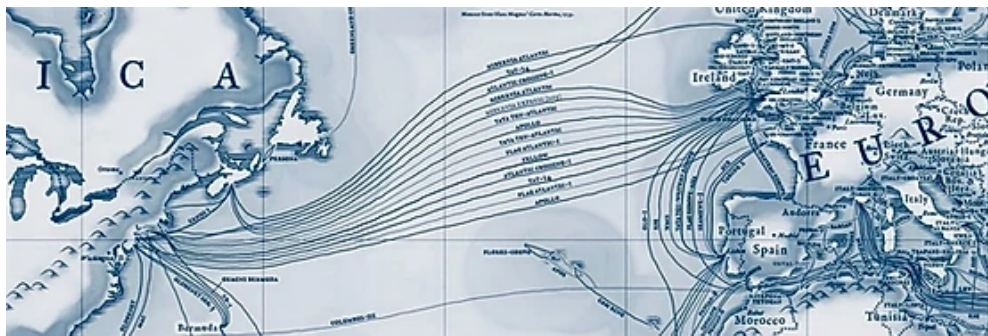




PriapusIQ  May 19 16 min read

Morning Ramble - 19th May 2020



[May 19th Research Folder](#)

Morning all,

To put it mildly, yesterday was bat-soup crazy!

Anyway, I won't keep you..

On with the Ramble!

Merkel & Macron Move A Mountain

Arguably the biggest news of yesterday was the dramatic announcement that Merkel and Macron have reached an agreement on Eurobonds.

As BBG reports -

Germany and France agreed to support a 500 billion-euro (\$543 billion) fund, backed by debt, to help the European Union weather the worst recession in living memory.

German Chancellor Angela Merkel and French President Emmanuel Macron proposed a plan to distribute the money to member states, with payments based on contributions to the bloc's budget.

The leaders of the EU's two biggest economies appeared together in a show of unity on Monday in an effort to bridge deep divisions over the recovery fund, the key tool to help stricken countries bounce back from the coronavirus pandemic.

"When Germany and France take the initiative, then this encourages the opinion-making process across the EU," Merkel said after a video conference with Macron. "We will have to act European in order to get well out of this crisis," which she called "biggest challenge in the history of the EU."

With the prospect of burden sharing becoming more tangible, Italian bonds jumped the most since March with 10-year yields dropping as much as 20 basis points to 1.68%. The risk premium over German bonds, which declined on the news, narrowed to 216 basis points, the lowest level this month. The euro climbed 0.6% to \$1.0887.

Merkel said the funds will be within the framework of the EU's budget, and the European Commission will have authority to borrow money on capital markets. The money will be handed out based on the needs of member states, while repayments would be pegged to the amounts paid into the bloc's coffers, Macron said.

The plan marks an historic step toward bolstering EU's financial power without breaking German taboos over borrowing. While the plan would make member states share liability for the recovery fund, it wouldn't breach the German constitution because the exposure is limited, according to an official for Merkel's Christian Democratic party.

"As Germans, we are ready to make a significant contribution to the regions and industries that are particularly hard hit," said Eckhardt Rehberg, the CDU's budget spokesman in German parliament. "European assistance is possible without coronabonds or Eurobonds -- and thus without debt pooling."

Backing Needed

Even as Germany and France find common ground, the world's largest trading bloc is far from reaching an agreement over a package, which still requires backing from the 27 member states. An official in Vienna said the Austrian government remains opposed to any kind of handouts and wants aid to be disbursed as loans.

The European Commission, the bloc's executive arm, floated a 2 trillion-euro plan last month that would have seen the EU borrow 320 billion euros on capital markets. Countries are still negotiating what the final recovery mechanism will look like. The latest proposal is due on May 27.

The agreement between France and Germany "acknowledges the scope and the size of the economic challenge that Europe faces," Commission President Ursula von der Leyen said in a statement.

The biggest obstacles haven't been the German and French positions, but bridging differences between richer and poorer nations. On the one side, there's the push led by Spain and Italy for more grants and common borrowing, while on the other side, the Netherlands, Sweden and Denmark want more loans to limit the risk of getting stuck paying the bill.

