

Economic Research Unit



16 June 2023

This week's highlights

EUR/\$

Strengthens

ECB

Hikes 25bp

Fed

No change

UK Unemployment

Down to 3.8%

Euro Area

- Euro gains 2 cent versus the dollar, ends week at \$1.095; German 10 year yield up 10bp to circa 2.5%.
- ECB hikes deposit and refi rates by 25bp, to 3.5% and 4.0%. Lagarde indicates further tightening is likely
- Industrial production rose by 1% month-on-month in April, broadly as expected
- Inflation eased in May - the headline rate was 6.1% (7% in April), with the core rate at 5.3% (5.6% in April)

UK

- Pound appreciates from \$1.26 to \$1.28 versus the dollar, steady versus the euro at c.85.5p
- 10-year Gilt yield approaches 4.5% mid-week, ending the week at around 4.4%, up roughly 15bp
- Labour market data for Jan-Apr was stronger than expected, with unemployment falling to 3.8%
- GDP increased by 0.2% month-on-month in April, and was up 0.5% year-on-year, in line with expectations

US

- 10-year Treasury yield was broadly unchanged on the week, at 3.75%; the S&P 500 was up about 3%
- Fed holds rates unchanged (5%-5.25%), though the statement points to further tightening ahead
- Headline inflation came in below expectations in May, at 4%, while the core rate was in line at 5.3%
- Retail sales rose 0.3% month-on-month in May, though industrial production was down 0.2%

Ireland

- The 10-year government bond yield increased roughly 10bp on the week to end at about 2.85%.
- The Construction PMI for May remained below 50, though it did rise a bit, to 49.4 from 48.4 in Apr
- House prices rose 3.6% annually in April, vs 4.0% in March. Dublin was up 1%, outside Dublin up 5.6%
- Payroll employee numbers increased 0.2% month-on-month in April, and 2.7% year-on-year

Mon Jun 19

US AHB Housing Index **UK** Rightmove House Prices

Tue Jun 20

EA Construction Output; **US** Housing Starts

Wed Jun 21

IRL Trade Balance; **UK** Consumer Price Inflation; **US** Fed Chair Powell Testimony

Thu Jun 22

IRL Wholesale Prices; **EA** Consumer Conf.; **UK** BoE Rate Decision; **US** Existing Home Sales; Current Ac

Fri Jun 23

IRL Consumer Conf.; **EA** Flash PMIs; **UK** Retail Sales, Flash PMIs; **US** Flash PMIsContact Us at economics@boi.comwww.Corporate-Economy.BankofIreland.com**Disclaimer**

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