

Majorca Daily Bulletin

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TODAY
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New rescue unit to be set up after killer floods: See Page Three



BEWARE...DEMONS The demons visited the Olivar market yesterday as the festivities for Saint Anthony and Saint Sebastian got into full swing. See *What's On Guide Inside*.

£ set for biggest weekly gain vs euro in more than a year on Brexit hopes

London.—The pound weakened yesterday as investors took profits after a stellar rally that set the currency up for its biggest weekly gain against the euro in more than a year on growing confidence that a no-deal Brexit can be avoided.

Data showing British shoppers cut back on spending in the three months to December was broadly in line with

market expectations and sparked just a brief rise in sterling.

The bigger focus for traders remained Brexit, especially after a tumultuous week in which British Prime Minister Theresa May's deal suffered a heavy defeat in parliament but won a subsequent vote of confidence.

Those developments boosted a perception in markets

that Britain will be able to leaving the EU without a deal.

The pound has risen about 1.3 percent against the euro this week, set for its biggest weekly gain since December 2017. "Sterling has rallied quite a bit over the past week-and-a-half and the weakness today is a bit of check on those gains and a bit of profit taking," said Tapas Strickland, of National Australia Bank in London.

"The market is pricing out the risk of hard Brexit and some kind of agreement ... so against this background, you'd expect sterling to grind higher above \$1.30."

Yesterday afternoon, the pound was down 0.65 percent at \$1.2895, having touched \$1.30 on Thursday.

Against the euro, sterling slipped 0.5 percent to 88.12 pence and below two-month peaks hit a day earlier at around 87.65 pence. Yesterday, prominent Brexit campaigner Nigel Farage said the United Kingdom is likely to delay Brexit and another referendum is possible.

May was due to hold a series of meetings with some of her top ministers yesterday to discuss the way forward after her deal with Brussels was rejected by parliament, her spokeswoman said. "The bottom line for sterling is that when the probability of second referendum rises it is positive and when the probability of hard Brexit rises it is negative so sterling crashes between the two views," said Adam Cole, chief currency strategist at RBC Capital Markets.

