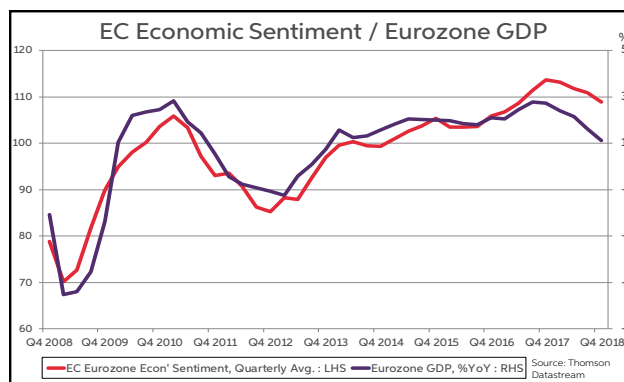


## The Cliff Edge at Dover

- Another week of Brexit fuelled drama ended with the strong likelihood of even more such episodes to follow.** Following the UK's request for an extension to Article 50, the other 27 member states agreed to delay the exit date to May 22nd, subject to the UK parliament passing the twice rejected Withdrawal Agreement. In the event that the WA is defeated again, the EU has agreed to extend Article 50 to April 12th (key date for the UK if it is to participate in the European parliament elections). In short, the so-called 'cliff edge' date has been pushed out by a fortnight.
- Following the EU summit, attention in the coming week will switch back to the House of Commons and the likelihood of a third vote on the WA. Current indications are that it could be rejected again.** A series of indicative votes could then follow to see if a majority emerges to support any alternative type of Brexit. One way or the other, MPs will have to vote in the coming days on legislation to change the exit date in UK from March 29th to avoid a no-deal hard Brexit on this date. Should the WA be accepted, the exit date will be changed to May 22nd to allow parliament time to pass a raft of legislation required to enact the WA into UK law. However, if the WA is not approved, the date could be changed to April 12th, as agreed by the EU.
- The EU has made it clear that in the event of a rejection of the WA and the subsequent extension to April 12th, any further extension will require the UK to have a credible Plan B, as well as participate in the European Elections.** In the absence of this extension, the UK could crash out of the EU without a deal. In relation to a Plan B, the so-called 'indicative votes' on alternatives to the WA, could include the UK remaining in a customs union with the EU. However, it is still far from clear if a cross party consensus can be found on alternative options. It is also not clear if Theresa May would remain as Prime Minister in such circumstances. **While sterling has experienced some volatility in recent days, its current trading levels (EUR/GBP around 85.5p) indicate that the market remains confident that a no deal hard Brexit scenario will be avoided.**
- Meantime, the global macro data schedule in the week ahead is light on both sides of the Atlantic.** Although, a plethora of survey data, including the EC sentiment indices, are due in the Eurozone. The headline Economic Sentiment index is expected to have moved down slightly to 105.9 in March, from 106.1. Overall, the EC index suggests that economic growth in the Eurozone region may have lost further momentum in the opening quarter of 2019.
- On a national level, it is envisaged that the German Ifo, Italian ISTAT and French INSEE business confidence indices for March will also confirm that Eurozone growth remains weak.** All three indices are expected to show that sentiment was broadly unchanged in the month. In terms of other data out this week, preliminary readings of French, German and Italian HICP for March are projected to show that Eurozone inflation has stayed subdued.
- Turning to the US, a key release this week is the January reading of core-PCE, the Fed's preferred measure of price pressures.** Inflation, which has been holding steady just under the central bank's 2% target in recent months, is anticipated to have edged down to 1.8%. At the same time, personal consumption is expected to have increased slightly in the month. In a timelier update, it is envisaged that the Conference Board measure of consumer confidence will show that sentiment improved slightly in March, indicating that consumer spending will continue to support US economic growth. Meanwhile, we also get a batch of housing market data this week, with new home sales and housing starts data for February, as well as the January reading of the Case-Shiller House Price index all due.
- Elsewhere, the diary in the UK is very sparse in the coming days, featuring no 'top-tier' releases.** Indeed, the only data out of note are updated Nationwide house price figures for March.



	Interest Rate Forecasts			
	Current	End Q2	End Q3	End Q4
	2019	2019	2019	2019
Fed Funds	2.375	2.375	2.375	2.625
ECB Deposit	-0.40	-0.40	-0.40	-0.40
BoE Repo	0.75	0.75	0.75	1.00
BoJ OCR	-0.10	-0.10	-0.10	-0.10

Current Rates Reuters, Forecasts AIB's ERU

	Exchange Rate Forecasts (Mid-Point of Ran			
	Current	End Q2	End Q3	End Q4
	2019	2019	2019	2019
EUR/USD	1.1276	1.14	1.15	1.17
EUR/GBP	0.8548	0.85	0.85	0.86
EUR/JPY	124.00	127	127	128
GBP/USD	1.3187	1.34	1.35	1.36
USD/JPY	109.96	111	110	109

