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13.07.23

Central Bank Overview: last meeting

CB	Date	Days	Event	Content	Market Reaction	Source
Fed	**2023-06-14**	**29**	**Rates**	**Hold at 5.00-5.25% (as expected)**		
			Statement	The Fed left rates unchanged at their June meeting. Given reason: holding the rate steady allows the Committee to assess additional information and implications for monetary policy. Virtually everything else in the statement was left unchanged.	USD higher on the statement	
			Presser	The full effects of our policy have yet to be felt, nearly all policymakers view some further rate hikes this year as appropriate, inflation has moderated somewhat but still has a long way to go, if the economy evolves as expected the median of participants sees 5.6% FFR at year-end, Fed projections are not a plan or a decision, will continue to make our decisions meeting by meeting, have not made a decision about July, I expect July to be a live meeting, it's common sense to go a bit slower on rate hikes as we near the destination, inflation risks are still to the upside, not seeing a lot of progress on core PCE, rate cuts are not appropriate this year and no policymaker saw rate cuts this year, economic data came in consistent with but on the high side of expectations, the conditions we need to see in place to get inflation down are coming into place including lower growth labour slack, we don't know the full extent of the banking turmoil.	USD lower on the presser	
			Projections	* GDP growth has been upgraded from 0.4 to 1.0% this year and lowered by 0.1% in 2024 and 2025 * PCE inflation has been lowered from 3.3 to 3.2% for this year and left unchanged for the next two years; it remains above the 2% target through 2025 * Core PCE inflation for this year is seen at 3.9 vs. 3.6% in March and 2.6% in 2024 * The projected Fed funds rate has been revised higher through the entire projection horizon: 5.6 vs. 5.1% for this year, 4.6 vs. 4.3% next year, and 3.4 vs. 3.1% in 2025		
	2023-07-05	8	**Minutes**	* Participants agreed that inflation was unacceptably high and declines in inflation had been slower than they had expected. * Participants noted that the full effects of monetary tightening had likely yet to be observed, though several highlighted the possibility that much of the effect of past monetary policy tightening may have already been realized. * Almost all participants judged it appropriate or acceptable to maintain the target range for the federal funds rate at 5 to 5-1/4 percent at this meeting. Leaving the target range unchanged at this meeting would allow them more time to assess the economy's progress toward the Committee's goals of maximum employment and price stability. * Some participants indicated that they favored raising the target range for the federal funds rate 25 basis points at this meeting or that they could have supported such a proposal. The labor market remained very tight, momentum in economic activity had been stronger than earlier anticipated, and there were few clear signs that inflation was on a path to return to the Committee's 2 percent objective. * All participants agreed that it was appropriate to continue the process of reducing the Federal Reserve's securities holdings. * Almost all participants noted that additional increases in the target federal funds rate during 2023 would be appropriate. Many also noted that a further moderation in the pace of policy firming was appropriate.	USD higher, 2y and 10y yields mostly flat with 2s up a bit and 10s down a bit	x
ECB	**2023-06-15**	**28**	**Rates**	**Hike by 25 bps to 3.50% (as expected)**		
			Statement	* Hiked because inflation is projected to remain too high for too long * Rates will be brought to sufficiently restrictive levels and will be kept there for as long as necessary * Will continue to follow a data-dependent approach * APP reinvestments will be discontinued as of July 2023 * Inflation is expected to average 5.4% this year, 3.0% next year and 2.2% in 2025 * Underlying price pressures remain strong although some show tentative signs of softening * GDP growth is projected to be 0.9% this year, 1.5% next year, 1.6% in 2025	EUR up on the statement	
			Presser	Rates to remain restrictive as long as necessary, we are not thinking about pausing, we are not done, we are not at the destination, a hike in July is likely unless there is a material change, we are not satisfied with the inflation outlook, 2.2% inflation in 2025 is not satisfactory, very broad consensus behind today's decision, does not want to comment on the terminal rate, borrowing costs have increased steeply and loan growth has slowed, will continue to follow a data-dependent approach, wage increases are becoming an increasingly important component of inflation, the labour market remains a source of strength, longer-term inflation expectations warrant monitoring, the Eurozone economy has stagnated in recent months, manufacturing continues to weaken as services remain resilient, outlook for growth and inflation is highly uncertain.	... and sideways during the press conference	
