

# Euro wrap-up

## Overview

- Ahead of the weekend's German general election, Bunds were little changed as the flash PMIs signalled strong GDP growth momentum in the euro area.
- Gilts were little changed as May set out the latest UK position on Brexit.
- The coming week brings the flash estimate of euro area inflation in September as well as economic survey results for the same month, while the next round of Brexit negotiations will be conducted.

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### Daily bond market movements

| Bond         | Yield  | Change* |
|--------------|--------|---------|
| BKO 0 09/19  | -0.681 | -       |
| OBL 0 10/22  | -0.254 | +0.003  |
| DBR 0½ 08/27 | 0.451  | -0.003  |
| UKT 1¾ 07/19 | 0.449  | +0.001  |
| UKT 0½ 07/22 | 0.771  | +0.001  |
| UKT 4¼ 12/27 | 1.360  | -0.005  |

\*Change from close as at 4.30pm BST.

Source: Bloomberg

## Euro area

### Euro area growth momentum picked up at end-Q3

While some recent economic surveys have suggested some moderation over the summer months, the European Commission's flash consumer confidence indicator for September, released yesterday, rose to a new sixteen-year high. And this morning's flash euro area PMIs for the current month also strongly suggested that growth momentum picked up again heading into the autumn. Indeed, the manufacturing PMI rose to 58.2, the highest since February 2011, while the headline index for services increased to a four-month high of 55.6, back close to the top of the range of recent years. As a result, the euro area composite PMI rose 1pt, the most in seven months, to 56.7, only a touch below the six-year high seen in April and May. So, despite somewhat softer readings in the past couple of months, the PMIs suggest a pickup in GDP growth to 0.7%Q/Q in Q3, up from actual growth of 0.6%Q/Q in Q2. However, not least as that Q2 growth outturn was somewhat softer than the PMIs had originally implied, and recent hard data have been mixed, for the time being we maintain our forecast of a 0.5%Q/Q rise in euro area GDP this quarter.

### Germany and France on the rise again

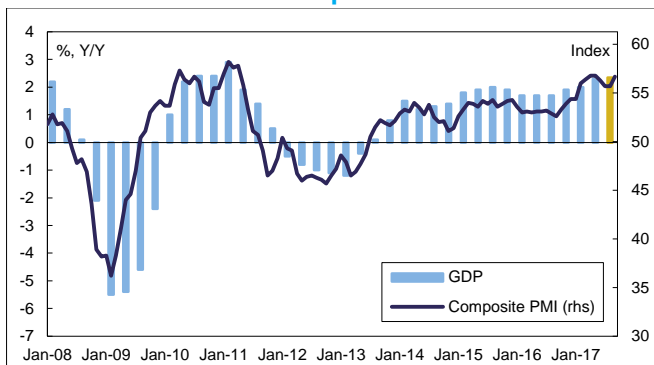
The flash PMIs from Germany and France followed similar patterns. Germany's services PMI leapt to match its best reading this year, while its manufacturing survey signalled even stronger momentum, with the headline indicator breaching 60 for the first time since April 2011. Meanwhile in France, the services index comfortably reversed the deterioration seen in previous months to return close to the near-six-year high reached in March. And while the manufacturing index inched only slightly higher, this was the best reading since April 2011 leaving the composite PMI also at the highest since the spring 2011. Looking at the quarter as a whole, however, the PMIs in both countries still fell short of their Q2 averages. So, the largest euro area member states seem to be on track to post relatively strong GDP growth readings in Q3, albeit possibly slightly slower than in Q2.

### The week ahead in the euro area and US

Germany's general election will be held on Sunday, with Angela Merkel seemingly set on a clear path back to be Chancellor for a fourth term. The latest polls suggest that the CDU/CSU should get more than a third of all votes, while the Social Democrats (SPD) seem likely to receive less than a quarter, and the far-left populist Die Linke, Greens, pro-market Free Democrats (FDP) and far-right populist AfD parties should share the remainder also to qualify for Bundestag representation. So, the main question seems to be with which parties Merkel will eventually govern.

