

10 September 2019

Daily

Intesa Sanpaolo  
Research Department

Macroeconomic and Fixed  
Income Research

Asmara Jamaleh  
Economist

Macroeconomic data							
Time	Country	Data release	*	Period	Previous	Consensus	Intesa Sanpaolo
08:45	FR	Industrial Production (MoM)	*	Jul	-2.3	%	0.5 ✓0.3
10:00	IT	Industrial Production sa (MoM)	**	Jul	-0.2	%	-0.2
10:30	GB	ILO Unemployment Rate		Jul	3.9	%	3.9
10:30	GB	Average Earnings		Jul	3.7	%	3.7

(\*\*) very important; (\*) important; (✓) already released - Source: Intesa Sanpaolo Research Department

## Comments and indications

**USD** – In the absence of noteworthy data and developments **the dollar opened the week stable**, remaining at Friday's levels. The dominant theme yesterday was the widespread **easing of risk aversion**, which aided a **recovery of US yields**. One element which supported market sentiment yesterday were the statements made by US Treasury Secretary Steven Mnuchin, who expressed optimism on the outlook for the US economy, also thanks to the prospected resumption of trade talks with China. Today, lacking domestic data releases and with the markets caught up in anticipation ahead of the ECB meeting, the dollar should generally stay in range trading mode.

**EUR** – The euro opened the week by strengthening slightly, from EUR/USD 1.1014 to 1.1067, but the movement was mostly technical and lacked any real directional force. The important resistances lie at EUR/USD 1.1070-1.1170. **Anticipation for the outcome of the ECB meeting on Thursday** should help cool any directional input for now, favouring a stabilisation. Any positive surprises from Italian industrial output data could support a new strengthening, but should not be enough alone to trigger a breakthrough of the initial resistance levels at EUR/USD 1.1070.

**JPY** – The yen opened the week on the decline against both the dollar, from USD/JPY 106 to 107, and the euro, from EUR/JPY 117 to 118, **affected by easing risk aversion and the recovery of US yields**. In the absence of significant news today, it should stabilise, staying on the defensive.

**GBP** – Sterling opened the week by gaining ground against both the dollar, from GBP/USD 1.22 to 1.23, and the euro, EUR/GBP 0.90 to 0.89, supported by **stronger than expected data** (industrial output rebounded slightly, from -0.1% m/m to +0.1% as opposed to forecasts for another contraction to -0.1%) and by developments on the Brexit front. **The anti no-deal law was signed into law yesterday by the Queen, while Parliament again rejected Johnson's bid for a snap election. Johnson said he will take part in the EU summit on 17 October and seek to reach an agreement, while reasserting that he intends to lead the UK out of the EU on 31 October.** Political uncertainty remains high leaving the pound exposed to the risk of downswings. This morning's data on the labour market are expected essentially positive, but for a new appreciation to materialise very favourable surprises would be needed. Yesterday, BoE's Vlieghe said he believes interest rates will stay lower for long, while ruling out the risk of a drop into negative territory.

	Past values				Exchange rates			Forecasts			
	-24m	-12m	-6m	-3m	-1m	10-09-19	+1m	+3m	+6m	+12m	+24m
EUR/USD	1.20	1.16	1.12	1.13	1.12	1.1045	1.12	1.14	1.15	1.17	1.20
USD/JPY	108	111	111	108	106	107.24	105	107	108	110	110
GBP/USD	1.32	1.30	1.30	1.27	1.20	1.2331	1.20	1.22	1.23	1.25	1.35
EUR/CHF	1.14	1.13	1.13	1.12	1.09	1.0946	1.08	1.10	1.12	1.13	1.15
EUR/SEK	9.55	10.51	10.59	10.65	10.69	10.7374	10.80	10.70	10.50	10.40	10.00
EUR/NOK	9.31	9.73	9.82	9.79	9.94	9.8839	10.00	9.80	9.60	9.50	9.30
EUR/DKK	7.44	7.46	7.46	7.47	7.46	7.4595	7.46	7.46	7.46	7.46	7.46
USD/CAD	1.22	1.32	1.34	1.33	1.32	1.3180	1.35	1.32	1.30	1.28	1.28
AUD/USD	0.81	0.71	0.70	0.70	0.68	0.6856	0.71	0.71	0.69	0.73	0.77
NZD/USD	0.73	0.65	0.68	0.66	0.65	0.6421	0.62	0.65	0.68	0.70	0.70
EUR/JPY	130	129	125	123	118	118.47	118	122	124	129	132
EUR/GBP	0.91	0.89	0.86	0.89	0.93	0.8955	0.94	0.93	0.93	0.93	0.89
EUR/CAD	1.46	1.53	1.51	1.50	1.48	1.4558	1.52	1.50	1.50	1.50	1.54
EUR/AUD	1.49	1.63	1.59	1.63	1.65	1.6104	1.73	1.68	1.64	1.63	1.62
EUR/NZD	1.66	1.78	1.65	1.71	1.73	1.7198	1.81	1.75	1.69	1.67	1.71

