



5 January 2024

This week's highlights

EUR/USD

Slightly lower

Bond Yields

Higher

EA Inflation

Rises to 2.9%

US Payrolls

+216k in Dec

Euro Area

- Headline inflation reaccelerated in December to 2.9% from 2.4% in November, core rate dipped to 3.4%
- Government bond yields c.15bps higher as market pared back expectations for early rate cut in 2024.
- Euro slipped back a little to under \$1.10 against the dollar, having closed out 2023 at about \$1.1050.

UK

- Composite PMI rose to 52.1 in December, revised up from 51.7, led by jump in services sector activity.
- Gilt yields rose by around 25bps on the week as the market pushed back out timing of BoE rate cuts.
- Sterling ended largely flat against the dollar at \$1.2750, slightly firmer vis-a-vis the euro at about 86p.

US

- Economy added 216k jobs in December according to Friday's payrolls report, after +173k in November.
- Unemployment remained at 3.7% last month, while annual hourly earnings growth nudged up to 4.1%.
- Fed minutes (Dec meeting): policy may need to be restrictive "for some time". Yields +10bps on week.

Ireland

- The annual rate of HICP inflation reaccelerated in December, increasing to 3.2% from 2.5% in November.
- Latest Exchequer returns showed tax receipts rose by 6% in 2023, broadly in line with official projections.
- There was a General Government Surplus of just under €8 billion last year, equivalent to 2.75% of GNI*.

Mon Jan 8

EA Retail Sales, Economic Sentiment Indicator (ESI); **UK** BRC Retail Sales, **US** Consumer Credit

Tue Jan 9

IRL Retail Sales, Industrial Production; **EA** Unemployment; **US** Small Business Optimism Index, Trade Balance

Wed Jan 10

IRL Unemployment; **US** MBA Mortgage Applications, Wholesales Inventories

Thu Jan 11

IRL Live Register, Institutional Sector Accounts Non Financial; **EA** ECB Monthly Bulletin, **US** CPI, Real Average Earnings; Jobless Claims

Fri Jan 12

IRL Services Index; **UK** GDP (Oct), Trade Balance; **US** Produces Prices

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