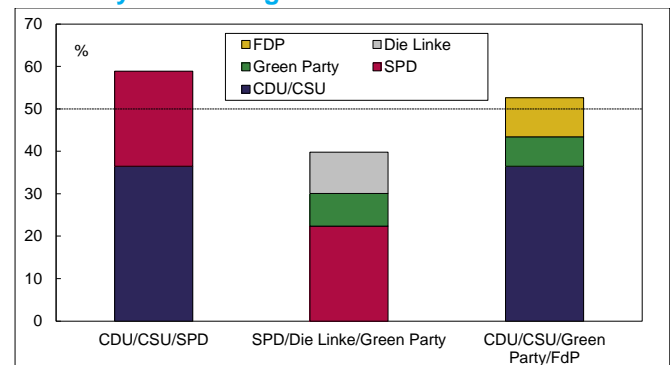
Another grand coalition with the SPD, a 'Jamaica' coalition with the FDP and Greens, or even a minority CDU/CSU government, with ad hoc deals made with other parties depending on the policy, are all feasible. Nevertheless, whatever form the government will take,

### Euro area: GDP\* and composite PMI



\*Daiwa forecast for Q317. Source: Markit, Thomson Reuters and Daiwa Capital Markets Europe Ltd.

### Germany: Possible government coalitions\*



\*Based on the latest opinion polls. Source: Pollytx and Daiwa Capital Markets Europe Ltd.



we don't expect a significant deviation from current German policy-settings, with no dilution of the commitment to a balanced government budget and a cautious approach to further integration in the euro area. And financial markets seem unlikely to be troubled by the result.

While speeches from top ECB officials at the end of this week brought no new insights into ECB monetary policy, in this regard we might hear something new next week, with Draghi, Constâncio and Cœuré scheduled to speak again on Monday. The most notable day on the data front will be Friday when the flash September inflation figures for the euro area will be released. Despite a significant increase in oil prices this month, the annual pace of energy inflation is likely to have eased slightly due to the impact of shifts a year earlier. Meanwhile, goods and services inflation is likely to be little changed to leave the core rate flat at 1.2%Y/Y. And therefore, the headline CPI rate should have also moved sideways at 1.5%Y/Y. Ahead of that, we will see flash inflation data from the major member states, which will share the limelight with various business surveys and consumer sentiment indicator releases. Among the former, the German Ifo indices are due on Monday, the French INSEE survey is coming out on Tuesday and the Italian ISTAT indicators will be released on Wednesday. Meanwhile, the French and German consumer confidence indices are due on Wednesday and Thursday respectively. Thursday will also bring the European Commission's economic sentiment survey, which arguably provides the best indicator of euro area GDP growth. Having risen to a ten-year high in August, the Commission's headline economic sentiment index is expected to have been little changed this month implying a solid pace of GDP growth this quarter.

In the US, with the September FOMC meeting out of the way, attention turns back to the economic data, of which there is plenty over the coming week. The most notable reports early in the week will be Tuesday's Conference Board consumer survey and Wednesday's August durable goods orders, the latter to see whether core capex orders have maintained this year's upward trend. On Thursday, further revisions to Q2 GDP should be minor, while the weekly jobless claims report will give insight into the impact of Hurricane Irma. Advance trade and inventory data for August may shed light on how the economy is performing in Q3, although the trade data – in particular – will be impacted by weather-related disruptions. The week concludes with the personal spending and income report for August and associated price deflators – the expected 0.2%M/M rise in the core PCE deflator would likely leave the annual rate on the Fed's preferred inflation measure at 1.4%Y/Y – as well as the final reading of the University of Michigan consumer survey for September. There are also a number of Fed speaking engagements this week, including a keynote speech on inflation, uncertainty and monetary policy by Chair Janet Yellen on Tuesday. Finally, in the bond market, the Treasury will sell 2Y notes on Tuesday, followed by 5Y and 7Y notes on Wednesday and Thursday respectively.

