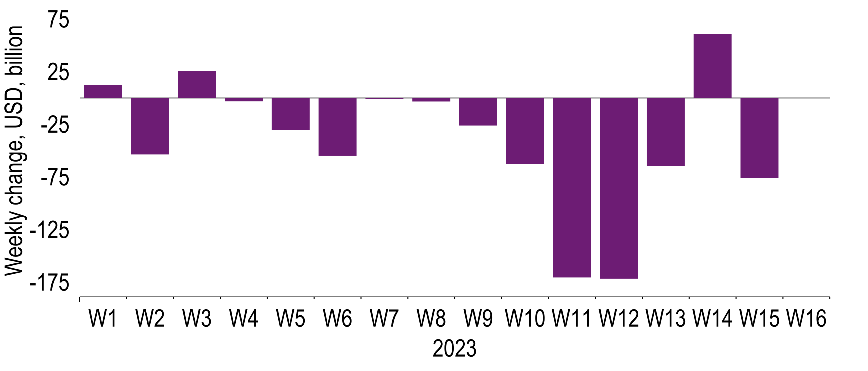
Chart 7: Outstanding bank borrowing from Fed Discount Window and BTFP is still high



Sources: Macrobond, Investec Economics

… when cash is wired to the IRS. One also has to consider the Fed's QT. At the current pace of balance sheet runoff the annual impact could reduce deposits by up to $1.14trn (if all bonds are bought by the US private sector). Also money market funds (MMF) have seen a $315bn inflow since early March. It is more difficult than generally assumed to 'destroy' deposits – typically, financial flows (e.g. for goods purchases) merely result in deposits shuffled across banks. But shifts into MMFs can reduce banks' aggregate deposits due to their ability to park funds with the Fed's reverse repo facility. So overall, despite a calming of the situation over the past month, uncertainty over their liability bases may result in some banks becoming more cautious over their lending practices.

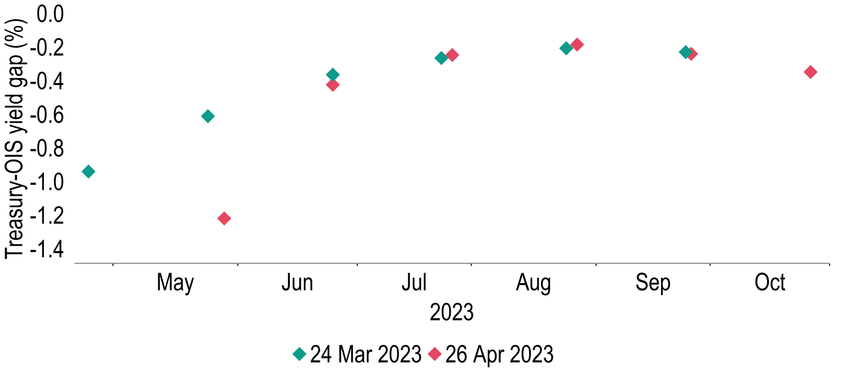
Chart 8: Total bank deposits have continued to decline, but it is not clear this is due to stress



Sources: Macrobond, Investec Economics

The Democrats and Republicans are no closer to an agreement to raise the $31.4trn debt ceiling. Hence the spectre of a possible (though unlikely) US default has moved closer. In January the Treasury took 'extraordinary measures' to prevent a breach of the ceiling. But even this action may only provide respite until June. A 320-page paper by GoP House Speaker Kevin McCarthy offered a $1.5trn rise in the ceiling, contingent on $130bn of cuts in Federal spending and a reversal of other areas of the White House agenda. This was flatly rejected by Joe Biden. Pricing of Treasury Bills suggest that investors now consider a risk of default to be non-trivial (Chart 9).

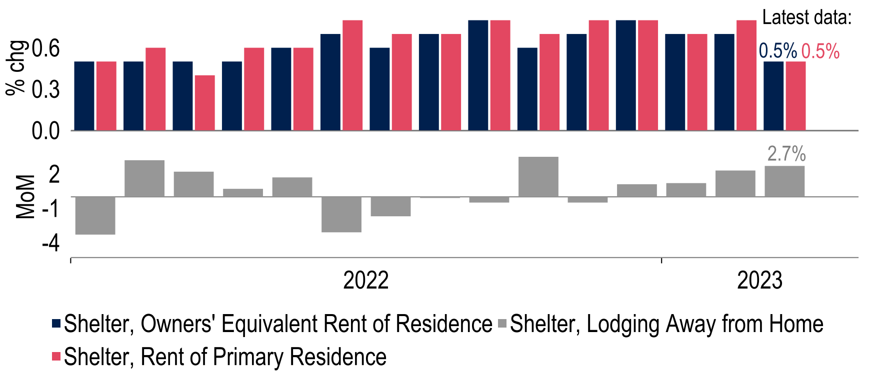
Chart 9: Treasury bill yield/OIS spreads – fretting over a summer default?