Source: Thomson Reuters and Intesa Sanpaolo elaborations

<b>Intesa Sanpaolo Research Department – Head of Research Gregorio De Felice</b>		
<b>Tel. +39 02 879+(6)</b>		
<b>Macroeconomic Analysis</b>		
<b>Macro &amp; Fixed Income Research</b>		
Luca Mezzomo	62170	luca.mezzomo@intesaspaolo.com
<b>Fixed Income</b>		
Sergio Capaldi	62036	sergio.capaldi@intesaspaolo.com
Chiara Manenti	62107	chiara.manenti@intesaspaolo.com
Federica Migliardi	62102	federica.migliardi@intesaspaolo.com
<b>Macroeconomics</b>		
Andrej Arady	62513	andrej.arady@intesaspaolo.com
Guido Valerio Ceoloni	62055	guido.ceoloni@intesaspaolo.com
Paolo Mameli	62128	paolo.mameli@intesaspaolo.com
Giovanna Mossetti	62110	giovanna.mossetti@intesaspaolo.com
Alessio Tiberi	62985	alessio.tiberi@intesaspaolo.com
<b>Forex Markets</b>		
Asmara Jamaleh	62111	asmara.jamaleh@intesaspaolo.com
<b>Commodities</b>		
Daniela Corsini	62149	daniela.corsini@intesaspaolo.com

## Appendix

### Analyst Certification and Other Important Disclosures

The analysts drafting this report state that the opinions, forecasts, and estimates contained herein are the result of independent and subjective evaluation of the data and information obtained and no part of their compensation has been, is, or will be directly or indirectly linked to the views expressed.

This research has been prepared by Intesa Sanpaolo S.p.A. and distributed by Banca IMI S.p.A. Milan, Banca IMI SpA-London Branch (a member of the London Stock Exchange) and Banca IMI Securities Corp (a member of the NYSE and FINRA). Intesa Sanpaolo S.p.A. accepts full responsibility for the contents of this report. Please also note that Intesa Sanpaolo S.p.A. reserves the right to issue this document to its own clients. Banca IMI S.p.A. and Intesa Sanpaolo S.p.A. are both part of the Gruppo Intesa Sanpaolo. Intesa Sanpaolo S.p.A. and Banca IMI S.p.A. are both authorised by the Banca d'Italia, are both regulated by the Financial Conduct Authority in the conduct of designated investment business in the UK and by the SEC for the conduct of US business.

Opinions and estimates in this research are as at the date of this material and are subject to change without notice to the recipient. Information and opinions have been obtained from sources believed to be reliable, but no representation or warranty is made as to their accuracy or correctness.

This report has been prepared solely for information purposes and is not intended as an offer or solicitation with respect to the purchase or sale of any financial products. It should not be regarded as a substitute for the exercise of the recipient's own judgement.

No Intesa Sanpaolo S.p.A. or Banca IMI S.p.A. entities accept any liability whatsoever for any direct, consequential or indirect loss arising from any use of material contained in this report.

This document may only be reproduced or published together with the name of Intesa Sanpaolo S.p.A. and Banca IMI S.p.A..

Intesa Sanpaolo S.p.A. issues and circulates research to Major Institutional Investors in the USA only through Banca IMI Securities Corp., 1 William Street, New York, NY 10004, USA, Tel: (1) 212 326 1199.

Residents in Italy: this document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation no. 20307 of 15.02.2018, as subsequently amended and supplemented, either as a printed document and/or in electronic form.

Person and residents in the UK: this document is not for distribution in the United Kingdom to persons who would be defined as private customers under rules of the FCA.

US persons: this document is intended for distribution in the United States only to Major US Institutional Investors as defined in SEC Rule 15a-6. US Customers wishing to effect a transaction should do so only by contacting a representative at Banca IMI Securities Corp. in the US (see contact details above).

