



9 February 2024
This week's highlights

Central Banks

Cautious on cuts

Bond Yields

Higher on the week

Main FX Rates

Little changed

Equity Markets

Further gains

Euro Area

- ECB's Schnabel warns against cutting rates too soon amid sticky services inflation & tight labour market
- Bond yields rose on the week, extending last Friday's post-US payrolls jump, while stocks gained c.1.5%
- Euro unchanged against the dollar, having fallen sharply at the end of last week, trading just below \$1.08

UK

- MPC's Breeden: "less concerned" rates might need to rise further, focused on how long to stay at 5.25%
- Pound slightly weaker against the dollar, dipping to \$1.26, broadly flat vis-a-vis euro at about £0.8550
- RICS housing survey reported improvement in "key metrics," e.g. new buyer enquiries & expected sales

US

- Fed speakers conveyed consistent message - need more evidence inflation on way to 2% before cutting
- 10-year bond yields rose by more than 15bps to 4.18%, up 30bps since last Friday's strong jobs data
- Equities advanced nonetheless, with S&P 500 adding about 1% and now 5% ahead since end-2023

Ireland

- Manufacturing output fell 7.5% in '23, with Modern sector output down 9.4% but Traditional sector +6.4%
- Exchequer returns showed tax receipts +4.8% yoy in Jan'24, following full-year increase of 6% in 2023.
- Government 10-year bond yields rose by 15bps to 2.80%, leaving them up almost 50bps since end-2023

Mon Feb 12

US New York Fed Inflation Expectations, Monthly Budget Statement

Tue Feb 13

IRL Agricultural Prices; **EA** Zew Index; **UK** Labour Market (Q4); **US** CPI, Real Hourly Earnings, Small Business Optimism Index

Wed Feb 14

IRL Vehicle licenses; **EA** GDP (Q4, 2nd est.), Employment (Q4), Industrial Production; **UK** CPI, RPI, Producer Prices, House Prices; **US** Mortgage Applications

Thu Feb 15

IRL CPI, Goods Exports & Imports; **EA** Trade Balance; **UK** GDP (Q4 & Dec), Output per Hour (Q4), Trade Balance; **US** Retail Sales, Industrial Production, Philadelphia Fed Manufacturing Index, Weekly Jobless Claims, NAHB Housing Index, Import Prices,

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