

Economic Research Unit



11th December 2020
This week's highlights

UK-EU talks

Deal or No Deal

Sterling

Loses ground

ECB

Extends support

Bond Yields

Lower

Euro Area

- ECB ups emergency bond purchases programme by €500bn, will run for an additional 9 months to March 2022
- GDP to fall by 7.3% in 2020 according to latest ECB projections, increase by 3.9% and 4.2% in 2021 and 2022
- Euro little changed against the dollar at around \$1.21, German 10-year yields about 10bps lower at -0.64%

UK

- Pound falls to 92p and \$1.32 against the euro & dollar respectively as UK PM says 'no deal' a strong possibility
- Andrew Bailey says BOE has a lot in armoury in event of Brexit disruption, much work done on negative rates
- GDP rose for a sixth month in a row in October although the (monthly) pace of growth slowed to 0.4%

US

- Benchmark 10-year yields reversed course after spiking higher last week, falling by around 8bps to 0.88%
- The annual rates of headline and core CPI inflation held steady in November at 1.2% and 1.6% respectively
- Consumer confidence recovered in December according to U. of Michigan survey, after sizeable decline in Nov

Ireland

- The annual rate of CPI inflation remained in negative territory in November at -1.1% (after -1.5% in October)
- The number of new private cars licensed in November totalled 1,468, a fall of 12.4% on November 2019
- Industrial production was flat in October (on September) and was down 14.9% on October last year

Monday	EA Industrial Production; UK Rightmove House Prices
Tuesday	IRL Goods Exports & Imports; UK Labour Market Report; US Industrial Production, Import Prices
Wednesday	IRL Residential Property Prices, Flash PMIs EA, UK, US; EA Labour Costs; UK CPI; US Retail Sales, Fed Meeting
Thursday	EA CPI; UK BOE Meeting; US Jobless Claims, Housing Starts
Friday	EA Current Account; UK Retail Sales

Contact Us at economics@boi.com

www.Corporate-Economy.Bankofireland.com

Disclaimer

This document has been prepared by the Economic Research Unit at The Governor and Company of the Bank of Ireland ("BOI") for information purposes only and BOI is not soliciting any action based upon it. BOI believes the information contained herein to be accurate but does not warrant its accuracy nor accepts or assumes any responsibility or liability for such information other than any responsibility it may owe to any party under the European Communities (Markets in Financial Instruments) Regulations 2007 as may be amended from time to time, and under the Financial Conduct Authority rules (where the client is resident in the UK), for any loss or damage caused by any act or omission taken as a result of the information contained in this document. Any decision made by a party after reading this document shall be on the basis of its own research and not be influenced or based on any view or opinion expressed by BOI either in this document or otherwise. This document does not address all risks and cannot be relied on for any investment contract or decision. A party should obtain independent professional advice before making any investment decision. Expressions of opinion contained in this document reflect current opinion as at 27th November 2020 and is based on information available to BOI before that date. This document is the property of BOI and its contents may not be reproduced, either in whole or in part, without the express written consent of a suitably authorised member of BOI.

The Governor and Company of the Bank of Ireland is regulated by the Central Bank of Ireland. In the UK, The Governor and Company of the Bank of Ireland is authorised by the Central Bank of Ireland and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available from us on request. The Governor and Company of the Bank of Ireland is incorporated in Ireland with limited liability. Registered Office - 40 Mespil Road, Dublin 4, Ireland.

Registered Number - C-1.

[Update My Preferences](#)

If you'd rather not receive future e-mails from us, please [opt-out here](#).