



1 December 2023

This week's highlights

EA CPI Inflation

Falls to 2.4%

US PCE Inflation

Down to 3%

EUR/\$

Lower on the week

Sterling

Firmer

Euro Area

- Headline inflation fell to 2.4% in Nov, lowest level since Jul'21; core rate down to 3.6% from 4.2% in Oct.
- German 2- & 10-year yields plunged by 35bps and 25bps, as market priced in rate cuts from spring 2024.
- Euro gave up all of its early gains against the dollar, falling from intra-week high of c.\$1.10 to \$1.0850.

UK

- Hawkish BoE commentary helped pound hold its own against \$ (at \$1.26), gain ground v euro (to 86p).
- Government 2- & 10-year bond yields lagged the move lower elsewhere, falling by c.15bps on the week.
- House prices recovered further in Nov according to Nationwide, up 0.2% leaving y-o-y decline at 2%.

US

- Annual rates of headline and core PCE inflation fell in Oct, to 3% and 3.5% from 3.4% and 3.7% in Sep.
- Fed's Waller says "increasingly confident (monetary) policy...well positioned to get inflation back to 2%."
- 2-year Treasury yields fell by 35bps on the week, while benchmark 10-yields were down around 20bps.

Ireland

- GDP fell by 1.9% q-o-q (-5.8% y-o-y) in Q3, mainly reflecting weakness in multinational exporting sector.
- Modified domestic demand flat in third quarter, after increasing by 0.3% in Q2, & down 0.4% on Q3 2022.
- The annual rate of HICP inflation fell sharply in Nov to 2.3% (from 3.6% in Oct), lowest since July 2021.

Mon Dec 4

EA Sentix Investor Confidence; **US** Factory Orders

Tue Dec 5

IRL, EA, UK & US Services PMIs; **EA** ECB Inflation Expectations Survey, Producer Prices; **UK** BRC Retail Sales; **US** Job Openings, ISM Services Index

Wed Dec 6

IRL Unemployment, Services Index; **EA** Retail Sales; **UK** Construction PMI; **US** Employment, Unit Labour Costs, Trade Balance

Thu Dec 7

IRL Incomes in Agriculture, Planning Permissions (Q3); **EA** GDP (Q3, 2nd est.), Employment (Q3); **US** Jobless Claims, Consumer Credit, Household Net Worth

Fri Dec 8

IRL Household Saving, Industrial Production, Live Register; **UK** REC Report on Jobs, BOE/Ipsos Inflation Expectations; **US** Non-Farm Payrolls, Consumer Confidence

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