

Economic Research Unit



22 March 2024

This week's highlights

Fed
Signals 3 cuts in '24

UK CPI Inflation
Falls to 3.4%

BoE's Bailey
Rate cuts "in play"

Sterling
Loses ground

Euro Area

- Lagarde all but confirms ECB rate reduction in June, says can't "pre-commit on rate path" after first cut.
- The Composite PMI rose for a 3rd month in a row in March but at 49.9 is still indicating a flat economy.
- Euro retreats from post-Fed meeting high of circa \$1.0950 versus the dollar to end lower overall at \$1.08.

UK

- Headline CPI inflation fell to 3.4% in February from 4% in Jan, core inflation down to 4.5% from 5.1%.
- The BoE kept rates on hold, with no calls for a hike this time around and one vote again for a 25bps cut.
- BoE Governor says rate cuts "in play" at future meetings. £ weakens to \$1.26 v dollar and 85.9p v euro.

US

- Fed stayed on hold again and reiterated needs "greater confidence" inflation headed to 2% before cutting.
- Powell said rates still likely to be lowered in 2024, while the "dot plot" again indicated three 25bps cuts.
- Bond yields fell on the week with 2-year yields declining by almost 15bps and 10-year yields 10bps lower.

Ireland

- Residential property prices up 0.7% in Jan (+1.3% in Dec), with the y-o-y increase accelerating to 5.4%.
- Dublin prices rose by 0.9% taking y-o-y increase up to 4.5%; ex Dublin, prices rose 0.6% & 6.1% y-o-y.
- Annual employment growth solid at start of 2024, with number of payroll employees in Jan up 1.8% y-o-y.

Mon Mar 25	UK CBI Retail Sales Survey; US Chicago Fed National Activity Index, New Home Sales
Tue Mar 26	US Consumer Confidence, House Prices, Durable Goods Orders
Wed Mar 27	EA Economic Sentiment Indicator; UK Lloyds Business Barometer
Thu Mar 28	IRL Retail Sales, Inbound Tourism; EA Money Supply & Credit Growth; UK GDP (Q4'23, final), Current Account (Q4); US GDP (Q4'23, final), Jobless Claims, University of Michigan Consumer Confidence, Pending Home Sales
Fri Mar 29	US Personal Incomes & Spending, PCE Inflation, Trade Balance

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