	2023-07-13	0	**Minutes**	* Members broadly concurred with the assessment that inflation was still projected to remain too high for too long, calling into question whether it was returning to target in a timely manner. * Doubts were expressed about whether a particular emphasis on core inflation was justified, as it was not seen to be a leading indicator of future headline inflation. It was argued that the Governing Council should not put too much emphasis on the behaviour of core inflation, as its mandate related to headline inflation. * It was cautioned that strong wage growth was becoming a key driver of inflation, and convincing evidence that underlying inflation had peaked was still lacking but according to recent data releases core inflation had stabilised and might have reached a turning point. * Members generally concurred that interest rates had reached restrictive territory, while it remained unclear at what point the stance would become sufficiently restrictive. * A very broad consensus supported the 25 basis point rate increase proposed, while a preference was also initially expressed for a 50 bps hike in view of the risk of high inflation becoming more persistent. * A very broad consensus also prevailed in favour of confirming the end of reinvestments under the APP as of July.	EUR unchanged	x
BoE	**2023-06-22**	**21**	**Rates**	**Hike by 50 bps to 5.00% (vs. 50/50 expectation of 25 bps)**		

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			Statement	* Guidance unchanged: If there were to be evidence of more persistent pressures, then further tightening in monetary policy would be required. * Quarterly GDP growth via business surveys expected to be around 0.25% during the middle of the year, household spending has strengthened a little, unemployment is flat and employment has risen, Average Weekly Earnings have increased above expectations but are projected to ease of the rest of the year * CPI has fallen to 0.3% higher than projected in May and is expected to fall significantly further during this year * Services CPI and core goods CPI have also been stronger than projected, services CPI is expected to remain unchanged in the near term and core goods CPI is expected to decline later this year * Second-round effects in prices and wages are likely to take longer to unwind than they did to emerge, recent data suggests more persistence of inflation because of the tightness in the labour market and the resilience of demand * Gilt yields, especially in the short end, and mortgage rates have risen materially since the last meeting, the full effect of the increase in the bank rate will not be felt for some time due to the greater share of fixed-rate mortgages	Brief spike higher in GBP, 2s10s bear flattening	x
			Minutes	* Seven members judged that a 0.5 percentage point increase in Bank Rate, to 5%, was warranted at this meeting * Two members preferred to leave Bank Rate unchanged at 4.5% at this meeting (Dhingra and Tenreyro voted for a hold) * There had been significant upside news in recent data that indicated more persistence in the inflation process * Recent upside surprises in official estimates of wage growth and services CPI inflation suggested a 0.5 percentage point increase in interest rates was required * Goods price inflation should fall sharply, which, with some lag, would reduce associated persistence in domestic wage and price setting * The lags in the effects of monetary policy meant that sizable impacts from past rate increases were still to come through		x
			Presser	We are not signalling what will come next on rates, it was absolutely imperative that the BoE raised rates today, the pattern of persistence and sticky inflation is seen in other countries too, cannot continue to have the current level of wage increases, cannot have companies building profit margins that cause prices to rise at their current rates, not seeking to precipitate a recession.		x
RBA	**2023-07-04**	**9**	**Rates**	**Unchanged at 4.10% (vs. expectations of 50/50 and market pricing of 80/20 for a hold/hike)**		