German Resources

The vast differences in resources was brought into focus after the EU said that Germany accounts for more than half of state aid approved to counter the pandemic's economic fallout.

Most of the hardest-hit EU countries have been banking on the recovery fund. Draft plans seen by Bloomberg last month suggested the commission's proposal would include a mix of loans and grants, as well as funds that will be used as guarantees to mobilize private investment, help sound companies replenish capital and invest in strategic sectors.

"The EU must act together, the nation state has no chance if it acts on its own," said Merkel, indicating that further work to bolster the bloc is still needed. "This is the short response to the crisis, about the long one we will have to discuss.

It took no time at all for market participants to get ridiculously frothy over this news, but as BBG reports, it still need the complete backing by all EU members, and quite frankly, that's a very tall ask.

We all know that the EU find it very hard to agree on the important stuff, even more so when it comes to giving out the cash.

We know Austria have already voiced concerns and the Netherlands are my pick to spoil the party.

I'm somewhat shocked that many have seemingly forgotten the form the EU have when it comes to this stuff.

Personally I make it odds against that this is as straight forward as some would have you believe and I can't put anyone off fading the bid in Euro that resulted from the circus of yesterday.

Tenreyro Breaks FinTwit

We all know the hatred FinTwit has for negative rates, and I share the view that they are unnecessary and damaging.

It appears BoE rate-setting, hot stepper Silvana Tenreyro doesn't share those thoughts those as yesterday, during her talk on an LSE web event she not only made it clear that neg rates are being considered by the BoE but, in her view, they have had POSITIVE effects in Europe.

As RTRS reports -

Bank of England official Silvana Tenreyro on Monday talked up the benefits of negative interest rates, in comments likely to fuel expectations that Britain might one day take borrowing costs sub-zero to prop up the economy.

"The (Monetary Policy Committee) has not ruled out any policy tool," interest rate-setter Tenreyro told a London School of Economics webinar.

Central banks elsewhere in Europe and in Japan have tried negative interest rates with mixed results. The idea is to discourage banks from holding excess cash and to encourage lending, boosting business investment and consumer spending.

"My personal view, which comes from the reading of the European experiences, is that negative rates have had a positive effect in the sense of having a fairly powerful transmission to real activity," she said.

Tenreiro added that there would be specific considerations for Britain given its large financial sector.

BoE officials have previously expressed objections to taking rates below zero - as the central banks of the euro zone and Japan have done - because it might hinder the ability of banks in Britain to lend and hurt rather than help the economy.

But money markets on Monday ramped up expectations of negative interest rates after the BoE's chief economist said it was looking more urgently at options like negative rates and buying riskier assets as Britain slides into a deep coronavirus-driven slump.

Needless to say, many on FinTwit lost it at the assertion that there haven't been deeply negative effects from the NIRP World Order.

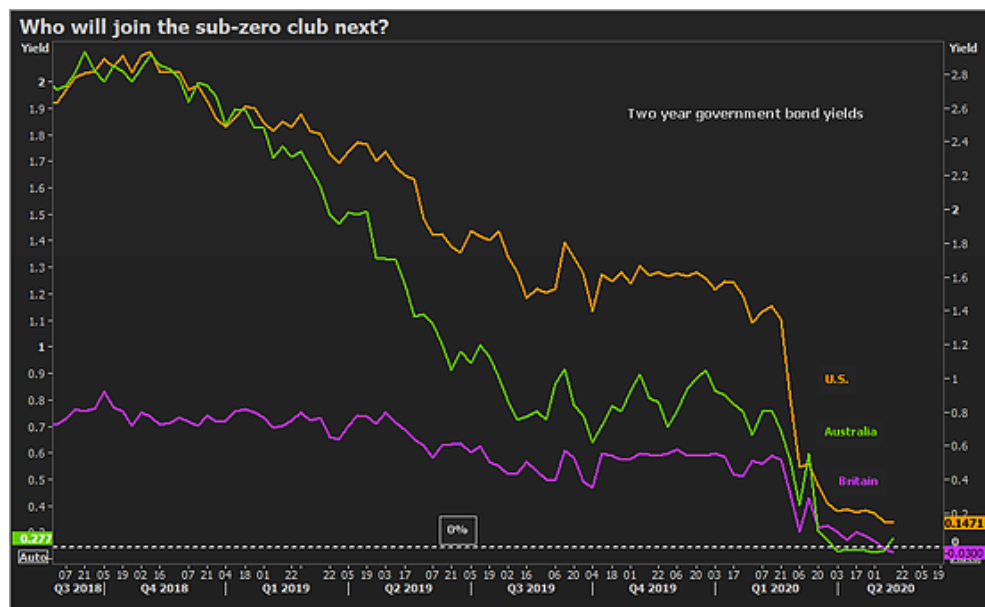
Regardless of your view, we must accept that negative rates are something being seriously considered by the BoE.

