



10th June 2022

This week's highlights

**ECB**

Rate-hiking journey

**Euro**

Weaker

**Bond Yields**

Increase again

**US CPI Inflation**

8.6% in May

**Euro Area**

- Lagarde says ECB embarking on an interest rate-hiking 'journey', starting with a 25bps increase in July
- German government 10-year yields climb 20bps to 1.45%, but euro sheds 2 cents to \$1.05 vs the dollar
- GDP growth in first quarter of the year stronger than previously estimated at 0.6% q-o-q and 5.4% y-o-y

**UK**

- Government 10-year bond yields rose for a fourth week in a row, increasing by around 25bps to 2.40%
- Sterling had a mixed week, falling by 1 cent to \$1.2350 against the dollar but gaining 1p to 85p vs euro
- Final Composite PMI for May at 53.1 firmer than flash reading but still signalling slower pace of activity

**US**

- Annual rate of headline CPI inflation picked up to 8.6% in May, but the core rate edged down to 6.0%
- Benchmark government 10-year bond yields rose further this week, increasing by circa 15bps to 3.12%
- Fed holds a monetary policy meeting next week with another 50bps hike in rates virtually guaranteed

**Ireland**

- The annual rate of CPI inflation picked up again in May, to 7.8% - a near 32-year high - from 7.0% in April
- Number of new private cars licensed in May - at 7,120 - was down slightly (-3%) on same month last year
- Government 10-year bond yields rose by 25bps to 2.12% (and above 2% for first since around mid-2014)

<b>Monday</b>	IRL Monthly Services Index; UK GDP (Apr), Trade Balance
<b>Tuesday</b>	IRL Agricultural Prices; EA ZEW Index; UK Labour Market Report; US Small Business Optimism Index, PPI
<b>Wednesday</b>	IRL Goods Exports & Imports, Residential Property Prices; EA IP; US Retail Sales, Fed Meeting
<b>Thursday</b>	EA Labour Costs; UK BOE Meeting; US Housing Starts & Building Permits, Jobless Claims
<b>Friday</b>	EA CPI, Construction Output; UK Retail Sales; US Industrial Production

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