



4th February 2022  
This week's highlights

<b>ECB</b> Turns hawkish	<b>EUR/\$</b> Soars	<b>BOE</b> Hikes again	<b>Bond Yields</b> Big jump
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**Euro Area**

- ECB keeps policy on hold but Christine Lagarde refuses to rule out an increase in interest rates this year
- Euro strengthens by 3 cents against the dollar to \$1.1450; German 10-year yields rise by 25bps to 0.20%
- Inflation surprises on the upside, ticks up to 5.1% in January; GDP growth slows to 0.3% q-o-q in Q4 21

**UK**

- Bank of England's MPC raises rates by 25bps to 0.50%, though 4 of 9 members vote for a 50bps hike
- MPC says some further increase will be needed over the 'coming months' to meet 2% inflation target
- Pound gains about a cent against dollar to \$1.35; weakens by more than a penny vis-a-vis euro to 84.5p

**US**

- Payrolls rise by much stronger than expected 467k in Jan - the consensus was for a gain of circa 125k
- Unemployment ticks up to 4% as labour force participation rises; y-o-y earnings growth picks up to 5.7%
- Benchmark government 10-year bond yields rise by the best part of 15bps on the week to 1.90%

**Ireland**

- The Economic Pulse was on the front foot in January (up 4.6 from Dec to 84.5) as Omicron fears receded
- COVID-19 adjusted unemployment rate ticked up in Jan (7.8%); should decline now restrictions are lifted
- Government 10-year bond yields rise by around 25bps to 0.70%; are now up c.50bps since end-2021

<b>Monday</b>	IRL Industrial Production; US Consumer Credit
<b>Tuesday</b>	IRL New Vehicle Licenses; UK BRC Retail Sales Survey; US Trade Balance, Small Business Optimism Index
<b>Wednesday</b>	US Wholesale Inventories
<b>Thursday</b>	European Commission Economic Forecasts; UK RICS Housing Survey; US CPI, Jobless Claims
<b>Friday</b>	UK GDP (Q4 2021), Visible Trade, Index of Services; US Consumer Confidence

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