Last week there was some serious neg rates positioning going through on the institutional STIRs desks, and we've now had Haldane and Silvana make it perfectly clear it's being considered.

My guess is that we see either a cut of 10bps down to ZERO or a cut 25bps taking us to a -0.15% Bank Rate.

I don't agree with it and indeed think it's the wrong thing to do but you can't fight the Old Lady.

Chart Of The Day - The Polar Bear Club



via RTRS

Love them or loathe them, negative interest rates are back in the spotlight as ammunition-depleted central banks debate the pros and cons of going down the unorthodox route already trodden by the BOJ and ECB.

The Federal Reserve has so far brushed aside President Donald Trump's calls to adopt negative rates. Bank of England governor Andrew Bailey too said he isn't considering taking

rates sub-zero. But markets reckon otherwise. Fed funds futures, for the first time ever, reflect a small chance that a negative rate policy will find its way to U.S. shores. Short-dated British gilt yields are back below 0%.

The truth is the coronavirus crisis is heaping pressure on policymakers to do more to support growth. New Zealand has flagged a possible shift to negative rates, just days after Norway cut rates to 0%. Even BoE boss Bailey declined to rule it out altogether.

Powell and other Fed officials will be talking in coming days, the former testifying before a Senate committee on Tuesday. Bailey will take questions from UK lawmakers on Wednesday. Their comments will be scanned closely for any shift in stance.

CV19 Roundup

Deaths

More than 4.81 million people have been reported to have been infected globally and 317,719 have died, according to a Reuters tally as of 0506 GMT on Tuesday.

Americas

* U.S. President Donald Trump threatened on Monday to permanently halt funding for the World Health Organization (WHO) if it did not commit to improvements within 30 days.

* Businesses in the San Francisco Bay Area may open for manufacturing, retail with curbside pickup and warehouse distribution.

* The WHO said on Monday an independent review of the global coronavirus response would begin as soon as possible and it received backing and a hefty pledge of funds from China.

* Mexico published guidelines for restarting operations in the automotive, mining and construction sectors.

* Some New York City neighbourhoods have seen death rates from the virus nearly 15 times higher than others, according to data released by New York City's health department on Monday.

* Brazil on Monday said it had a total of 254,220 confirmed cases, overtaking Britain to become the country with the third-highest number of infections behind the U.S. and Russia.

* Trump said on Monday he is taking hydroxychloroquine as a preventive medicine against the coronavirus despite medical warnings about the use of the malaria drug.

Europe

The European Union may give an initial green light in the coming days for sale of the drug remdesivir as a COVID-19 treatment, the head of its medicines agency said on Monday.

* A Franco-German proposal for a 500 billion euro coronavirus recovery fund would bring essential relief to the bloc's worst-hit nations, European Central Bank President Christine Lagarde said on Monday.

* Britain expanded its testing scheme on Monday to allow anyone aged over five with COVID-

19 symptoms to book a test to see if they have the virus.

* Italian shops, restaurants and churches reopened their doors to spring sunshine, Greece welcomed visitors back to the Acropolis - and Spain hoped for tourists to return in summer in cautious steps to ease virus lockdowns.

* Northern Ireland gently eased its coronavirus restrictions, allowing small groups to meet outside and churchgoers to pray alone.

* Hungary and Slovenia have agreed on a road map towards a gradual reopening of their border by June 1.

Asia-Pacific

China reported six confirmed cases for May 18, including a new case in Wuhan, the country's health authority said on Tuesday, compared to seven a day earlier.

* Cases in India reached 100,000 on Tuesday, matching the number of intensive care unit beds in the country, while the rate of growth of new infections showed little sign of slowing.