## UK

### Theresa May speech offers no surprises

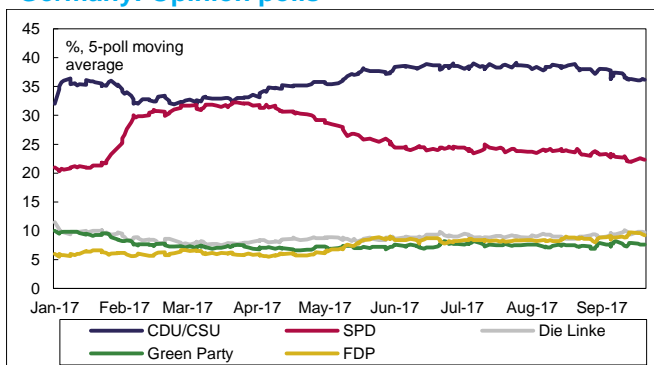
After all the speculation and Cabinet infighting of the past week, Theresa May finally gave her much-anticipated speech on Brexit this afternoon. As had been widely trailed, the main points were:

- A request for a transition period of (probably) 2 years during which the UK would to all intents and purposes remain a member of the EU, notably via membership of the Single Market and a Customs Union;
- A commitment for the UK to continue paying its dues to the EU at its current rate during that transition period;
- No commitment to meet the other financial obligations that the EU is seeking;
- The offer of a new Treaty with the EU on criminal justice and security; and,
- An attempt to reassure EU citizens that their rights will be upheld post-Brexit, but by the UK courts only.

### EU likely to be far from impressed

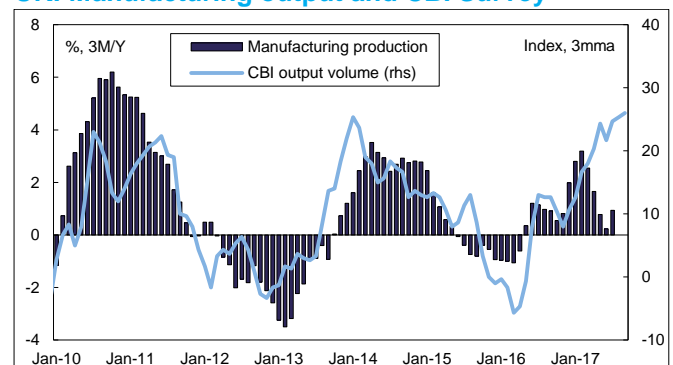
So, progress of sorts, in particular the public acceptance of the need for a transition period and the willingness to continue to pay the UK's contributions during that period. But that merely represents an acceptance of the reality of the UK's precarious position – there is simply not time left in the Article 50 negotiating period for the UK's government and businesses to leave the EU on 29 March 2019 without chaos resulting.

### Germany: Opinion polls



Source: Pollytix and Daiwa Capital Markets Europe Ltd.

### UK: Manufacturing output and CBI Survey



Source: Thomson Reuters and Daiwa Capital Markets Europe Ltd.

But, to get to a position where the EU is ready to agree to a transition deal, sufficient progress needs to be made on the separation issues (money, citizens' rights and the question of Ireland). Michel Barnier's remit from the other EU27 leaders is very clear on that and, indeed, the UK Government agreed to that very sequencing on the first day of the Brexit talks back in June. May's call, therefore, for the EU to show greater creativity around the talks (code for relaxing the sequencing) is not going to get anywhere. Neither, unfortunately, is what she said in her speech on the separation issues going to be sufficient for Barnier to recommend to the EU27 leaders that sufficient progress has been made. This was clear from a speech Barnier gave yesterday (quotes from which are in the table below). And while the issue of the money as a sticking point grabs most of the headlines, Barnier's comments yesterday highlighted that the EU will be steadfast on securing citizens' rights and, in particular, the insistence that those rights are guaranteed by the ECJ. Indeed, this insistence has been strengthened by recent events in the UK where legally-resident EU citizens have been (incorrectly) sent deportation letters and the Home Office has ignored orders from the UK's High Court. May's offer that UK courts would be able to take into account ECJ judgments on citizens' rights will not go far enough in that regard.

