

Weekly Round Up



3 February 2023

This week's highlights

Fed

Ups rates by 25bps

ECB & BOE

Both hike by 50bps

Bond Yields

Off intra-week lows

US Payrolls

+517k in Jan

Euro Area

- The ECB hiked rates by 50bps this week and said it intends to raise them by 50bps again in March
- It will then "evaluate the subsequent path of monetary policy", but Lagarde indicated there's more to come
- The market expects a further 75bps increase in rates with the deposit rate topping out at c.3.25%
- Euro flat against \$ at \$1.0850, rises to 89.5p v £; German 10-year bond yields fell 5bps to about 2.20%

UK

- The Bank of England's MPC raised interest rates by another 50bps to 4.0% at this week's meeting
- It said "further tightening...would be required" if domestic price / wage pressures proved "more persistent"
- The market thinks the MPC is almost done with just one more 25bps hike in rates now priced in
- Pound shed almost 3 cents to \$1.21 against the dollar, while 10-year gilt yields fell about 25bps to 3.10%

US

- Fed increased interest rates by 25bps to 4.5%-4.75%, bringing cumulative tightening to date to 450bps
- It said it "anticipates...ongoing increases will be appropriate...in order to return inflation to 2% over time"
- Powell indicated "a couple" more 25bps hikes should be enough, while markets pricing in just one more
- 10-year bond yields rose after stronger than expected payrolls for January, increasing by 10bps to 3.50%

Ireland

- GDP rose by 3.5% q-o-q and by 13.5% y-o-y in Q4 2022, according to preliminary estimates
- For 2022 as a whole GDP grew by 12.2%, following double-digit growth in 2021 (13.6%) as well
- Annual rate of HICP inflation fell for a 2nd month running in January, coming in at 7.7% (8.2% in Dec)
- The unemployment rate stood at 4.4% in January, same as December and down from 4.9% in Jan 2022

Mon Feb 6	EA Retail Sales, Sentix Investor Confidence; UK Construction PMI
Tue Feb 7	IRL Industrial Production, Services Index; UK BRC Retail Sales; US Trade Balance, Consumer Credit
Wed Feb 8	IRL New Vehicle Licenses
Thu Feb 9	UK RICS Housing Survey; US Jobless Claims
Fri Feb 10	UK GDP (Q4 and Dec), Trade Balance; US Consumer Confidence & Inflation Expectations

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