* India's capital New Delhi and some other state governments on Monday ordered the reopening of public transport in a further easing of a nearly two-month shutdown

Headline Roundup

Asian Stocks Advance After U.S. Rally; Oil Gains

Asian stocks rose Tuesday, spurred by a surge on Wall Street, on optimism economies may recover faster following early results for an experimental vaccine. Treasury yields dipped from five-week highs.

Equities advanced more than 1% across the region, with Tokyo, Sydney and Hong Kong outperforming, though the magnitude was less than in the U.S. Contracts on the S&P 500 fluctuated after a report that Nasdaq would tighten IPO rules, affecting some Chinese companies. Monday, the U.S. benchmark jumped the most in almost six weeks after Moderna Inc. said its vaccine tests yielded signs it can create an immune-system response in the body. Oil rose for a fourth day and stayed above \$30 a barrel, though it trimmed an earlier gain.

The risk-on rally comes as more economies around the world and within the U.S. ease restrictions that created one of the steepest downturns since the Depression. Federal Reserve Chairman Jerome Powell is scheduled to speak on the state of the recovery Tuesday, amid expectations he'll press for further fiscal support.

"Short-lived bounces in stock prices even while markets establish new lows are not unheard of," Ashwin Alankar, head of global asset allocation at Janus Henderson, said in a note. "Forward-looking metrics such as earnings revisions and options prices, on the other hand, sound a more cautious tone both for the economy and stock prices."

Among the headwinds for stocks is a deteriorating U.S.-China relationship. In a further sign of tightening scrutiny on capital flows to China, Reuters reported that Nasdaq is set to unveil new rules on initial public offerings that will make it more difficult for some Chinese

companies to list on the exchange. That follows moves in Washington to halt investments by a retirement plan into the stocks of Chinese firms.

These are some of the main moves in markets:

Stocks

S&P 500 futures were little changed as of 1:24 p.m. in Tokyo. The S&P 500 Index surged 3.2%.

Topix index gained 1.8%.

Australia's S&P/ASX 200 Index rose 2.1%.

South Korea's Kospi index climbed 2.1%.

Hong Kong's Hang Seng Index advanced 1.8%.

Shanghai Composite Index added 0.5%.

Euro Stoxx 50 futures rose 0.2%.

Currencies

The Japanese yen was at 107.40 per dollar, little changed.

The offshore yuan traded at 7.1217 per dollar.

The Bloomberg Dollar Spot Index ticked higher after sinking 0.7%.

The euro was at \$1.0913.

The British pound was steady at \$1.2203.

Bonds

The yield on 10-year Treasuries fell two basis points to 0.70% after jumping eight basis points in the previous session.

Australia's 10-year bond yield climbed five basis points to 0.97%.

Commodities

West Texas Intermediate crude climbed 0.4% to \$31.93 a barrel.

Gold rose 0.3% to \$1,738.42 an ounce.

Powell Says Will Use Full Range of Tools to Support Economy

Federal Reserve Chairman Jerome Powell said the central bank is prepared to use its full range of tools and leave the benchmark lending rate near zero until the economy is back on track.

"We are committed to using our full range of tools to support the economy in this challenging time even as we recognize that these actions are only a part of a broader public-sector response," Powell said in prepared remarks released Monday ahead of his virtual hearing before the Senate Banking Committee. "We expect to maintain interest rates at this level until we are confident that the economy has weathered recent events and is on track to achieve our maximum-employment and price-stability goals."

Powell is scheduled to appear before lawmakers for a virtual hearing at 10 a.m. Tuesday in Washington with U.S. Treasury Secretary Steven Mnuchin at the Senate's first quarterly CARES Act Report.

"We expect economic conditions to improve in the third and fourth quarters," Mnuchin said in prepared remarks posted on the Senate panel's website Monday.

Working with the Treasury, the central bank has launched unprecedented support for markets and the economy since mid-March as U.S. businesses shuttered and Americans stayed home

to limit the spread of the coronavirus. It has slashed interest rates to nearly zero and unveiled nine emergency lending programs, supporting everything from corporate to municipal credit markets as it tried to stabilize access to financing.