### **Brexit uncertainty to persist for years to come**

In reality, therefore, this speech leaves us not much further forward. Without next week's talks yielding significantly more progress on the separation issues, there will not be agreement at the October European Council meeting to move the talks on to the question of the transition arrangements. Meanwhile, we still don't know what final relationship the Government will seek from the EU, with Theresa May rejecting both the Norway and Canada options, instead seeking a bespoke arrangement. This lack of clarity largely reflects the fact that the Cabinet remains deeply divided between those who want the hardest of separations, and those seeking something much closer to the status quo. In all, for all of the heat around May's speech, it has unfortunately not delivered a great deal of light, although Michel Barnier did describe it as showing a 'willingness to move forward'. And for businesses, with time running out and no certainty over transition (transition will require that the talks don't break down, while May continued to say that "no deal is better than a bad deal") or what Brexit in the end will look like, contingency plans will increasingly be implemented, with knock-on negative consequences for business investment in particular in the UK.

### **Survey data continues to point to firm manufacturing output growth**

On the data front, the only notable release today was the CBI Industrial Trends survey, which suggested that manufacturing output growth eased in the three months to September, with the relevant index falling to 17%, significantly lower compared to the previous month's reading of 30% and down from the average so far this year of 22%. Nevertheless, the index remained above its long-term average (3%) and the level seen at the end of Q2 (15%). And looking ahead, respondents expected growth to bounce back despite the fact that domestic orders weakened, driving down the indicator for total order books from 13% to 7%, the lowest level since April. Meanwhile, manufacturers reportedly continued to benefit from improved global demand, with the indicator for export orders remaining little changed at an elevated level of 10%. Overall, manufacturing output growth so far this year has been significantly lower than some major survey indicators suggested, although the latest figures for July finally showed an increase.

### **The week ahead in the UK**
















Following on from May's speech, Monday sees the start of the fourth round of Brexit talks. Data-wise, the most notable day is Friday, with the release of the final estimate of Q2 GDP. We expect that the second estimate of 0.3%Q/Q growth will be confirmed, 0.1ppt higher than in Q1, but significantly lower than 0.5-0.7%Q/Q rates seen in previous quarters. Also out that day will be the GfK consumer sentiment index, which is likely to have remained little changed from the weak levels seen in the last few months, and the BoE lending data. Before that, on Tuesday, the BBA will release its lending statistics from the major High Street banks, while Wednesday will bring the CBI Distributive Trades Survey, which will be one of the first indicators of retail sector activity for this month. On the policy front, on Monday the BoE will publish a statement from the FPC meeting held this week, while at the back end of the week the week Carney and Broadbent will speak.

