



- 1) Oil down again with Brent at \$107 per barrel and WTI down to \$92.5 a barrel. WTI prices fell for the sixth consecutive day amid concerns that demand will slow as the Euro crisis worsens and the U.S. economy slows. Futures fell by as much as 1% as Greek Government and Spanish banks faced downgrades, and surprisingly weak Philadelphia manufacturing data.
- 2) Moody's has downgraded 16 Spanish banks and Santander UK, by between one and three notches. The downgrade reflects the bank's credit assessments and, in some cases, the ratings agency's assessment that the government's ability to provide support to the banks has reduced.
- 3) The G8 leader's summit is scheduled for this weekend as Fitch downgrades Greece's sovereign rating. Its rating was cut from B- to CCC due to "heightened risk" that the economic and political crisis could mean an exit from the Euro.
- 4) Fitch says that 29 "global systemically important financial institutions" including RBS, Lloyds and HSBC would need to raise an additional £350 billion to satisfy new Basel 3 capital rules. According to analysis by the ratings agency, the banks could be encouraged to engage in riskier trading activities to raise the capital and they warned that borrowing costs for borrowers could increase as they try to maintain their profitability.
- 5) The Times has reported that HSBC may consider selling its U.K. retail banking arm in response to the Vickers proposals to ring fence retail banking operations.
- 6) This weeks Treasury Bill tender sees £500 million one month, £1 billion three month and £1.5 billion six month bills offered.

**Brent and WTI Oil Prices**





**Daily Bond Research**

18th May 2012

**Statistics**

UK	EU	US
<p><b>Friday (18/05)</b> - No Statistics.  <b>Monday (21/05)</b> – Rightmove House Prices.  <b>Tuesday (22/05)</b> – DCLG House Prices, Public Finances, PSNB ex Interventions, Public sector Net Borrowing, CPI, Core CPI, Retail Price Index, RPI, RPI Ex Mort In. Payments.  <b>Wednesday (23/05)</b> – Bank of England Minutes, Retails Sales Ex Auto Fuel, Retail Sales e/Auto Fuel.  <b>Thursday (24/05)</b> – BBA Loans for House Purchase, GDP, Private Consumption, Government Spending, Gross Fixed Capital Formation, Exports, Imports, Total Business Investment, Index of Services.  <b>Friday (25/05)</b> - No Statistics.</p>	<p><b>Friday (18/05)</b> - No Statistics.  <b>Monday (21/05)</b> – Construction output.  <b>Tuesday (22/05)</b> – EC OECD Economic Outlook, Euro-Zone Consumer Confidence.  <b>Wednesday (23/05)</b> – Euro-Zone Current Account, ECB Euro-Zone Current Account.  <b>Thursday (24/05)</b> – PMI Composite, PMI Manufacturing, PMI Services.  <b>Friday (25/05)</b> - No Statistics.</p>	<p><b>Friday (18/05) – Revisions:</b> Factory Orders and Durable Goods Benchmarks.  <b>Monday (21/05)</b> – Chicago Fed Nat Activity Index  <b>Tuesday (22/05)</b> – Richmond Fed Man. Index, Existing Home Sales.  <b>Wednesday (23/05)</b> – MBA Mortgage Applications, House Price Index, House Price Purchase Index, New Homes Sales.  <b>Thursday (24/05)</b> – Durable Good Order, Durables Ex Transportation, Cap Goods Orders Nondef Ex Air, Cap Goods Ship Nondef Ex Air, Initial Jobless Claims, Continuing Claims, Bloomberg Consumer Comfort, Kansas City Fed Manf. Activity.  <b>Friday (25/05)</b> – U. of Michigan Confidence.</p>

**Future Auctions**

UK	Europe	US
	<p><b>23/05/12-</b> Germany to Sell €5bln 2 Year Notes</p>	<p><b>22/05/12-</b> Fed to Sell \$8-8.75bln Notes  <b>23/05/12-</b> Fed to Sell \$35bln 5 Year Notes  <b>24/05/12-</b> Fed to Sell \$29bln 7 Year Notes</p>