Powell has also nudged Congress to consider more fiscal support beyond the \$3 trillion in aid already passed, and has said the Fed is willing to do more if needed to support the economy.

“We’re not out of ammunition by a long shot,” the Fed chairman told CBS’s “60 Minutes” show in an interview aired Sunday. “We can enlarge our existing lending programs. We can start new lending programs if need be.”

Much of Powell’s prepared testimony was a review of programs put in place by the central bank.

For all the support, just about every indicator of the U.S. economy shows history-making declines as economic activity slammed into a sudden stop as households sheltered in place. Employers cut 20.5 million jobs last month, tripling the unemployment rate to 14.7%, the highest since the Great Depression.

Powell said the scope and speed of the downturn “are without modern precedent and are significantly worse than any recession since World War II.”

The Fed is still trying to launch four of the nine facilities, including one aimed at Main Street that will buy bank loans extended to mid-size businesses. The facility is one of the riskiest and most challenging programs the Fed has undertaken given the diversity of businesses that are likely to borrow.

Pound sinks to bottom of G10 league table as Brexit fears return

The pound is the worst-performing major currency this month, as renewed concerns about a no-deal Brexit combine with talk of negative interest rates to push the currency to its weakest since March’s dramatic sell-off.

Sterling has lost nearly 4 per cent of its value against the dollar in May — putting it at the bottom of the G10 performance table — and has slipped nearly 3 per cent against the euro. The pound hit an overnight low at \$1.2073 before regaining some ground to trade at \$1.2139 by Monday lunchtime in London. It is the third-weakest major currency this year, with only the New Zealand dollar and Norwegian krone faring worse.

The pound came under renewed selling pressure at the end of last week after the third round of talks between the EU and UK on their future relationship stalled. Investors have become increasingly concerned about the lack of progress. The UK, which is in a standstill transition period until the end of the year, has previously ruled out an extension and said it would walk away from negotiations if there were no clear outline for an agreement by June.

“The last thing the UK and eurozone economies need right now is another negative shock from a no-deal Brexit,” said Lee Hardman, a currency analyst at MUFG Bank in London.

Vasileios Gkionakis, head of FX Strategy at Lombard Odier, said the deteriorating state of the UK’s finances and the coronavirus-induced decline in economic activity call for an urgent deal with the EU. Without a deal, he said, the pound could drop to parity with the euro and to historic lows against the dollar.

Barclays analysts said the pound could “comfortably” trade below \$1.20 by the end of June because of Brexit risks and the weakening economy. The Bank of England has predicted the crisis could push the UK into its worst recession for 300 years.

Discussion of negative interest rates has added to the downward pressure. Andy Haldane, the Bank of England's chief economist, said in an interview with the Sunday Telegraph that the central bank was "looking at" the option of cutting its key rate into negative territory. The BoE has reduced interest rates to their lowest level on record at 0.1 per cent and launched a bond-buying programme to lessen the economic impact of the pandemic.

"It would be a surprise if the BoE introduced negative rates, [but] it would increase downside risks to our outlook for the pound," said Mr Hardman, who nevertheless expects the pound to trade at about \$1.29 by the end of the year.

Dominic Bunning, a senior currency strategist at HSBC in London, cut his forecast on the pound because of the possibility of a no-deal Brexit and the UK's rising level of debt-to-gross domestic product, which the bank estimates could move above 100 per cent. Mr Bunning expects the pound to trade at \$1.20 by the end of the year, down from the \$1.35 exchange rate he had forecast.

Bond investors balk at use of 'ebitdac' to skirt debt restrictions

Bond investors have hit out at the growing trend of companies reporting "earnings before coronavirus", warning that this new pandemic-era financial metric could allow businesses to use imaginary numbers to raise more debt than they can handle.

Fund managers have long complained about the heavy adjustments riskier companies make to their earnings when borrowing from the high-yield bond market, often as part of an attempt by their private-equity owners to massage leverage levels — or the ratio of debt to operating profits — to make buyouts look safer.

But several companies recently pushed this one stage further by reporting their "ebitdac" — earnings before interest, tax, depreciation, amortisation and coronavirus — for the first quarter of 2020. The number is supposed to reflect profits the companies believe they would have made, were it not for virus-related lockdowns and disruptions to supply chains.