			Statement	* Reason for no change: 1) high uncertainty regarding the economic outlook, 2) past rate increases will continue working to bring supply and demand into balance, 3) more time to assess the impact of past hikes * Guidance unchanged: Some further tightening may be required to ensure inflation returns to target in a reasonable timeframe * Inflation has passed its peak but is too high and will remain for some time yet * The Board's priority is to return inflation to target within a reasonable timeframe * Growth has slowed, the labour market has eased but remains very tight, wages have picked up * Wage growth is still consistent with the inflation target if productivity growth picks up * The Board remains alert to the risk of inflation expectations contributing to price and wage increases * Expects the economy to grow even as inflation returns to target (previously: seeking to keep the economy on an even keel), the path to achieving this is narrow	AUD lower, 2s10s bull steepening	x
RBNZ	**2023-07-12**	**1**	**Rates**	**Unchanged at 5.50% as expected**		**x**
			Statement	The RBA left the OCR unchanged as expected: * Guidance unchanged: The OCR will need to remain at a restrictive level for the foreseeable future * Global inflation is coming down, global growth is weakening and has led to lower export prices for the New Zealand's goods * Domestic inflation is expected to continue its decline; core inflation is expected to decline as capacity constraints ease (previously: core inflation pressures will remain until capacity constraints ease) * There are now signs of labour market pressures dissipating (previously: signs of labour shortages easing and vacancies declining) * They removed the sentence that the lack of demand is the main constraint on activity	NZD briefly lower, 2s10s steeper, bull steepening	x
			Minutes	* The Committee noted that monetary policy in New Zealand reached a more restrictive level earlier than in many other economies. * The Committee judged that after recent falls, house prices are now around sustainable levels, the outlook for the housing market has become more balanced. * The lagged effects of previous monetary tightening is still passing through to households as more households move off lower fixed rates.		x
BOC	**2023-07-12**	**1**	**Rates**	**Hike by 25 bps to 5.00% as expected**		**x**
			Statement	The Bank of Canada raised rates by 25 bps to 5.00%: * Reasons for hike: accumulation of evidence of excess demand and more persistent core inflation * Dropped statement from June that rates are not sufficiently restrictive * Global inflation is easing but pressures in services inflation remain * Global growth has been stronger than expected, especially in the US; projection: 2.8% this year, 2.4% next year and 2.7% in 2025 * Domestic growth projections: 1.8% this year, 1.2% next year, 2.4% in 2025 * Domestic inflation projections: around 3% next year, gradual decline to 2% in the middle of 2025; the decline is slower than forecast in January and April * The GC remains concerned that progress towards 2% inflation could stall * Canadian growth and consumption have been stronger than expected, signs of persistent excess demand, the housing market has picked up, the labour market remains tight despite signs of more availability of workers, immigration is boosting demand and helping ease labour shortages * Canadian inflation has dropped largely due to energy prices and base effects, less from underlying inflation; underlying price pressures appear more persistent than anticipated	CAD briefly higher but subsequently weaker, yields mostly unchanged	x

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			Presser	Macklem: The GC did discuss possibility of keeping rates unchanged but cost of delaying action was larger than the benefit of waiting, the clear consensus was that monetary policy needed to be more restrictive, further rate decisions will be guided by assessment of incoming data and outlook for inflation, monetary policy is working but underlying inflationary pressures are proving more stubborn, higher interest rates are needed, prepared to raise rates further, trying to balance the risks of under and over tightening, if we don't do enough now we'll likely have to do even more later, in the bank's forecast there's a path to price stability while maintaining growth.		x
SNB	**2023-06-22**	**21**	**Rates**	**Hike by 25 bps to 1.75% (vs. a 50/50 expectation of a 50 bps hike)**		
			Statement	* Guidance unchanged: Further hikes cannot be ruled out, the SNB remains willing to be active in the FX market with the focus currently being on selling foreign currency * Reason for the hike: inflationary pressure has increased again over the medium term * Inflation has declined significantly in recent months due to lower oil and gas prices; the new inflation forecast is below that of March for 2023 due to lower energy prices and a stronger CHF, and above the March projection from 2024 due to second-round effects * Average annual inflation is projected at 2.2% for 2023 and 2024, and 2.1% for 2025 * Swiss GDP was solid in Q1 2023, the SNB expects modest growth for the rest of the year at around 1%, unemployment will likely rise slightly * The forecast for Switzerland and the global economy is subject to high uncertainty, the major risk is a more pronounced economic slowdown abroad	CHF lower	x
