

Daily commentary

Tuesday, 14 August 2018

Key news

- Financial markets continue to focus on Turkish situation

Good morning,

The financial turmoil in Turkey shows no signs of abating as contagion spread to some developed and emerging markets.

Markets spent most of yesterday in 'wait-and-see' mode expecting encouraging measures from the Turkish authorities to support the currency and calm the situation. While the Turkish central bank did provide some relief in liquidity, giving local banks an additional \$6bn of fx, it did not announce any other supportive measures and the markets showed their disappointment by pushing the lira 8% lower against the USD.

There appears to be a little calm spreading this morning with USD/TRY settling around the 6.80 level, but volatility is expected to continue, not least because the US has warned there will be no tariff negotiations until the detained American pastor is released.

Turning now towards economic fundamentals and there is a fair bit of data due to be released today.

Chinese data released overnight was a little weaker than expected but hasn't had much impact.

We had just had German GDP data for Q2, which has posted a higher than expected number of 0.5% (Reuters' forecast was 0.4%), and the Federal Statistics Office has also revised the figure for Q1 up to 0.4% from 0.3%.

The main event in the UK will be the labour market report due out at 9.30am. Reuters' is expecting the unemployment rate to remain unchanged at 4.2%, the claimant count to be lower than last month at 98k, and average earnings steady at 2.7%.

Other data due out include German ZEW confidence index and HICP figures for Germany, France and Spain.

Have a pleasant day.

Market movers today:

- DEM: GDP
- UK: Labour market report

Market rates

CCY pair	Market rate at opening
GBP/USD	1.2801
GBP/EUR	1.1211
EUR/USD	1.1414
EUR/GBP	0.8920
GBP/AUD	1.7626
GBP/CAD	1.6755
GBP/CHF	1.2705
GBP/DKK	8.3567
GBP/HKD	10.0490
GBP/JPY	142.1750
GBP/NOK	10.6907
GBP/NZD	1.9405
GBP/SEK	11.6565
USD/CNY	6.8823

LIBOR (last business day setting)

GBP 1 month	0.72075
GBP 3 month	0.80875
GBP 6 month	0.90088

Commodities and Stock Markets

Crude oil (\$/barrel)	73.06
Gold (\$/oz)	1194.2
FTSE 100	7655.48
Dow Jones	25187.7
Nikkei 225	22356
Hang Sang	27665
German DAX	12546

Source Reuters

Danske Bank Markets in Northern Ireland

Today's Major Data Releases - source: Reuters

Time	Region	Event	Period	Expectation
7am	DEM	HICP	mm/yy Jul	0.4%/2.1%
7.45am	FRF	HICP	mm/yy Jul	-0.038461538
8am	ESP	HICP	mm/yy Jul	-1.2%/2.3%
9.30am	UK	Unemployment Rate	Jun	4.2%
		Average Earnings	Jun	2.7%
10am	DEM	ZEW current situation	Aug	71.1
		ZEW expectations	Aug	-20

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