## EU and UK Government's positions on Brexit

| EU position  | UK Government position  |
|--|---|
| <b>Citizens' rights</b>  |   |
| <p>"It is absolutely necessary that [EU citizens in the United Kingdom] can continue to live as they did before, with <b>the same rights and safeguards.</b>"</p> <p>"We want these rights to be valid in national courts and that national courts have the possibility – or even the obligation – to refer questions related to the interpretation of rights deriving from European law to the Court of Justice of the European Union. <b>The Court of Justice would remain the ultimate guarantor of the agreement.</b>"</p> | <p>"I want to incorporate our agreement fully into UK law and make sure the UK courts can refer directly to it."</p> <p>"Where there is uncertainty around underlying EU law, I want the UK courts to be able to take into account the judgments of the European Court of Justice <b>with a view to ensuring consistent interpretation.</b>"</p>  |
| <b>Financial settlement</b>  |   |
| <p>Agreement is required on the mechanism for settling the "divorce settlement" based on "the commitments that they have made to each other [at 28]".</p> <p>The settlement should cover <b>all commitments as well as liabilities, including contingent liabilities.</b></p>  | <p><b>"Some of the claims made on this issue are exaggerated and unhelpful</b> and we can only resolve this as part of the settlement of all the issues I have been talking about today."</p> <p>"I do not want our partners to fear that they will need to pay more or receive less over the remainder of the current budget plan... The UK will honour commitments we have made during the period of our membership."</p> |
| <b>Ireland</b>   |   |
| <p>"...on Ireland, and the Border in particular, we must act responsibly to respect both the Good Friday Agreement in all its parts and the integrity of the Single Market."</p>   | <p>"...we and the EU have committed to protecting the Belfast Agreement and the Common Travel Area and...we have both stated explicitly that we will not accept any physical infrastructure at the border."</p>   |
| <b>Transition agreement</b>  |   |
| <p>"...if we are to extend for a limited period the <i>acquis</i> of the EU, with all its benefits, then logically <i>"this would require existing Union regulatory, budgetary, supervisory, judiciary and enforcement instruments and structures to apply"</i></p>  | <p>Will seek a transition agreement that maintains access to one another's markets... on current terms and Britain also should continue to take part in existing security measures.</p>   |
| <b>Sequencing of talks</b>   |   |
| <p>"To swiftly reach an agreement on the United Kingdom's orderly withdrawal and to provide certainty where Brexit has created uncertainty: for citizens, for beneficiaries of EU programmes, for the new borders, particularly in Ireland."</p> <p>"To subsequently define the length and precise conditions of a short transition period, if the British government requests one."</p> <p>"To begin scoping our future relationship, in parallel to the finalisation of the withdrawal agreement."</p>                       | <p>A call for a "creative" approach to the talks, with talks occurring in parallel</p> <p><b>"...can only resolve [the financial issue] as part of the settlement of all the issues</b> I have been talking about today."</p>   |
| <b>Future arrangements</b>   |   |
| <p>"...if the United Kingdom wanted to go further than the type of free trade agreement we have just signed with Canada, there are other models on the table. For example, Norway and Iceland have chosen to be in the Single Market, to accept the rules, and to contribute financially to cohesion policy."</p> <p><b>"But...it is not – and will not – be possible for a third country to have the same benefits as the Norwegian model but the limited obligations of the Canadian model."</b></p>                         | <p>No "off the shelf" deal (e.g. Norway or Canada). Will seek a bespoke deal.</p>   |






Quotes either from Michel Barnier or Theresa May. Emphasis ours.