Sources: Bloomberg, Macrobond, Investec Economics

CPI inflation in March fell to 5.0% from 6.0%, and the ex-food and energy rate ticked up to 5.6%, marking the first time that the core measure has exceeded the headline rate since December 2020. One point of optimism was a moderation in rental price trends. Shelter overall climbed by a still-punchy 0.6% on the month, but its strength was largely due to the volatile 'lodging away from home' category. Primary rents and 'other equivalent rent' both rose by 0.5%, hinting rental prices captured by the price indices are starting to follow the weaker trends shown by *new* rental costs such as Zillow, suggesting a major downside factor for inflation looking forward.

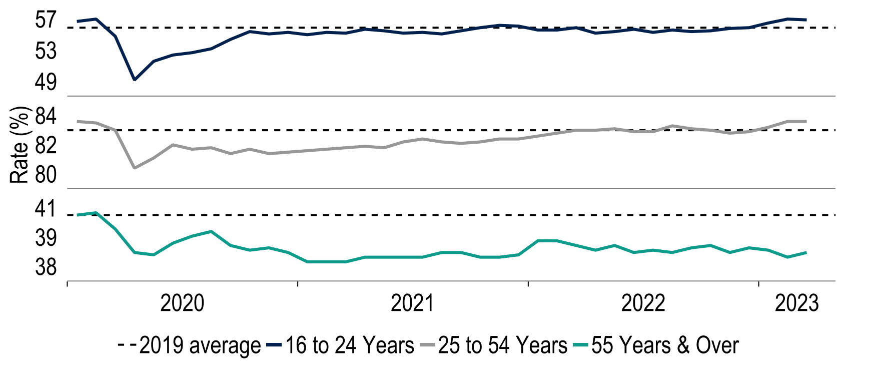
Chart 10: Gimme (cheaper) shelter – rental prices seem to be slowing down



Sources: Macrobond, Investec Economics

On the labour market side, data show some moderation in pay growth and also in job gains, following red-hot numbers at the start of 2023. Data on employment costs and payrolls are due over the coming week or so, and we see these continuing to normalise. If we are correct and a modest dampening in economic activity ensues from the volatility in the banking sector (we have cut our 2024 GDP growth forecast by 0.4%pts to 0.2%), these labour trends should be maintained. Note too that although labour participation rates remain low overall, these are highly age dependent. High inactivity rates are now restricted to the over-55s, while participation rates for younger cohorts have returned to 2019 (i.e. pre-Covid) levels (Chart 11).

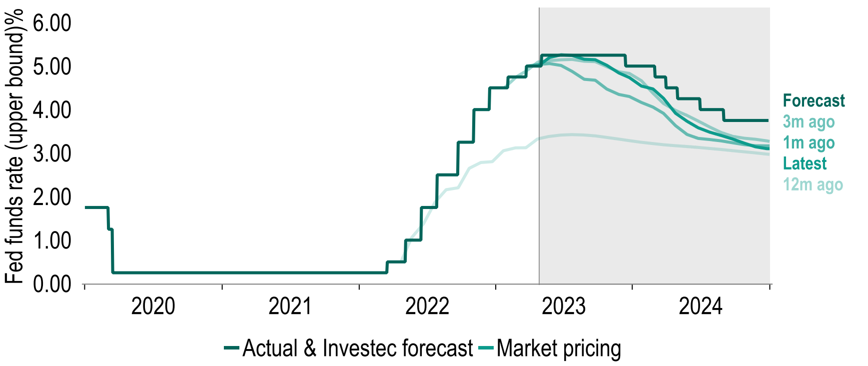
Chart 11: Labour participation rates are only low (relative to 2019 averages) for the over-55s



Sources: Macrobond, Investec Economics

In the face of a series of complex moving financial and economic parts, our view on monetary policy remains unchanged. We continue to view the prospect of one final 25bp hike in the Fed funds target range to 5.00%-5.25% on 5 May as highly probable. But note that the results from the Fed Senior Loan Officers Opinion survey, likely due before the FOMC meeting, could be a significant policy influence. It is also interesting that March's minutes revealed that the Fed's baseline case is now that the economy will be in recession later this year, a fact omitted by Chair Powell in his post-FOMC press conference, but one with which we concur. We still view it likelier than not that the Fed will start the easing cycle towards the end of this year.