The European Leveraged Finance Association, a group representing investors in higher-risk corporate bonds and loans, has warned that it would be "inappropriate" for companies to use the metric to calculate how much debt they are allowed to raise under their arrangements with lenders.

ELFA, which formed last year to protect the interests of corporate debt investors, added that "reliance on fictitious figures" could lead to a downward spiral of companies raising money that they cannot repay.

Debt deals often include terms and conditions known as covenants, which are designed to protect investors by imposing restrictions that stop businesses from taking on debt they cannot afford to pay back.

Investors are worried that businesses could use "ebitdac" to calculate leverage ratios under these covenants and therefore evade restrictions on how much they can borrow.

"Using ebitdac to paint a rosier picture on an investor presentation would be bad enough, but using it to raise additional debt which [ranks ahead of] the existing investors would simply be inappropriate," said Brian Abdelhadi, senior portfolio manager at Allianz Global Investors.

German manufacturer Schenck Process last week became the first European company to include the phrase ebitdac in its financial reporting according to 9Fin, a financial data service that tracks about 500 high-yield bond issuers.

The metric allowed Schenck, which is owned by US private equity firm Blackstone, to report a

lower leverage multiple than if it had used the traditional ebitda measure, bringing down its ratio of net debt to earnings from 5.3 times to 5 times.

Covenant Review, a research firm that specialises in analysing debt documents, said that the language in Schenck's presentation indicated that the company "may be intending to use this measure as the basis for testing metrics under its financing documents".

"Other companies might push the envelope even farther with larger and still more attenuated adjustments," analysts at Covenant Review warned.

Trump Threatens to Permanently Cut Funding to World Health Organization

President Trump threatened to permanently cut off funding to the World Health Organization and revoke U.S. membership if the group doesn't make changes meant to curb what he called its pro-China bias.

In a Monday letter to WHO Director-General Tedros Adhanom Ghebreyesus, Mr. Trump said the organization has shown an "alarming lack of independence" from Beijing and failed to adequately respond to the coronavirus pandemic.

"It is clear the repeated missteps by you and your organization in responding to the pandemic have been extremely costly for the world," Mr. Trump wrote. "The only way forward for the World Health Organization is if it can actually demonstrate independence from China."

Mr. Trump touted the letter on his Twitter account on Monday night. "It is self-explanatory!" he wrote. The White House didn't respond to a request for comment seeking information on the changes Mr. Trump would like to see the WHO make.

The president had suspended contributions to the group in April pending an internal review of the WHO's response to the pandemic. The four-page letter details the results of that review.

Noting that his administration has already discussed possible reforms with WHO officials, Mr. Trump gave the group 30 days to make "major substantive improvements" or he would cut funding and reconsider U.S. membership.

Mr. Trump alleged in the letter that the WHO ignored early reports of the virus spreading in Wuhan, failed to share information with other countries, made misleading claims and neglected to urge China to allow for an independent investigation into the origins of the virus.

The WHO didn't immediately respond to a request for comment.

Model Portfolio

ESSH! What a horrible day that was, GO GO GADGET RISK ON!

The day's losses were compounded by taking the loss on that pesky WTI punt.

But what can you do? You draw a line under it and move onto the next trade.

I remain bearish equities and it's got to the point where I feel I've got to add to the short.

The primary focus is adding to the R2K position but I'm open to exposure in another market, I'm going to have a fish around today/tomorrow - Ideas are welcome!!

As always, check [@PiQViP](#) for any updates throughout the day.