## Daiwa economic forecasts

|   | 2017  |       |       |       | 2018  |       |       |       | 2016  | 2017  | 2018  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|   | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | Q4    |       |       |       |
| <b>GDP forecasts %, Q/Q</b>   |       |       |       |       |       |       |       |       |       |       |       |
| Euro area                | 0.5   | 0.6   | 0.5   | 0.4   | 0.4   | 0.4   | 0.4   | 0.4   | 1.8   | 2.2   | 1.8   |
| Germany                  | 0.7   | 0.6   | 0.6   | 0.5   | 0.5   | 0.4   | 0.4   | 0.5   | 1.9   | 2.2   | 2.1   |
| France                   | 0.5   | 0.5   | 0.4   | 0.4   | 0.4   | 0.4   | 0.3   | 0.3   | 1.1   | 1.6   | 1.6   |
| Italy                    | 0.4   | 0.4   | 0.3   | 0.2   | 0.1   | 0.1   | 0.3   | 0.3   | 1.0   | 1.4   | 0.8   |
| Spain                    | 0.8   | 0.9   | 0.7   | 0.6   | 0.6   | 0.5   | 0.6   | 0.7   | 3.2   | 3.1   | 2.6   |
| UK                       | 0.2   | 0.3   | 0.3   | 0.2   | 0.3   | 0.3   | 0.3   | 0.4   | 1.8   | 1.5   | 1.1   |
| <b>Inflation forecasts %, Y/Y</b>   |       |       |       |       |       |       |       |       |       |       |       |
| Euro area   |       |       |       |       |       |       |       |       |       |       |       |
| Headline CPI             | 1.8   | 1.5   | 1.4   | 1.4   | 1.0   | 1.2   | 1.4   | 1.4   | 0.2   | 1.5   | 1.3   |
| Core CPI                 | 0.8   | 1.1   | 1.2   | 1.2   | 1.3   | 1.1   | 1.2   | 1.2   | 0.9   | 1.1   | 1.2   |
| UK  |       |       |       |       |       |       |       |       |       |       |       |
| Headline CPI             | 2.1   | 2.7   | 2.8   | 3.0   | 2.9   | 2.8   | 2.6   | 2.4   | 0.7   | 2.7   | 2.7   |
| Core CPI                 | 1.8   | 2.5   | 2.6   | 2.8   | 2.8   | 2.7   | 2.6   | 2.5   | 1.3   | 2.4   | 2.6   |
| <b>Monetary policy</b>  |       |       |       |       |       |       |       |       |       |       |       |
| ECB   |       |       |       |       |       |       |       |       |       |       |       |
| Refi Rate %              | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  |
| Deposit Rate %          | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.40 | -0.25 | -0.40 | -0.40 | -0.25 |
| Net asset purchases*   | 80    | 60    | 60    | 60    | 40    | 20    | 0     | 0     | 80    | 60    | 0     |
| BoE   |       |       |       |       |       |       |       |       |       |       |       |
| Bank Rate %            | 0.25  | 0.25  | 0.25  | 0.50  | 0.50  | 0.50  | 0.50  | 0.50  | 0.25  | 0.50  | 0.50  |
| Net asset purchases**  | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |





































\*Monthly target €bn, end of period. \*\*Monthly target £bn, end of period. Source: Bloomberg, ECB, BoE and Daiwa Capital Markets Europe Ltd.

## European calendar

| Today's results   |  |        |                    |                                     |             |         |
|---|--|--------|--------------------|-------------------------------------|-------------|---------|
| Economic data   |  |        |                    |                                     |             |         |
| Country   | Release  | Period | Actual             | Market consensus/<br>Daiwa forecast | Previous    | Revised |
| EMU      | Preliminary manufacturing PMI                        | Sep    | <b>58.2</b>        | 57.2                                | 57.4        | -       |
|   | Preliminary services PMI (preliminary composite PMI) | Sep    | <b>55.6 (56.7)</b> | 54.8 (55.6)                         | 54.7 (55.7) | -       |
| Germany  | Preliminary manufacturing PMI                        | Sep    | <b>60.6</b>        | 59.0                                | 59.3        | -       |
|   | Preliminary services PMI (preliminary composite PMI) | Sep    | <b>55.6 (57.8)</b> | 53.7 (55.7)                         | 53.5 (55.8) | -       |
| France   | GDP – final release Q/Q% (Y/Y%)                      | Q2     | <b>0.5 (1.8)</b>   | <u>0.5 (1.7)</u>                    | 0.5 (1.1)   | -       |
|   | Preliminary manufacturing PMI                        | Sep    | <b>56.0</b>        | 55.5                                | 55.8        | -       |
|   | Preliminary services PMI (preliminary composite PMI) | Sep    | <b>57.1 (57.2)</b> | 54.8 (55.0)                         | 54.9 (55.2) | -       |
| Spain    | Trade balance €bn                                    | Jul    | <b>-2.1</b>        | -                                   | -1.3        | -       |
| UK       | CBI Industrial Trends survey, total orders           | Sep    | <b>7</b>           | 13                                  | 13          | -       |
| Auctions  |  |        |                    |                                     |             |         |
| Country   | Auction  |        |                    |                                     |             |         |
| - Nothing to report -   |  |        |                    |                                     |             |         |















Source: Bloomberg and Daiwa Capital Markets Europe Ltd.