Chart 12: FOMC likely to hike soon and then ease by end-year?

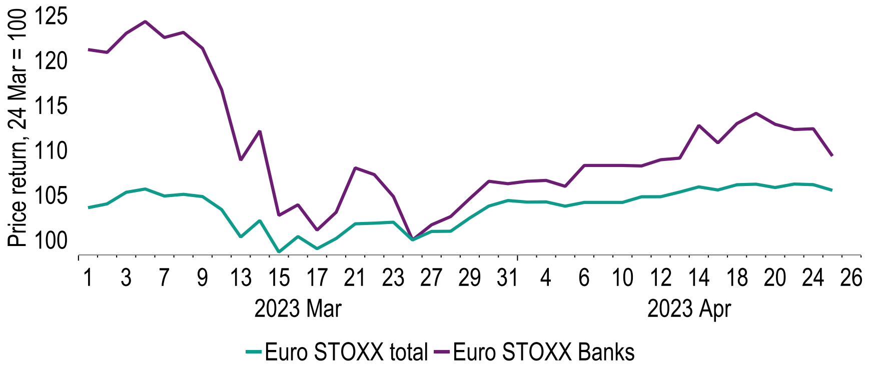


Sources: Macrobond, Investec Economics

Eurozone

The last ECB Governing Council meeting took place in the eye of the storm of global banking concerns. Although the ECB followed through with its previous plan of hiking by 50bps – partly so as not to add to market uncertainty – it made subsequent moves dependent on economic and financial data. Since then, financial market tensions have abated. Bruises, however, are still evident. Banks' shares have outperformed the overall index since their trough on 24 March. But they have only recovered a little more than half of their 17% slump between 1 and 24 March – in contrast to the total index, which is 1.9% higher than it was at the start of March (Chart 13).

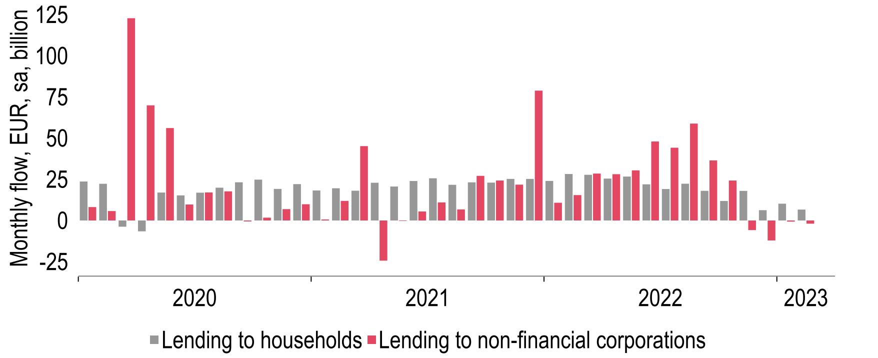
Chart 13: Euro-area bank stocks have recovered to a lesser extent than other stocks



Sources: Macrobond, Investec Economics

It is highly likely that expectations of even tighter regulatory oversight and consequently tighter credit conditions play a role in this. This comes as a report commissioned by the ECB already prior to the turmoil called for less reliance on banks' own assessments of risks in calculating capital requirements. This could have a bearing on banks' future willingness to lend, in turn holding back activity. The ECB's quarterly Bank Lending Survey, due just two days prior to the next Governing Council meeting, will be very closely watched for signs of this, as lending flows to households and especially to firms had already plunged before March (Chart 14).

Chart 14: Bank lending to non-financial firms and also households had weakened before March

