

### **Today's important market news**

Time: GMT

09:00	Industrial Production s.a. (MoM)
09:00	Industrial Production w.d.a. (YoY)
11:00	BoE Asset Purchase Facility
11:00	BoE Interest Rate Decision
11:00	Bank of England Quarterly Inflation Report
11:00	BOE MPC Vote Unchanged
11:00	BOE MPC Vote Cut
11:00	BOE MPC Vote Hike
11:00	Bank of England Minutes
11:45	BOE's Governor Carney speech
12:30	Initial Jobless Claims
12:30	Import Price Index (YoY)
12:30	Export Price Index (MoM)
12:30	Export Price Index (YoY)
12:30	Import Price Index (MoM)

Volatility risks lie squarely with sterling today, with both the monetary policy decision (together with meeting minutes) falling at 11:00 GMT, with the BoE Inflation Report published soon after. The real interest is going to be with the Inflation Report, where we are going to see a lot of questions regarding the impact of Brexit on the Inflation Outlook. We're unlikely to see major changes to the inflation outlook over the forecast horizon. On one side, if we look at market based measures of expectations, these have risen modestly since the last Report published in February. Furthermore, interest rate expectations (on Bank of England's method) will have likely softened on over the past 3 months. On the other side of the equation, we've seen some weaker activity data over past few months, which could offset. Morgan Stanley's measure for the length of time for the first

hike currently stands at 40 months, which remains far longer than most economist and other pundits are looking at. With the first hike priced so far head, it's hard to see sterling getting that excited about the Inflation Report. The risks lie mainly with any indication or talk of easier policy, given the backdrop that we see of easier elsewhere (Japan, ECB, RBA and potentially the RBNZ and BoC). Elsewhere, the Brazilian Real continues to pin hopes on the imminent impeachment of President Rousseff, with this seen paving the way for an improved outlook for the economy and finances. Most EM currencies have fallen so far this month and the Real's performance has stood for most of the year. The question is whether this can continue once the euphoria settles from the current political theatre. From many angles, this looks unlikely. **Source:** [Fxpro Forex Broker \(Review and Forex Rebates Up to 85%\)](#)