## Coming week's data calendar

| Key data releases                  |   |  |        |  |               |
|------------------------------------|---|--|--------|--|---------------|
| Country                            | BST   | Release  | Period | Market consensus/<br><i>Daiwa forecast</i> | Previous      |
| <b>Monday 25 September 2017</b>    |   |  |        |  |               |
| EMU                                |    | 14:45 ECB public sector asset purchases €bn                      | Weekly | <u>11.5</u>                                | 11.0          |
| Germany                            |    | 09:00 Ifo business climate index                                 | Sep    | 116.0                                      | 115.9         |
|                                    |    | 09:00 Ifo current assessment balance (expectations)              | Sep    | 124.7 (108.0)                              | 124.6 (107.9) |
| <b>Tuesday 26 September 2017</b>   |   |  |        |  |               |
| France                             |    | 07:45 Manufacturing confidence (production outlook)              | Sep    | 111 (-)                                    | 111 (20)      |
| UK                                 |    | 09:30 BBA mortgage approvals `000                                | Sep    | 41.7                                       | 41.6          |
| <b>Wednesday 27 September 2017</b> |   |  |        |  |               |
| EMU                                |    | 09:00 M3 money supply Y/Y%                                       | Aug    | 4.7  | 4.5           |
| France                             |    | 07:45 Consumer confidence indicator                              | Sep    | 103  | 103           |
| Italy                              |    | 09:00 Business sentiment indicator                               | Sep    | -  | 107.0         |
|                                    |    | 09:00 Manufacturing confidence indicator                         | Sep    | 108.3                                      | 108.1         |
|                                    |    | 09:00 Consumer confidence indicator                              | Sep    | 110.6                                      | 110.8         |
| UK                                 |    | 11:00 CBI Distributive Trades survey, retail sales               | Sep    | 8  | -10           |
| <b>Thursday 28 September 2017</b>  |   |  |        |  |               |
| EMU                                |    | 10:00 Economic confidence indicator                              | Sep    | 112.0                                      | 111.9         |
|                                    |   | 10:00 Industrial confidence indicator                            | Sep    | 5.1  | 5.1           |
|                                    |  | 10:00 Services confidence indicator                              | Sep    | 15.0                                       | 14.9          |
|                                    |  | 10:00 Final consumer confidence indicator                        | Sep    | -1.2                                       | -1.5          |
| Germany                            |  | 07:00 GfK consumer confidence survey                             | Oct    | 11.0                                       | 10.9          |
|                                    |  | 13:00 Preliminary EU-harmonised CPI Y/Y%                         | Sep    | 1.8  | 1.8           |
| Spain                              |  | 08:00 Retail sales Y/Y%  | Sep    | 1.8  | 1.1           |
|                                    |  | 08:00 Preliminary EU-harmonised CPI Y/Y%                         | Sep    | 2.1  | 2.0           |
| <b>Friday 29 September 2017</b>    |   |  |        |  |               |
| EMU                                |  | 10:00 Flash CPI estimate Y/Y%                                    | Sep    | <u>1.5</u>                                 | 1.5           |
|                                    |  | 10:00 Flash core CPI estimate Y/Y%                               | Sep    | <u>1.2</u>                                 | 1.2           |
| Germany                            |  | 07:00 Retail sales M/M% (Y/Y%)                                   | Aug    | 0.5 (3.2)                                  | -1.2 (2.7)    |
|                                    |  | 08:55 Unemployment change `000s (rate %)                         | Sep    | -5 (5.7)                                   | -5 (5.7)      |
| France                             |  | 07:45 Preliminary EU-harmonised CPI Y/Y%                         | Sep    | 1.0  | 1.0           |
|                                    |  | 07:45 Consumer spending M/M% (Y/Y%)                              | Aug    | 0.2 (1.7)                                  | (0.7) 2.1     |
| Italy                              |  | 10:00 Preliminary EU-harmonised CPI Y/Y%                         | Sep    | 1.4  | 1.4           |
| UK                                 |  | 00:01 GfK consumer confidence survey                             | Sep    | -11  | -10           |
|                                    |  | 00:01 Lloyds business barometer                                  | Sep    | -  | 17            |
|                                    |  | 07:00 Nationwide house price index M/M% (Y/Y%)                   | Sep    | 0.1 (1.9)                                  | -0.1 (2.1)    |
|                                    |  | 09:30 Current account balance €bn                                | Q2     | -15.9                                      | -16.9         |
|                                    |  | 09:30 Net consumer credit (net lending secured on dwellings) £bn | Aug    | 1.4 (3.6)                                  | 1.2 (3.6)     |
|                                    |  | 09:30 Mortgage approvals `000s                                   | Aug    | 67.0                                       | 68.7          |
|                                    |  | 09:30 M4 money supply M/M% (Y/Y%)                                | Aug    | -  | 0.5 (4.4)     |
|                                    |  | 09:30 GDP – final release Q/Q% (Y/Y%)                            | Q2     | <u>0.3 (1.7)</u>                           | 0.2 (2.0)     |
|                                    |  | 09:30 Index of services M/M% (3M/3M%)                            | Jul    | 0.1 (0.7)                                  | 0.4 (0.5)     |
|                                    |  | 09:30 Total Business Investment – final release Q/Q% (Y/Y%)      | Q2     | 0.0 (0.0)                                  | 0.6 (0.7)     |