Entry					Exit		PnL
Date	Product	B/S	Size (futs)	Price	Date	Price	
24/01/2020	CL	S	2	53.96	31/01/2020	51.25	\$5,420
24/01/2020	GCJO	B	2	1571.00	19/02/2020	1612.50	\$8,300
28/01/2020	GCJO	B	2	1573.00	24/03/2020	1637.50	\$12,900
28/01/2020	ZNHO	B	2	130 '27	27/02/2020	133 '12	\$5,063
29/01/2020	CL	S	2	54.30	29/01/2020	53.20	\$2,200
31/01/2020	CL	S	2	52.38	03/02/2020	51.70	\$1,360
31/01/2020	CL	S	2	52.25	03/02/2020	51.70	\$1,100
06/02/2020	GBPUSD	B	6	1.2995	16/03/2020	1.2234	-\$28,538
17/02/2020	FGBLHO	S	1	174.45	03/03/2020	177.20	-\$3,053
21/02/2020	RTYHO	S	2	1688.70	03/03/2020	1487.00	\$20,170
21/02/2020	EURUSD	S	2	1.08170	16/03/2020	1.11355	-\$7,963
27/02/2020	EURGBP	S	2	0.84955	16/03/2020	0.89155	-\$18,542
27/02/2020	ZNMO	B	2	133 '7	03/04/2020	139.13	\$11,842
28/02/2020	CLJO	B	1	45.98	05/03/2020	45.98	\$0
28/02/2020	CLJO	B	1	45.98	03/03/2020	48.15	\$2,200
03/03/2020	RTYHO	S	2	1521.00	12/03/2020	1150.00	\$37,100
03/03/2020	FGBLMO	S	1	174.39	03/04/2020	172.14	\$2,490
03/03/2020	RTYHO	S	2	1541.00	20/03/2020	1086.00	\$45,500
04/03/2020	EURGBP	S	2	0.87295	16/03/2020	0.91021	-\$11,388
05/03/2020	ESHO	S	2	3083.00	06/03/2020	2952.50	\$13,050
10/03/2020	RTYHO	S	2	1350.00	20/03/2020	1086.00	\$26,400
13/03/2020	GCJO	B	2	1582.60	31/03/2020	1604.40	\$4,360
16/03/2020	EURGBP	S	4	0.9158	OPEN	0.8938	\$13,462
16/03/2020	GBPUSD	B	6	1.2259	OPEN	1.2234	-\$938
16/03/2020	EURUSD	S	2	1.1228	OPEN	1.0931	\$7,413
18/03/2020	CLKO	B	3	21.75	02/04/2020	26.75	\$15,000
19/03/2020	GCJO	B	2	1476.40	31/03/2020	1604.40	\$25,600
20/03/2020	RTYMO	S	4	1077.70	OPEN	1330.30	-\$50,520
26/03/2020	RTYMO	S	2	1074.00	OPEN	1330.30	-\$25,630
31/03/2020	GCMO	B	2	1618.50	15/04/2020	1736.50	\$23,600
18/03/2020	CLKO	B	2	21.75	08/04/2020	24.30	\$5,100
08/04/2020	RTYMO	S	2	1175.60	OPEN	1330.30	-\$15,470
15/04/2020	GCMO	B	2	1618.50	OPEN	1737.20	\$23,740
16/04/2020	6AMO	S	2	0.6305	OPEN	0.6542	-\$4,740
24/04/2020	6CMO	S	2	0.7090	OPEN	0.7176	-\$1,720
29/04/2020	ZBMO	B	2	182 '10	OPEN	178 24/32	-\$7,125
30/04/2020	6CMO	S	2	0.7193	OPEN	0.7176	\$340
01/05/2020	CLMO	S	2	19.15	18/05/2020	30.99	-\$23,680
05/05/2020	KRW	B	2	1219.75	OPEN	1225.80	\$1,481
06/05/2020	CLMO	S	2	25.28	18/05/2020	30.99	-\$11,420
12/05/2020	ZBMO	B	2	179 '09	OPEN	178 24/32	-\$1,063
							\$103,401

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Updated at 19/05/2020 07:23

Looking Ahead

I made the fatal error yesterday of commenting on the sparse data slate, well, unscripted events and price action more than made up for the lack of scheduled economic data!


Today see's a slightly more populated calendar with UK labour data due just as I'm finishing the Ramble (right about now!) and then, at 10am BST, we have my long-time favourite figure, the German ZEW survey readings - Where I look for sentiment to be a small beat of the 32 expected as the relaxation of lockdown restrictions lifts the forwarding looking optimism - and Powell speaking at the start of the US session (3pm BST), for which we've already had the prepared remarks, it's all about the questioning he receives, to be honest, I'm not expecting much from this.

Keep your ears open for further US v China BS and crucially, after yesterday's drama in Europe, I am looking for possible pushbacks against the Franco-German Eurobond plan, the Netherlands are definite contenders to throw a spanner in the works.