Current Rates Reuters, Forecasts AIB's ERU

Date	UK & Irish Time (GMT)	Release	Previous	Forecast
<b>This Week:</b>	<b>ECB Speakers:</b>	Coeure, Costa, Lautenschlaeger (Monday); Makuch (Tuesday); de Guindos, Draghi, Lautenschlaeger, Mersch, Nowotny, Praet (Wednesday); de Guindos, Nowotny, Villeroy de Galhau (Thursday); Coeure (Friday)		
	<b>Fed Speakers:</b>	Evans, Harker (Monday); Evans, Harker, Rosengren (Tuesday); George (Wednesday); Bullard, Clarida, Quarles, Williams (Thursday); Quarles, Williams (Friday)		
<b>Mon 25th</b>	<b>GER:</b>	09.00 Ifo Business Climate (March)	98.5	98.5
<b>Tue 26th</b>	<b>GER:</b>	07.00 GfK Consumer Sentiment (April)	10.8	10.8
	<b>FRA:</b>	07.45 INSEE Business Climate (March)	103.0	103.0
	<b>FRA:</b>	07.45 GDP (Q4: Final Reading)	+0.3% (p)	+0.3%
	<b>US:</b>	12.30 Housing Starts (February)	+18.6% / 1.23m	-1.6% / 1.21m
		- Building Permits	-0.7% / 1.32m	-0.7% / 1.31m
	<b>US:</b>	13.00 Case-Shiller House Prices (January)	(+4.2%)	
	<b>US:</b>	14.00 Consumer Confidence (March)	131.4	132.0
<b>Wed 27th</b>	<b>FRA:</b>	07.45 Consumer Confidence (March)	95	96
	<b>ITA:</b>	09.00 ISTAT Business Confidence (March)	101.7	101.3
	<b>ITA:</b>	09.00 Consumer Confidence (March)	112.4	112.0
	<b>UK:</b>	11.00 CBI Distributive Trades (March)	0	5
	<b>US:</b>	12.30 International Trade Balance (January)	-\$59.8bn	-\$57.5bn
<b>Thurs 28th</b>	<b>UK:</b>	07.00 Nationwide House Prices (March)	(+0.4%)	(+0.6%)
	<b>EU-19:</b>	08.00 M3 Money Supply (February)	(+3.8%)	(+3.9%)
	<b>EU-19:</b>	10.00 Business Climate (March)	0.69	0.67
	<b>EU-19:</b>	10.00 EC Economic Sentiment (March)	106.1	105.9
		- Industrial / Services / Consumer	-0.4 / 12.1 / -7.2	-0.6 / 12.0 / -7.2
	<b>IRL:</b>	<b>11.00 Retail Sales (February)</b>	<b>-1.2% (+1.2%)</b>	<b>-0.3% (+1.0%)</b>
	<b>US:</b>	12.30 GDP (Q4: Final Reading)	+2.6% s.a.a.r. (p)	+2.5%
	<b>US:</b>	12.30 Initial Jobless Claims (w/e 28th March)	221,000	225,000
	<b>GER:</b>	13.00 Preliminary HICP (March)	(+1.7%)	(+1.6%)
	<b>US:</b>	14.00 Pending Home Sales Index (February)	+4.6% / 103.2	+0.5% / 103.7
	<b>JPN:</b>	23.30 Unemployment / Jobs: Applicants (February)	2.5% / 1.63	2.5% / 1.63
	<b>JPN:</b>	23.50 Preliminary Industrial Output (February)	-3.4%	-1.0%
<b>Fri 29th</b>	<b>UK:</b>	00.01 GfK Consumer Confidence (March)	-13	-14
	<b>GER:</b>	07.00 Retail Sales (February)	+3.3%	-0.5%
	<b>FRA:</b>	07.45 Consumer Spending (February)	+1.2%	
	<b>FRA:</b>	07.45 Preliminary HICP (March)	(+1.6%)	(+1.5%)
	<b>GER:</b>	08.55 Unemployment (March)	5.0%	4.9%
	<b>UK:</b>	09.30 BoE Mortgage Approvals (February)	66,766	65,000
	<b>UK:</b>	09.30 GDP (Q4: Final Reading)	+0.2% (+1.3%) (p)	+0.2% (+1.3%)
	<b>ITA:</b>	10.00 Preliminary HICP (March)	(+1.1%)	(+0.9%)
	<b>US:</b>	12.30 Personal Consumption (January)	-0.5%	+0.3%
		- Core PCE Prices	(+1.9%)	(+1.8%)
	<b>US:</b>	12.30 Personal Income (February)	-0.1%	+0.3%
	<b>US:</b>	14.00 Final Michigan Consumer Sentiment (March)	97.8	97.8
	<b>US:</b>	14.00 New Home Sales (February)	-6.9% / 0.607m	+1.8% / 0.618m

◆ Month-on-month changes (year-on-year shown in brackets)

All forecasts AIB ERU, historical data in the Economic Diary derived from publicly available sources

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, plc and Allied Irish Banks (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, plc. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI 018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.