			Presser	Jordan: We cannot rule out further monetary policy tightening, most likely we will have to tighten policy again but we can also take a more gradual approach, gradual approach is appropriate at present and we can look again in September, tighter monetary policy has strengthened the Swiss Franc but underlying inflation pressure has risen further, Swiss inflation is not a luxury problem, even though we are in a very fortunate position it is still very important to bring inflation down, there is a danger inflation may become entrenched above 2%, inflation caused by higher rents is not a reason to refrain from future rate hikes. Maechler: The SNB has sold foreign currencies in recent quarters, will continue to do that if it is appropriate for monetary policy, remain ready to buy foreign currencies if there is excessive Franc appreciation.	No clear direction in CHF, 2s lower and bull steepening of the 2s10s	x
BOJ	**2023-06-16**	**27**	**Rates**	**Unchanged at -0.10% (as expected)**		
			Statement	* Will patiently continue with monetary easing, will continue QQE with yield curve control, will continue to expand the monetary base, will not hesitate to take additional easing measures * The Japanese economy has picked up, exports and imports have been more or less flat despite a slowdown in overseas economies * Financial conditions have been accommodative * The rate of increase in CPI ex fresh food has slowed mainly due to the government's measures to lower energy prices * CPI y/y is likely to decelerate towards the middle of FY 2023 and to pick up again afterwards * The economy is likely to recover moderately towards the middle of FY 2023	JPY weak before and weak after	
			Presser	We have not changed policy because Japan's inflation is not sustainable, expects inflation to slow towards the middle of FY 2023, more time is needed to meet the 2% inflation target, it is possible that inflation will fall below 2% in the future, responding to an inflation undershoot after a premature rate hike is more difficult than responding to an overshoot, various indicators showed improvement in bond market functioning, side-effects of yield curve control policy has subsided, need to pay attention to exchange rates and financial markets, no comment on the exchange rate, there are both positive and negative impacts of a weak yen, important for FX moves to stably reflect economic fundamentals.		
	2023-06-26	17	**Summary of Opinions**	* Factors behind significant improvement since April in households' sentiment indicators include the achievement of wage increases at high levels. * It is necessary to assess whether there is a higher possibility of achieving wage increases that can keep up with inflation. * The y/y increase in CPI is likely to decelerate toward the middle of fiscal 2023. Meanwhile, there are still high uncertainties over whether it will accelerate again thereafter. * While price rises in Japan are still largely attributable to overseas factors, the contribution of domestic factors has increased. * Inflationary pressure is likely to remain strong for the time being. * The y/y increase in CPI is expected to fall below 2% in the second half of fiscal 2023. * Corporate behavior has seen clear changes, and price and wage hikes have been incorporated into corporate strategy. In addition, various measures of underlying inflation have mostly shown a rate exceeding 2%. It is highly likely that the y/y increase in the CPI (all items less fresh food) will decelerate toward the middle of fiscal 2023 but will not fall below 2 percent. * Given the outlook for prices and other factors, it is appropriate that the Bank continue with the current monetary easing. * The wage growth rate agreed in this year's annual spring labor-management wage negotiations thus far has been the highest in around 30 years. It would be premature to revise monetary policy if it would hinder such developments. * There is no need to revise the conduct of yield curve control. * The functioning of the bond market has improved compared with a while ago, but its level has remained low. * A revision to the treatment of yield curve control should be discussed at an early stage.	JPY popped higher but failed to sustain strength, JGB 10s lower, 2s more or less unchanged	x