Keep it tight.

Daily Economic Release

CDT	BST	CO	Tuesday, 19th May 2020	Exp.	Prev.	Low	High
20:30	02:30	AU	RBA Minutes (May)				
22:00	04:00	NZ	RBNZ Offshore Holdings (Apr)	46.4%			
23:30	05:30	JN	Industrial O/P Revenue MM SA (Mar)	-3.7%			
23:30	05:30	JN	Capacity Utilisation MM SA (Mar)	-1.8%			
23:30	05:30	JN	Industrial O/P Revenue YY SA (Mar)	-6.0%			
01:00	07:00	UK	Claimant Count Unemployment Change (Apr)	676.5k	12.1k	56.2k	1,500.0k
01:00	07:00	UK	ILO Unemployment Rate (Mar)	4.4%	4.0%	4.0%	7.0%
01:00	07:00	UK	Employment Change (Mar)	50k	172k	-300k	150k
01:00	07:00	UK	Average Week Earnings 3M YY (Mar)	2.6%	2.8%	1.1%	2.9%
01:00	07:00	UK	Average Earnings (Ex-Bonus) (Mar)	2.6%	2.9%	1.0%	3.3%
04:00	10:00	GE	ZEW Economic Sentiment (May)	32.0	28.2	5.0	45.0
04:00	10:00	GE	ZEW Current Conditions (May)	-88.0	-91.5	-98.0	-60.0
04:00	10:00	EU	Construction Output MM (Mar)	-1.51%			
04:00	10:00	EU	ZEW Survey Expectations (May)	35.2			
07:30	13:30	US	Building Permits: Number (Apr)	1.000M	1.350M	0.750M	1.155M
07:30	13:30	US	Build Permits: Change MM (Apr)	-7.0%			
07:30	13:30	US	Housing Starts Number (Apr)	0.927M	1.216M	0.687M	1.100M
07:30	13:30	US	House Starts MM: Change (Apr)	-22.3%			
07:30	13:30	CA	New Housing Price Index (Apr)	0.1%	0.3%	-0.2%	0.2%
07:55	13:55	US	Redbook MM (16 May)	-1.5%			
07:55	13:55	US	Redbook YY (16 May)	-7.5%			
15:30	21:30	US	API Weekly Crude Stocks (11 May)	+7.6M			
15:30	21:30	US	API Weekly Gasoline Stocks (11 May)	-1.9M			
15:30	21:30	US	API Weekly Distillate Stocks (11 May)	+4.7M			
15:30	21:30	US	API Cushing Stocks (11 May)	-2.3M			
17:45	23:45	NZ	Food Price Index (Apr)	0.7%			
Speakers							
03:00	09:00	NO	Norges Bank's Nicolaisen presenting the Financial Infrastructure report 2020 & 'Development trends in consumer-oriented payment processing'				
05:30	11:30	NO	Norges Bank's Governor Olsen speaking before the Standing Committee on Finance & Economic Affairs on Monetary Policy				
09:00	15:00	US	Fed Chair Powell (Voter, Neutral) Testifying before the Senate Banking Committee on 'Coronavirus Aid, Relief & Economic Security Act'; US Treasury Secretary Mnuchin will also be present				
09:00	15:00	US	Fed's Kashkari (Voter, Dove) speaking on the Economy				
09:00	15:00	EU	ECB's Chief Economist Lane (Dove) speaking				
13:00	19:00	US	Fed's Rosengren (Non-Voter, Hawk) speaking on COVID-19 crisis and Fed actions in response				
Supply							
03:50	09:50	EU	ECB's 7-Day USD op				
04:00	10:00	UK	BoE's 7-Day USD op				
04:00	10:00	SZ	SNB's 7-Day USD op				
04:30	10:30	EU	ECB's 7-Day MRO				
04:30	10:30	EU	ECB LTRO Allotment				
04:30	10:30	UK	BoE Indexed Long-Term Repos				
05:00	11:00	UK	BoE Covid Corporate Financing Facility (CCFF)				
Earnings							
		US	Walmart, Home Depot				
Expiries							
13:30	19:30		WTI Jun 2020 Futures Expiry				

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