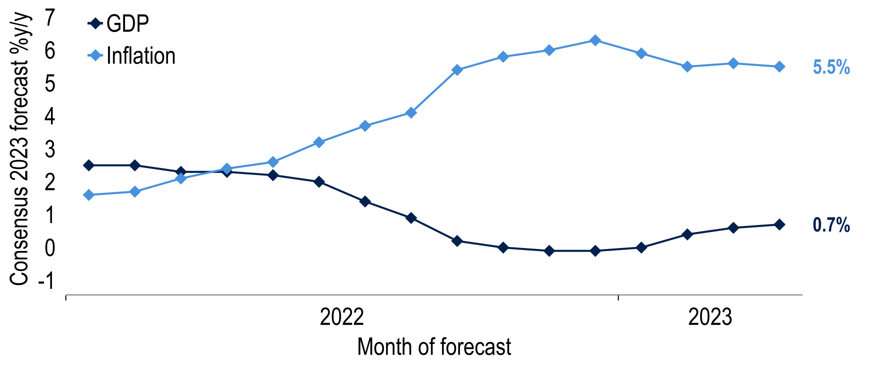


Note: Adjusted for securitisations

Sources: ECB, Macrobond, Investec Economics

Although we do see this as extra brake on activity in future, the near-term picture for GDP has continued to brighten (Chart 15). The monthly data flow suggests that the eurozone skirted a recession this winter after all, with Q1 GDP on track for a mild expansion (+0.1% q/q on our forecasts). Momentum is also evident in PMIs, which show the composite output index to have risen to 54.4 – not only firmly above the 50 level that demarcates expansion from contraction, but an 11-month high, led by the service sector. We have upped our forecast and now see 0.6% GDP growth in 2023. Rate rises, tighter credit conditions and possible energy constraints may keep output stagnant in H2 though. Our 2024 forecast remains at 1.1% as before.

Chart 15: As consensus inflation forecasts have slipped, consensus GDP forecasts have risen

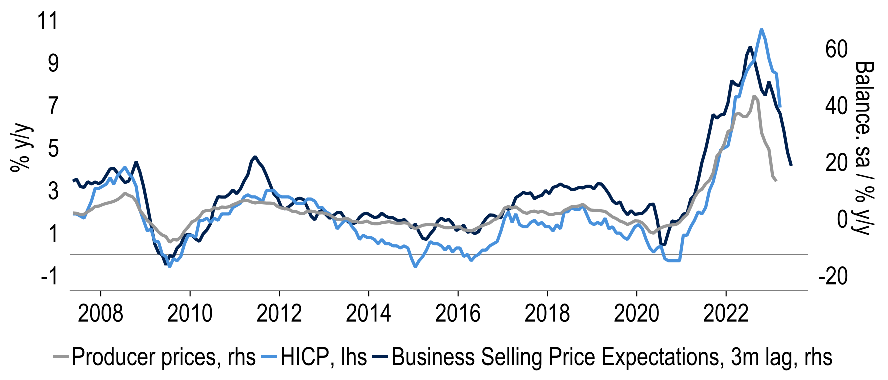


Sources: Consensus Economics and Investec Economics

Investec

Inflation, meanwhile, has taken a step down in March, falling to 6.9%, 3.7%pts below October's 10.6% peak. Hawks will point out that this was solely due to lower energy prices and base effects: ex-energy inflation has risen by 1%pt over the same period to scale a new peak of 7.9%. And evidently the 2% target is still far out of reach. But pipeline pressures in raw materials have plunged, and not just for energy: the HWWI (EUR) commodity price index has dropped by 38% y/y (ex-energy -24%). This has already cut producer price inflation (now +13.2%, vs 43.4% in Aug '22). And business surveys suggest firms plan to scale back selling price rises as well, a trend which consumer prices may mirror (Chart 16).

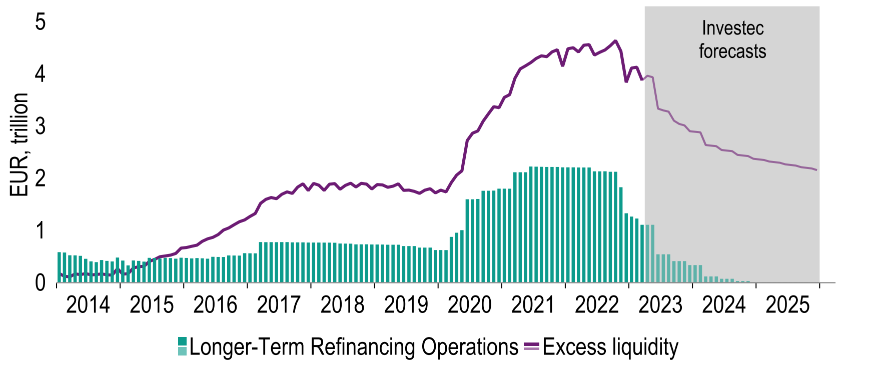
Chart 16: Pipeline pressures on inflation are receding, as are firms' selling price expectations



Sources: Eurostat, European Commission, Macrobond, Investec Economics

But we doubt the ECB is ready to declare victory on inflation. Inflation returned to exceeding its Staff Projections in Q1, fuelling fears of persistence in inflation, both through wages but also profits. We imagine the ECB will not feel comfortable to stop hiking in this context. Hence we now forecast 25bp rate rises in both May and June, giving a Deposit rate of 3.50%. This, however, represents the peak in rates in our forecast. The ECB will be mindful of the large reduction in excess liquidity as TLTRO loans mature; €478bn will do so in late June (Chart 17). There is also talk of QT via reduced PEPP reinvestments – something that until now had been ruled out before the end of '24.

