



12th June 2020  
This week's highlights

|                                 |                             |                       |                                  |
|---------------------------------|-----------------------------|-----------------------|----------------------------------|
| <b>EUR/\$</b><br>Little changed | <b>Bond Yields</b><br>Lower | <b>Fed</b><br>On hold | <b>UK GDP</b><br>-20.4% in April |
|---------------------------------|-----------------------------|-----------------------|----------------------------------|

**Euro Area**

- Euro little changed overall on the week against the dollar at \$1.13, though off Wednesday's high of over \$1.14
- German 10-year yields fell by 15bps to over -0.40%, while equity markets sold off over latter part of the week
- Industrial output takes another large hit in April, down 17.1% month-on-month after a decline of 11.9% in March

**UK**

- Economy contracted sharply in April with GDP falling by 20.4% month-on-month following fall of 5.8% in March
- Output in construction plunged by 40.1% on the month, with industry and services down 20.3% and 19.0%
- Sterling little changed against euro at around 89p; falls from intra-week high of over \$1.27 versus \$ to \$1.26

**US**

- Fed indicates interest rates to remain at current level of 0% to 0.25% for an extended period i.e. through 2022
- Fed also to continue QE "at least at current pace" i.e. \$120bn per month for government & mortgage bonds
- Benchmark 10-year government bond yields a good deal lower on the week, falling by around 20bps to 0.70%

**Ireland**

- Industrial production falls by 7.4% month-on-month in April although it was still up 4.7% on April of last year
- The annual rate of CPI inflation dipped further into negative territory in May, easing to -0.5% from -0.1% in April
- NTMA raises EUR 6bn through the sale of a new 10-year bond (maturing October 2030) at a yield of 0.285%

|           |  |
|-----------|--|
| Monday    | IRL Good Exports and Imports; EA Trade Balance; UK Rightmove House Prices; US Empire Manufacturing Index |
| Tuesday   | EA Labour Costs, ZEW Index; UK Labour Market Report; US Retail Sales, Industrial Production              |
| Wednesday | IRL Residential Property Prices; EA CPI, Construction Output; UK CPI, PPI; US Housing Starts             |
| Thursday  | ECB Monthly Bulletin; Bank of England MPC Meeting; US Jobless Claims, Philly Fed Manufacturing Index     |
| Friday    | IRL Wholesale Prices; EA Current Account; UK Retail Sales; US Current Account                            |

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