Source: Bloomberg and Daiwa Capital Markets Europe Ltd.

## Coming week's events/auctions calendar

| Key events & auctions              |   |       |  |
|------------------------------------|---|-------|--|
| Country                            |   | BST   | Event / Auction  |
| <b>Monday 25 September 2017</b>    |   |       |  |
| EMU                                |    | 08:00 | ECB's Constâncio scheduled to speak in Frankfurt                                   |
|                                    |    | 14:00 | ECB's Draghi scheduled to speak in Brussels  |
|                                    |    | 15:45 | ECB's Cœuré to chair a panel in Frankfurt  |
| UK                                 |    | 09:30 | BoE Financial Policy Committee publishes a statement from its 20 September meeting |
| <b>Tuesday 26 September 2017</b>   |   |       |  |
| Germany                            |    | 10:30 | Auction: To sell €4bn of 0% 2019 bonds (13-Sep-2019)                               |
| Italy                              |    | 10:00 | Auction: To sell up to €1.5bn of 0% 2019 bonds (30-May-2019)                       |
|                                    |    | 10:00 | Auction: To sell 0.1% 2022 index-linked bonds (15-May-2022)                        |
|                                    |    | 10:00 | Auction: To sell 1.25% 2032 index-linked bonds (15-Sep-2032)                       |
| <b>Wednesday 27 September 2017</b> |   |       |  |
| UK                                 |    | 10:30 | Auction: To sell £950m of 0.125% 2036 index-linked bonds (22-Nov-2036)             |
| <b>Thursday 28 September 2017</b>  |   |       |  |
| EMU                                |    | 09:00 | ECB's Praets scheduled to speak in Berlin  |
| Italy                              |    | 10:00 | Auction: To sell 5Y and 10Y bonds  |
| UK                                 |    | 09:15 | BoE's Carney scheduled to speak at a conference in London                          |
| <b>Friday 29 September 2017</b>    |   |       |  |
| EMU                                |   | 15:15 | ECB's Draghi scheduled to speak in London  |
| UK                                 |  | -     | BoE's Carney and Broadbent scheduled to speak at a conference in London            |

Source: Bloomberg and Daiwa Capital Markets Europe Ltd.

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