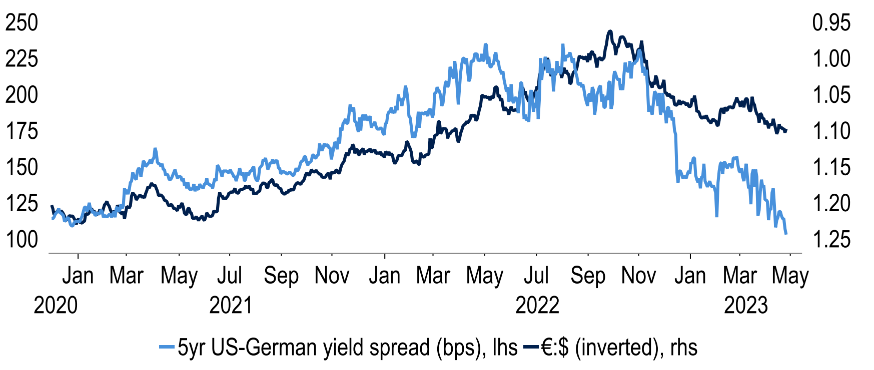
Chart 17: As TLTRO loans mature, excess liquidity stands to diminish visibly



Sources: ECB, Macrobond, Investec Economics

This will be a form of monetary tightening too. As inflation falls away with weakening activity under the weight of the substantial cumulative tightening from policy and credit conditions, we expect the ECB will start to consider a less restrictive policy stance. But just as rate rises have lagged the US in terms of magnitude on the way up, rate cuts may do the same on the way down. The implication for the EUR is likely to be further appreciation against USD (Chart 18). By the end of this year, we see EURUSD at 1.14, and by the end of 2024, at 1.18. Against GBP, we envisage greater stability, the corresponding forecasts standing at 90p in both cases.

Chart 18: EURUSD has tracked yield spreads in broad terms, but scope for more gains remains



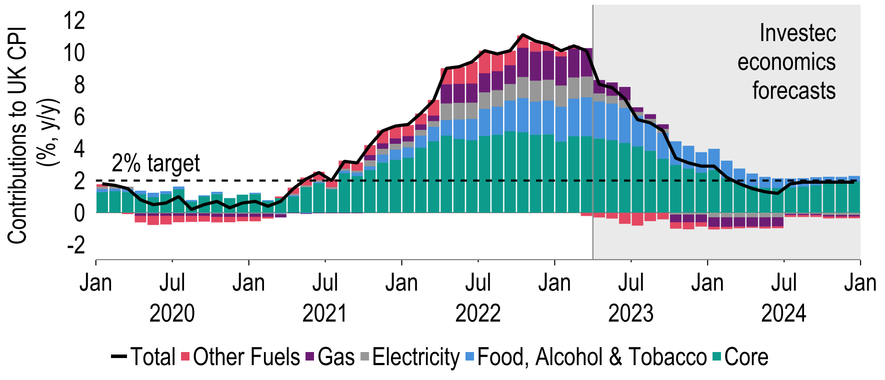
Sources: Macrobond, Investec Economics

Investec

United Kingdom

A major theme of the past two years has been consistently hot inflation prints, with 16 of the last 24 reports coming in above consensus. The recent report for March was no exception with headline inflation staying in double-digits at 10.1%, far from the Bank's 9.2% forecast made in the Feb MPR and its 2% target. Although the hot data has led us to revaluate how quickly price pressures will roll over, resulting in an upgrade to our forecasts, we still remain confident that inflation will soon fall sharply thanks to helpful base effects from energy as the comparison period captures the sharp rise in the Ofgem price cap last year. There are bigger concerns over the outlook for core inflation though, which will not benefit from the same energy base effects.

Chart 19: The latest inflation print was uncomfortable, but sharp falls are on the horizon



Sources: Macrobond, Investec Economics

Core inflation is very exposed to labour market dynamics and specifically wage demands. In the latest report total wage growth raised alarm bells after shooting past consensus and holding steady at 5.9% (3m y/y) in February. The headline measure does not always tell the full story though and driving the beat on consensus was a bounce in public sector pay. Private sector pay growth, which has a more direct impact on inflation, actually declined slightly on a 3m y/y basis. As a whole we think that the bulk of the labour market report was in fact encouraging and pointed to a slight easing in conditions, albeit from a tight base (Chart 20).

