

Economic Research Unit



23 June 2023

This week's highlights

EUR/\$

Weaker

BoE

Hikes 50bp

UK Inflation

Core rises

Fed's Powell

Hawkish

Euro Area

- The euro gave back some of the prior week's gains, ending the week close to \$1.09, down from \$1.095
- German 10-year Bund yield fell by roughly 15bp to 2.32%
- Consumer confidence picked up marginally in June, though it remains fairly weak
- Flash Composite PMI falls to 50.3 in June from 52.8 in May, below expectations and pointing to stalling output growth

UK

- Pound falls from \$1.28 to c. \$1.27 versus the dollar, fairly steady versus the euro at 85.6p, 10-year Gilt yield down about 12bp to 4.28%
- Bank of England surprises market with a 50bp hike versus expectations for 25bp, citing higher than expected inflation and a strong labour market
- Headline inflation unchanged in May at 8.7%, core rate up to 7.1% from 6.8% April
- Retail sales were up 0.3% m-o-m in May, while the composite PMI for June fell to 52.8 from 54.0

US

- 10-year Treasury yield down 5bp on the week, to c. 3.70%; S&P 500 also down a bit
- Fed Chair Powell, in testimony on Capitol Hill, indicated that two further 25bp hikes are likely
- Housing starts rose strongly in May, up nearly 22% m-on-m
- The Composite PMI for June fell back to 53 from 54.3 in May

Ireland

- 10-year government bond yield fell roughly 15bp on the week to end at c. 2.70%.
- Central Bank of Ireland increases 2023 growth forecast for the domestic economy to 3.7% from 3.1%, though marginally downgrades subsequent two years
- Goods export volumes were down 10% y-on-y in April, import volumes up 16%
- Credit Union Consumer Confidence Index rises marginally in June, to 63.7 from 62.4

Mon Jun 26

UK CBI Distributive Trades; **US** Dallas Fed Index

Tue Jun 27

US Durable Goods Orders, House Prices, Conf. Board Consumer Confidence

Wed Jun 28

IRL Retail Sales; **EA** Household and Corporate Credit; **US** Trade Balance, Fed Chair Powell Speech

Thu Jun 29

IRL Inflation; **UK** Mortgage Approvals; **EA** Economic Sentiment Index; **US** Initial Jobless Claims

Fri Jun 30

EA Unemployment, Flash Inflation; **UK** Nationwide House Prices; **US** Personal Income/Spending, PCE Inflation, Univ. of Michigan Consumer ConfidenceContact Us at economics@boi.comwww.Corporate-Economy.BankofIreland.com**Disclaimer**

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