



STERLING'S PERFORMANCE

The pound struggled throughout 2018 as Brexit uncertainty continued apace. The picture is not altogether clearer now, although increased expectations of a softer Brexit have helped the pound hit fresh highs against the euro and dollar. Some economists are predicting that 2019 will be the pound's year, but if the UK does exit the EU without a deal, it is reasonable to expect it will fall dramatically.



NEW US CONGRESS

In November 2018, Democrats regained control of the House of Representatives in the midterm elections. This could clip Donald Trump's wings and, although the longest government shutdown in history has come to an end, it is highly likely the issue over the funding for the border wall will surface again. Trump may well declare a national emergency to get his money.



TRADE WAR

In December, the US trade representative, Robert Lighthizer, said that US-China trade negotiations must achieve success by 1 March or new tariffs will be imposed. Countries around the world will be hoping that progress can be achieved sooner rather than later, as the effects have reverberated across the globe. Perhaps the deadline could be extended, which would buy more time.



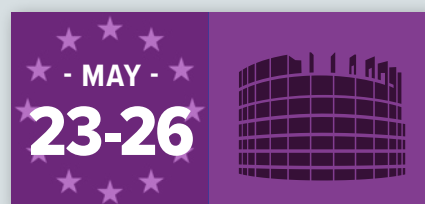
BREXIT

After two years of uncertainty, 29 March 2019 is the date the UK is set to officially exit the European Union. There have been repeated calls for article 50 to be extended from MP, but the EU's chief Brexit negotiator, Michel Barnier, said article 50 will only be extended if there is a 'stable majority' in the UK for a particular Brexit outcome.



UK LOCAL ELECTIONS

Around 270 English local councils will be contested in the 2019 UK local elections. It will be interesting to see what seats are won, lost or held. There have been reports the British public currently feel more connected to Leave or Remain than any political party, but how this will manifest in the local elections will be fascinating.



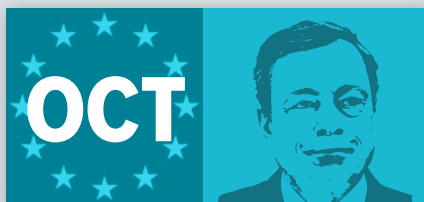
EUROPEAN PARLIAMENT ELECTIONS

With the UK set to withdraw from the UK, the European Parliament voted to decrease the number of MEPs from 751 to 705. The question is what that will mean for Europe. Some believe Brexit will help stabilise EU politics, as there will be fewer dissenting voices. Having said this, there is genuine concern that a wave of radical populists will take over the new Parliament.



NEW BANK OF ENGLAND GOVERNOR

Philip Hammond is expected to announce the appointment of a new governor in July 2019 and is thought to be looking for somebody who can help maintain the UK's international standing. Mark Carney has gained a reputation for dominating the debate over interest rate policy, but it remains to be seen whether his successor will carry the same weight.



DRAGHI STEPS DOWN

Mario Draghi will step down as the President of the European Central Bank this year. Remarkably, his tenure could come to an end without him once increasing interest rates. There will be a fierce battle between those who seek to replace him but, like him or loathe him, it is difficult to deny Draghi's role as a cornerstone of European stability.



FEDERAL RESERVE INTEREST RATE POLICY

The Federal Reserve hiked interest rates four times in 2018. Back then, it was thought there would be more hikes in 2019, with some forecasting two or even three increases. However, since then the US economy has faltered somewhat, leading policymakers to step back. There has even been talk the central bank could cut rates for the first time since the financial crisis.

KEY DATES IN 2019

BOE MPC MEETINGS: 7 Feb / 21 Mar / 2 May / 20 Jun / 1 Aug / 19 Sep / 7 Nov / 19 Dec

ECB MPC MEETINGS: 24 Jan / 7 Mar / 10 Apr / 6 Jun / 25 Jul / 12 Sep / 24 Oct / 12 Dec

US FOMC MEETINGS: 29-30 Jan / 19-20 Mar / 30-1 Apr-May / 18-19 Jun / 30-31 Jul / 17-18 Sep / 29-30 Oct / 10-11 Dec

UK QUARTERLY INFLATION REPORT: 7 Feb / 2 May / 1 Aug / 7 Nov

US NON-FARM PAYROLLS: 4 Jan / 1 Feb / 8 Mar / 5 April / 3 May / 7 Jun / 5 Jul / 2 Aug / 6 Sep / 4 Oct / 1 Nov / 6 Dec