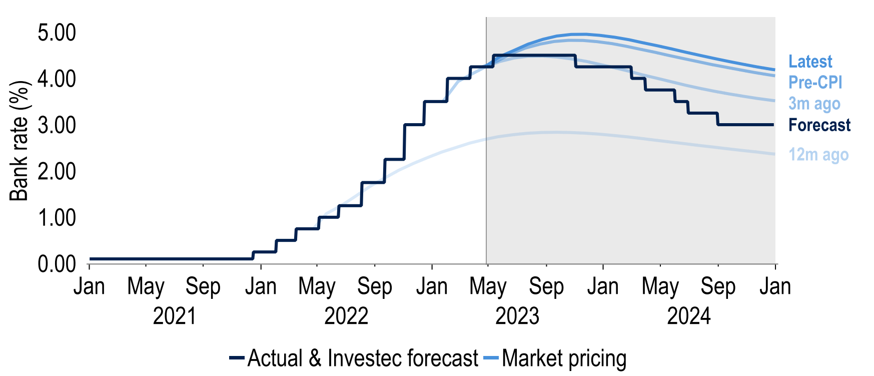
Chart 20: The labour market is still tight by historical standards, but cracks are appearing

Headline measure	Latest data point	Level indicative of tightest labour market (2022 onwards)	Pre-pandemic (2014-2019) 5Y average
Unemployment rate	3.8%	3.5%	4.8%
Employment change	+169k	+297k	+109k
Unemployment change	+49k	-114k	-5k
Total earnings growth (3m yoy)	+5.9%	+6.6%	+2.4%
Private sector earnings growth (3m yoy)	+6.0%	+7.8%	+2.6%
Vacancies	1.1 million	1.3 million	766k
Participation rate (16-64)	78.9%	78.3%	78.5%

Sources: Macrobond, Investec Economics

As such, our own view is that the sharp repricing in interest rate markets after the recent wage and inflation data was overdone. Markets are currently pricing in a peak Bank rate just shy of 5%, implying three further 25bp hikes. We think that the MPC will pause monetary tightening earlier than that, envisaging just one more hike leaving the peak Bank rate at 4.50%, based on our inflation and economic growth outlook. We are mindful of the risk however that the majority on the MPC may want to see more compelling evidence of not just expected, but actual, inflation falling before pausing the hiking cycle, leaving a June rate hike a possibility. We also note that ultra-dove Tenreyro will be leaving the committee after the June meeting.

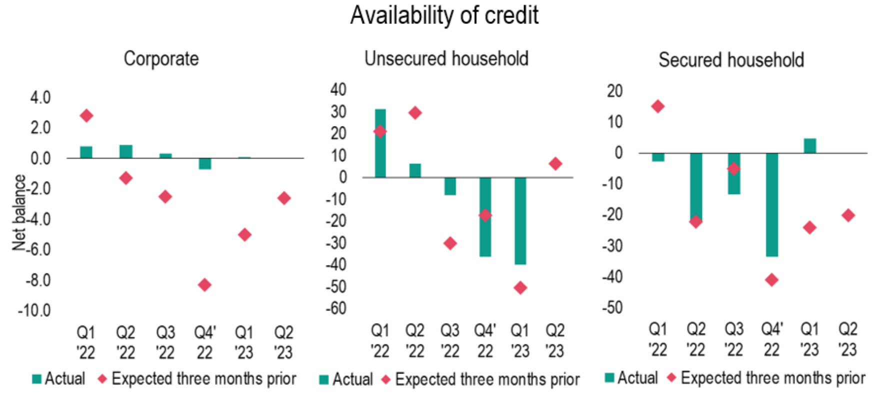
Chart 21: Strong inflation and wage data spooks markets to price in higher interest rates



Sources: Macrobond, Investec Economics

The arguments for a June move would diminish though if there was a sharp tightening in credit conditions, which would likely be disinflationary. Unlike in the US, the data is yet to point to an obvious tightening, but expectations are for tighter conditions to come, but these have often been too bearish (Chart 22). Our own view is that the availability of credit will dry up but with the UK banking system not having been in the centre of the storm, we do not have reasons to believe for now that this will turn into a drought, a view which has been factored into our forecasts. We see 2023 GDP growth of 0.1% (prior:-0.3%) boosted by better-than-expected monthly data so far this year. Given the upward revisions to our GDP and inflation forecasts we now only expect one rate cut this year in Nov, resulting in a 4.25% year-end Bank rate.