This document is for the exclusive use of the person to whom it is delivered by Banca IMI and Intesa Sanpaolo and may not be reproduced, redistributed, directly or indirectly, to third parties or published, in whole or in part, for any reason, without prior consent expressed by Banca IMI and/or Intesa Sanpaolo. The copyright and all other intellectual property rights on the data, information, opinions and assessments referred to in this information document are the exclusive domain of the Intesa Sanpaolo banking group, unless otherwise indicated. Such data, information, opinions and assessments cannot be the subject of further distribution or reproduction in any form and using any technique, even partially, except with express written consent by Banca IMI and/or Intesa Sanpaolo.

Persons who receive this document are obliged to comply with the above indications.

## Valuation Methodology

Comments on macroeconomic data are prepared based on macroeconomic and market news and data available via information providers such as Bloomberg and Thomson Reuters-Datstream. Macroeconomic, exchange rates and interest rate forecasts are prepared by the Intesa Sanpaolo Research Department, using dedicated econometric models. Forecasts are obtained using analyses of historical statistical data series made available by the leading data providers and also on the basis of consensus data, taking account of appropriate connections between them.

## Disclosure of potential conflicts of interest

Intesa Sanpaolo S.p.A. and the other companies belonging to the Intesa Sanpaolo Banking Group (jointly also the "Intesa Sanpaolo Banking Group") have adopted written guidelines "Modello di Organizzazione, Gestione e Controllo" pursuant to Legislative Decree 8 June, 2001 no. 231 (available at the Intesa Sanpaolo website, webpage [https://www.group.intesasanpaolo.com/scripts/sir0/si09/governance/eng\\_dlgs\\_231\\_2001.jsp](https://www.group.intesasanpaolo.com/scripts/sir0/si09/governance/eng_dlgs_231_2001.jsp)) setting forth practices and procedures, in accordance with applicable regulations by the competent Italian authorities and best international practice, including those known as Information Barriers, to restrict the flow of information, namely inside and/or confidential information, to prevent the misuse of such information and to prevent any conflicts of interest arising from the many activities of the Intesa Sanpaolo Banking Group which may adversely affect the interests of the customer in accordance with current regulations.

In particular, the description of the measures taken to manage interest and conflicts of interest – related to Articles 5 and 6 of the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest as subsequently amended and supplemented, the FINRA Rule 2241, as well as the FCA Conduct of Business Sourcebook rules COBS 12.4 - between the Intesa Sanpaolo Banking Group and issuers of financial instruments, and their group companies, and referred to in research products produced by analysts at Intesa Sanpaolo S.p.A. is available in the "Rules for Research" and in the extract of the "Corporate model on the management of inside information and conflicts of interest" published on the website of Intesa Sanpaolo S.p.A., webpage [https://www.group.intesasanpaolo.com/scripts/sir0/si09/studi/eng\\_doc\\_governance.jsp](https://www.group.intesasanpaolo.com/scripts/sir0/si09/studi/eng_doc_governance.jsp) along with a summary sheet on the website of Banca IMI S.p.A. webpage <https://www.bancaimi.com/en/bancaimi/chiamo/documentazione/normative.html>. This documentation is available to the recipient of this research upon making a written request to the Compliance Department, Intesa San Paolo S.p.A., Via Hoepli, 10 – 20121 Milan – Italy.

Furthermore, in accordance with the aforesaid regulations, the disclosures of the Intesa Sanpaolo Banking Group's interests and conflicts of interest are available through webpage [https://www.group.intesasanpaolo.com/scripts/sir0/si09/studi/eng\\_wp\\_studi.jsp](https://www.group.intesasanpaolo.com/scripts/sir0/si09/studi/eng_wp_studi.jsp). The conflicts of interest published on the internet site are updated to at least the day before the publishing date of this report. We highlight that disclosures are also available to the recipient of this report upon making a written request to Intesa Sanpaolo S.p.A. – Macroeconomic and Fixed Income Research, Via Romagnosi, 5 - 20121 Milan - Italy.

Banca IMI S.p.A., one of the companies belonging to the Intesa Sanpaolo Banking Group, acts as market maker in the wholesale markets for the government securities of the main European countries and also acts as Government Bond Specialist, or in comparable roles, for the government securities issued by the Republic of Italy, by the Federal Republic of Germany, by the Hellenic Republic, by the European Stability Mechanism and by the European Financial Stability Facility.