



24 March 2023

This week's highlights

EA Composite PMI

Picks up

Euro

Strengthens

UK Inflation

Rises

BoE and Fed

25bps hikes

Euro Area

- The euro ended the week up about 1 cent versus the dollar at \$1.075, though it was above \$1.09 at one point on Thursday
- Amidst somewhat volatile trading the German 10-year bond yield was broadly unchanged, ending the week just above 2.1%, though it was touching off as high as 2.4% in the middle of the week
- The flash Composite PMI for March rose to 54.1 from 52.0 in February, beating expectations driven by a strong services sector reading
- Swiss authorities engineer a merger between struggling Credit Suisse and UBS

UK

- Sterling appreciated marginally versus the dollar this week, and weakened slightly versus the euro, ending the week at \$1.22 and 88p respectively
- It was a bit of a rollercoaster for the 10-year Gilt yield, opening and closing the week close to 3.3%, though it rose to nearly 3.6% at one point mid-week
- Inflation surprised to the upside in February, with the headline rate at 10.4% (up from 10.1%) and the core rate at 6.2% (5.8% prior)
- The Bank of England increased interest rates by another 25bps. taking the Bank Rate to 4.25%. The MPC reiterated that if inflationary pressures persist further tightening would be required

US

- The 10-year Treasury yield was broadly unchanged on the week at 3.4%. While the S&P 500 was more or less flat on the week as well, it ended on a soft note after earlier gains
- Durable goods orders fell 1% month-on-month in February, a weaker reading than expected following on from a sharp fall in January
- The Federal Reserve increased interest rates another 25bps to 4.75%-5.00% and said "additional policy firming may be appropriate" (compared to "will be appropriate" at the prior meeting)

Ireland

- The 10-year government bond yield finished the week at 2.5%, down 10bp versus last Friday but about 30bps below the highs reached on Wednesday
- The Credit Union Consumer Sentiment Index fell back slightly in March following gains in January and February
- Manufacturing output prices were flat month-on-month in February, while wholesale electricity prices decreased by 1.8% and construction input prices rose 0.2%

Mon Mar 27	EA Credit Growth; UK CBI Distributive Trades Survey; US Dallas Fed Manufacturing Index
Tue Mar 28	IRL Retail Sales; US Trade Balance, Case Shiller House Price Index
Wed Mar 29	UK Mortgage Approvals, Consumer Credit; US Pending Home Sales
Thu Mar 30	IRL Flash Inflation Estimate; EA Economic Sentiment Index; US Q4 GDP Final
Fri Mar 31	EA Unemployment, Inflation; UK Q4 GDP Final; US PCE Inflation, Personal Spending, University of Michigan Consumer Confidence

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