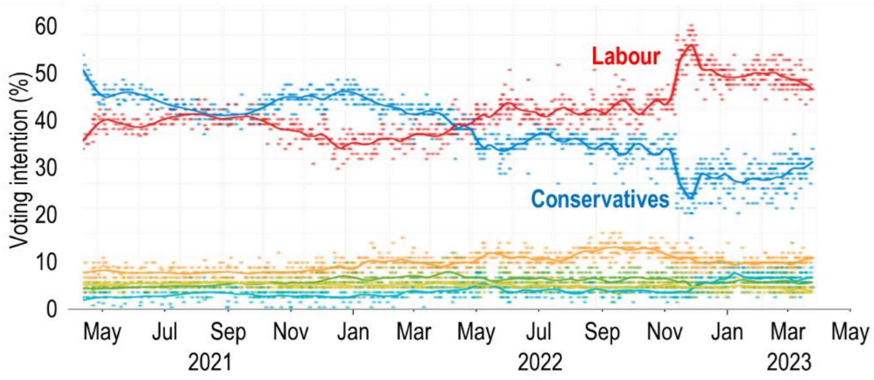
Chart 22: Credit conditions survey warns of future pain, but expectations are often too bearish



Sources: Macrobond, Bank of England, Investec Economics

Even though we now see the economy expanding this year, we maintain that it will not be a particularly favourable environment for businesses or households. This will likely continue to hurt PM Sunak in the polls. The Conservatives have been trying to close the gap with Labour; the media has been reporting on Autumn Statement rumours already, such as cuts to income tax and a National Living Wage increase, despite it only being April. And the party has had some success, the gap has narrowed, but with Labour nearly 15 points ahead on average the Tories have a job on their hands to swim against the strong tide of an incoming Labour government.

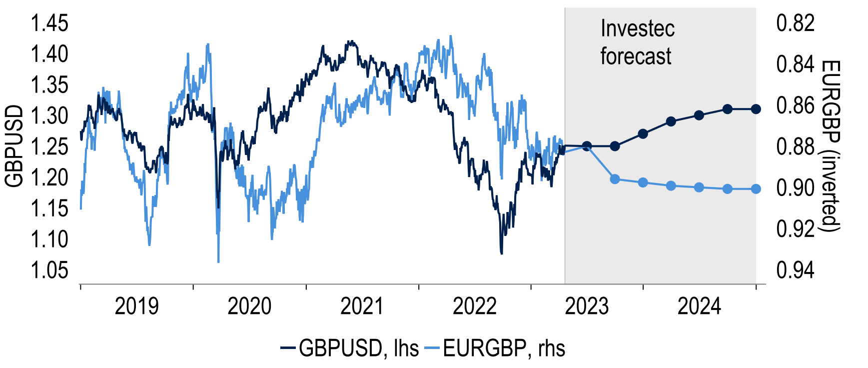
Chart 23: Labour no longer has a 30pt lead, but the current gap would still imply a landslide



Sources: Macrobond, Wikipedia, Investec Economics

If the polls are correct and Labour do indeed win the 2024 election, we do not see this causing much volatility in sterling. After all, so far a Starmer led government appears to be a far different prospect than what was proposed under his more radical predecessor, Jeremy Corbyn. As such our sterling forecasts continue to be primarily driven by fundamentals and are unchanged from our last forecasts. Although prospective US-UK policy interest rate differentials may not change much over the next two years, a general dollar weakness should help Cable reach $1.27 by end-year and $1.31 by end-2023. Against the Euro, we see GBP holding steady at 90p.

Chart 24: As the USD loses some of its recent shine, GBP can step into the sun



Sources: Macrobond, Investec Economics

Investec

Global Forecasts

GDP growth (%)

	Global	US	Japan	China	UK	EU20	Germany	France	Italy
2018	3.6	2.9	0.6	6.7	1.7	1.8	1.0	1.8	0.8
2019	2.8	2.3	-0.4	6.0	1.6	1.6	1.1	1.9	0.5
2020	-2.8	-2.8	-4.3	2.2	-11.0	-6.3	-4.1	-7.9	-9.0
2021	6.3	5.9	2.2	8.4	7.6	5.3	2.6	6.8	7.0
2022	3.4	2.1	1.0	3.0	4.1	3.5	1.9	2.6	3.8
2023	2.7	0.9	1.0	5.5	0.1	0.6	0.2	0.8	0.5
2024	2.9	0.2	1.0	4.9	0.9	1.1	1.1	1.2	0.9

Sources: IMF, Macrobond, Investec Economics

Key official interest rates (%, end quarter):

	US Fed funds	Eurozone Refi rate	Eurozone Deposit rate	UK Bank rate	Australia Cash rate
Current	4.75-5.00	3.50	3.00	4.25	3.60
2023					
Q1	4.75-5.00	3.50	3.00	4.25	3.60
Q2	5.00-5.25	4.00	3.50	4.50	4.00
Q3	5.00-5.25	4.00	3.50	4.50	4.00
Q4	4.75-5.00	4.00	3.50	4.25	3.75
2024					
Q1	4.25-4.50	3.50	3.25	3.75	3.50
Q2	3.75-4.00	3.25	3.00	3.25	3.25
Q3	3.50-3.75	2.75	2.50	3.00	3.00
Q4	3.50-3.75	2.75	2.50	3.00	3.00