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18th May 2012

Date	Amount	Stock	Cover	Avg Yld	Tail (bp)
11 Oct 2011	£900mln	1.125% 2037	1.36	0.334%	-
13 Oct 2011	£2bln	4.25% 2039	2.26	3.516%	0.4bps
20 Oct 2011	£4.75mln	1.75% 2017	1.66	1.547%	1.4bps
03 Nov 2011	£2bln	4.25% 2032	1.63	3.108%	0.8bps
08 Nov 2011	£900mln	0.625% IL 40	2.61	0.237%	-
17 Nov 2011	£4bln	5% 2018	1.92	1.434%	0.7bps
01 Dec 2011	£3bln	3.75% 2021	1.61	2.382%	-
06 Dec 2011	£1.75bln	4.25% 2040	1.98	3.287	-
07 Dec 2011	£900mln	1.25% I/L 2032	2.03	0.004%	-
14 Dec 2011	£3bln	4% 2022	1.77	2.21%	-
15 Dec 2011	£4bln	1.75% 2017	1.27	1.125	-
20 Dec 2011	£750mln	4.25% 2027	2.81	2.637%	-
04 Jan 2012	£3.75bln	1.75% 2017	2.02	1.102%	-
10 Jan 2012	£700mln	0.75% IL 2047	1.92	-0.116%	-
11 Jan 2012	£3bln	3.75% 2021	2.15	2.085%	-
19 Jan 2012	£4bln	4% 2015	2.02	0.893%	-
01 Feb 2012	£2.5bln	5% 2025	1.88	2.356%	-
02 Feb 2012	£1.25bln	0.125% IL 2029	2.27	0.188%	-
08 Feb 2012	£4bln	1.75% 2017	1.82	1.121%	0.4 bps
16 Feb 2012	£1.75bln	4.5% 2034	1.62	3.122%	-
01 Mar 2012	£2.75bln	4% 2022	2.07	2.181%	-
06 Mar 2012	£1bln	0.75% IL 34	1.93	0.044%	-
07 Mar 2012	£4bln	1% 2017	1.95	1.198%	-
15 Mar 2012	£2bln	4.5% 2042	1.71	3.431%	-
22 Mar 2012	£900mln	0.625% I/L 42	1.73	0.06%	-
03 Apr 2012	£3.25bln	4% 2022	1.92	2.222%	-
11 Apr 2012	£4.5bln	1 % 2017	1.37	1.147%	-
12 Apr 2012	£2bln	4.25% 2032	1.39	3.015	-
19 Apr 2012	£1.35bln	0.125% IL 29	1.70	-0.045%	-
01 May 2012	£3.75bln	3.75% 2019	1.79	1.495%	-
03 May 2012	£1.2bln	0.75% IL 34	1.93	0.049%	-
09 May 2012	£2bln	4.5% 2042	2.22	3.224%	-
15 May 2012	£2.75bln	5% 2025	2.09	2.251%	-
17 May 2012	£1.5bln	5% 2014	3.67	0.351%	-



**Daily Bond Research**

18th May 2012

MPC Meeting Decision Dates	Future ECB Decision Dates	Future FOMC Decision Dates
June 07	June 06	June 20
Official Rates		
<b>UK Base Rate</b> 0.50% (5 Mar 09) 1.00% (5 Feb 09) 1.50% (8 Jan 09) 2.00% (4 Dec 08) 3.00% (6 Nov 08) 4.50% (8 Oct 08) 5.00% (10 Apr 08) 5.25% (7 Feb 08) 5.50% (6 Dec 07) 5.75% (5 July 07) 5.50% (10 May 07) 5.25% (11 Jan 07)	<b>ECB Repo Rate</b> 1.00% (8 Dec 11) 1.25% (3 Nov 11) 1.50% (7 July 11) 1.25% (7 Apr 11) 1.00% (7 May 09) 1.25% (2 Apr 09) 1.50% (5 Mar 09) 2.00% (15 Jan 09) 2.50% (4 Dec 08) 3.25% (6 Nov 08) 3.75% (8 Oct 08) 4.25% (3 Jul 08) 4.00% (6 June 07)  <b>BofJ Target Rate</b> 0.00% - 0.10% (10 Aug 10) 0.10% (1 Dec 08) 0.30% (1 Oct 08)	<b>US Fed Funds Rates</b> 0.00%-0.25% (16 Dec 08) 1.00% (29 Oct 08) 1.50% (8 Oct 08) 2.00% (30 Apr 08) 2.25% (18 Mar 08) 3.00% (30 Jan 08)  <b>US Discount Rate</b> 0.50% (16 Dec 08) 1.25% (29 Oct 08) 1.75% (8 Oct 08) 2.25% (30 Apr 08)



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