



27 January 2023

This week's highlights

EUR/\$

A little firmer

Bond Yields

Higher on the week

US GDP

+0.7% in Q4

US PCE Inflation

Lower again in Dec

Euro Area

- The Composite PMI moved back into expansionary territory (>50) in January, albeit marginally so (50.2)
- Euro chalked up some modest gains against the dollar this week, strengthening to almost \$1.09
- Government bond yields rose on the week, with German 10-year yields increasing by c.10bps to 2.25%
- ECB meets next Thursday (Feb 2nd) and looks set to increase its key interest rates by another 50bps

UK

- Composite PMI fell to 47.8 in January, suggesting the economy contracted again at the start of 2023
- Sterling was little changed against the dollar just below \$1.24; marginally softer vis-a-vis the euro at 88p
- Government 10-year bond yields closed out the week little changed again, trading at about 3.35%
- BoE announces its latest interest rate decision next Thursday with market leaning towards a 50bps hike

US

- Economy grew by 0.7% q-o-q in Q4'22 according to preliminary GDP data, after expanding 0.8% in Q3
- Annual rates of headline and core PCE inflation both eased again in Dec, to 5.0% and 4.4% respectively
- Benchmark government 10-year yields reversed course this week, increasing by around 5 bps to c.3.55%
- Fed likely to hike rates again at next week's meeting (Tue/Wed) but step down pace of increase to 25bps

Ireland

- The volume of retail sales was flat in December, having fallen by 0.9% month-on-month in November
- There were 9,148 new dwelling completions in the final quarter of 2022, an increase of 31.4% on Q4'21
- For 2022 as a whole the number of new dwellings completed was 29,841, up 45.2% on 2021
- Government 10-year bonds yields rose by more than 10bps on the week to just over 2.70%

Mon Jan 30

IRL GDP (Q4, preliminary); EA Economic Sentiment Indicator; UK Lloyds Business Barometer

Tue Jan 31

IRL HICP Inflation; EA GDP (Q4); UK Mortgage Approvals; US Fed Meeting, Consumer Confidence, ECI

Wed Feb 1

Manufacturing PMIs IRL, EA, UK & US; IRL Unemployment; EA CPI; US Fed Meeting, ISM Manufacturing

Thu Feb 2

EA ECB Meeting; UK BOE Meeting; US Jobless Claims, Factory Orders

Fri Feb 3

Services PMIs IRL, EA, UK & US; EA PPI; US Payrolls, ISM Services

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