Sources: Macrobond, Investec Economics

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

	US	Germany	UK
Current	3.41	2.38	3.71
2023			
Q2	3.50	2.25	3.50
Q4	3.25	2.00	3.25
2024			
Q2	3.00	2.00	3.25
Q4	3.00	2.00	3.00

Sources: Refinitiv, Macrobond, Investec Economics

FX rates (end quarter/ annual averages)

		Current	2023				2024				2022	2023	2024
		27-Apr	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	average	average	average
Euro	€:$	1.104	1.09	1.10	1.12	1.14	1.16	1.17	1.18	1.18	1.05	1.10	1.17
Sterling	€:£	0.886	0.88	0.88	0.90	0.90	0.90	0.90	0.90	0.90	0.85	0.89	0.90
	(£:€)	1.129	1.14	1.14	1.12	1.11	1.11	1.11	1.11	1.11	1.17	1.13	1.11
	£:$	1.246	1.24	1.25	1.25	1.27	1.29	1.30	1.31	1.31	1.24	1.24	1.30
Yen	$	133.8	133	130	127	125	122	122	120	120	131	130	122
	€	147.6	145	143	142	143	142	143	142	142	138	143	142
	£	166.7	165	163	159	159	157	159	157	157	162	161	158
Aussie Dollar	$	0.660	0.67	0.68	0.70	0.72	0.72	0.72	0.73	0.73	0.69	0.69	0.72
	€:AUD	1.672	1.62	1.62	1.60	1.58	1.61	1.63	1.62	1.62	1.52	1.60	1.61
	¥	88.33	89.1	88.4	88.9	90.0	87.8	87.8	87.6	87.6	91.0	89.5	88.0
	£:AUD	1.887	1.85	1.84	1.79	1.76	1.79	1.81	1.79	1.79	1.78	1.80	1.79
Swiss Franc	€	0.982	1.00	1.00	1.02	1.05	1.06	1.07	1.07	1.07	1.00	1.01	1.07
	$	0.890	0.92	0.91	0.91	0.92	0.91	0.91	0.91	0.91	0.95	0.91	0.91
	£	1.109	1.13	1.14	1.14	1.17	1.18	1.19	1.19	1.19	1.18	1.13	1.18

Sources: Refinitiv, Macrobond, Investec Economics

Disclaimer

Third party research disclosures

Investec Securities:

In the United Kingdom refers to Investec Securities a division of Investec Bank plc.

Investec Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange.

Registered in England No. 489604

Registered Office Address:
30 Gresham Street London EC2V 7QP

In the EEA refers to Investec Europe Limited

Investec Europe Limited trading as Investec Europe is regulated by the Central Bank of Ireland. Registration No. 222173

Registered Office Address:
The Harcourt Building, Harcourt Street, Dublin 2, Ireland

In South Africa refers to:

Investec Bank Limited an authorised financial services provider and a member of the JSE Limited.

Registered in South Africa No. 1969/004763/06

Investec Markets (Pty) Limited a member of JSE Limited.

Registered in South Africa No. 2018/243092/07

Registered Office Address:
100 Grayston Drive
Sandown, Sandton
2196, South Africa

In Hong Kong refers to Investec Capital Asia Limited a Securities and Futures Commission licensed corporation (Central Entity Number AFT069).

Registered Office Address:
Suites 3901-08, 39/F, Jardine House
1 Connaught Place, Central, Hong Kong

In India refers to Investec Capital Services (India) Private Limited which is registered with the Securities and Exchange Board of India, the Capital Market regulator in India as a research analyst, Registration number INH000000263.

Registered Office Address:
Parinee Crescenzo, C 38 & 39, "G" Block, 11th flr , B Wing , Unit No 1103 & 1104
Bandra Kurla Complex, Mumbai - 400 051, India

In Singapore refers to Investec Singapore Pte. Ltd. an exempt financial adviser which is regulated by the Monetary Authority of Singapore as a capital markets services licence holder.
Registration No. 201634931E

Registered Office Address:
80 Raffles Place
#36-09, UOB Plaza
Singapore 048624

In the United States refers to Investec Securities (US) LLC.

Registered Office Address:
10 East 53rd Street, 22nd Floor
New York, NY 10022

Further details of Investec office locations, including postal addresses and telephone/fax contact details:
https://www.investec.com/en_gb/welcome-to-investec/contact-us.html