fxmacro

Free newsletter: fxmacro.info
Twitter: @fxmacroguy
21.01.23

Central Bank Speakers Recap for Week 03/2023

FX	Date	Days ago	Speaker	Bias	Relevant Points
USD	20.01.23	1	**George**	Neutral	Encouraging to see inflation coming down, have to be a little more patient in assessing if it is on a sustainable path, we continue to see service sector inflation, need to see more progress on that to have more confidence.
			Harker	Neutral	It is time to shift to 25 bps hikes, sees rates going towards 5%, how high rates go will be shaped by inflation.
			Waller	Hawk	Favours a 25 bps hike at the upcoming meeting and continued policy tightening beyond that, we are talking about maybe 75 bps more of hikes, will have to keep rates high and not cut rates by the end of 2023, I need six months of data not just three, market perception of the terminal rate is not far from where we are, expectations for rate cuts later this year are driven by optimism inflation will melt away, hard to talk the market out of its forecast, if loosening financial conditions means inflation takes off again we will have to do a lot more, most likely will slow balance sheet runoff when reserves 10-11% of GDP.
			Williams	Neutral	Won't prejudge the size of rate rise at upcoming FOMC meeting, still have a ways to go on rate hikes, made sense to slow the pace in December, stopping point depends on data, market pricing is roughly consistent with the Fed's outlook, the destination is they key issue for the rate hike question and not the speed, still lots of room to run on shrinking the balance sheet, must stay the course until inflation is brought back to 2%.
	19.01.23	2	**Brainard**	Dove	We have tightened a lot and we are starting to see effects on inflation, now in an environment where there are risks on both sides, recent downshift in pace of hikes allows the Fed to assess more data as it moves policy to sufficiently restrictive levels, wages do not appear to be driving inflation.
			Collins	Neutral	It's appropriate to slow the pace or rate hikes, policy rate needs to rise to likely just above 5%, then we need to hold rates for some time, risks are now more two-sided.
	18.01.23	3	**Bullard**	Hawk	Current policy "not quite" restrictive, needs to be over 5% at least, 50 bps at the next meeting is appropriate, wants to err on the tighter side to allow disinflationary process to take hold, the Fed wants to "guarantee" inflation will be on a steady path back to target, easing recession risk in Europe and China reopening could fuel inflation.
			George	Neutral	Fed must restore price stability and that means 2% inflation.
			Harker	Neutral	Reiterates support for moving to 25 bps hikes, FFR neds to get above 5%, the time for supercharging rate hikes is over, expects Fed to raise rates "a few more times" this year, policy is nearing "end game" and does not need to be set at very restrictive levels, will take a while before the Fed eases rates, expects inflation to moderate to 3.5% this year, inflation will fall back to target in 2025.
			Logan	Neutral	Supports slowing the pace of rate hikes at the upcoming meeting, not helpful to lock in peak rate or precise rate path, if slower pace of hikes eases conditions this can be offset by gradually raising rates to a higher level than previously expected, slower pace does not signal any less commitment to achieving inflation goal, likely to need to raise rates until "convincing evidence" inflation is on track towards 2%, may need to raise rates further even after a pause if outlook or financial conditions call for it, decision on balance sheet reductions won't intersect with decisions on Fed policy rate.
			Mester	Hawk	Rates should be a "little bit" above 5.00-5.25%, we need to keep going and we'll discuss at the next meeting how much to do, would need to see inflation moving down faster before supporting a pause, we have to continue raising and then hold for a while, good signs that things are moving in the right direction.
	17.01.23	4	**Barkin**	Neutral	Not in favour of backing of rate hikes too soon, terminal rate will depend on the path of inflation but as long as inflation stays elevated the Fed has to hike, we want to see inflation "convincingly back to target", inflation news was very encouraging over the last three months.
EUR	20.01.23	1	**Holzmann**	Hawk	Expects multiple 50 bps rate hikes at least in H1, core inflation is at 5% which is 2.5 times our target, there could be rate hikes if headline inflation has fallen significantly but core has not, reluctant to say inflation has peaked because core inflation has not, could take two to three years to bring inflation down to target.
			Lagarde	Dove	"Stay the course" is my mantra on monetary policy, fiscal policy should not force monetary policy to do more, the ECB does not target an exchange rate for the EUR.

fxmacro

Central Bank Speakers Recap for Week 03/2023

FX	Date	Days ago	Speaker	Bias	Relevant Points
	19.01.23	2	**Knot**	Hawk	Market developments as of late not entirely welcome, markets may be mispricing future rate hikes, will be in tightening mode at least until mid-year, Eurozone could avoid a recession but growth will be slow, underlying signs of inflation in the Eurozone shows no signs of abating.
			Lagarde	Dove	Will stay the course on rate hikes, will continue raising interest rates and leave them in restrictive territory for as long as it takes to bring inflation back to 2%, inflation is way too high, the job market in Europe has never been as vibrant as it is now.
	18.01.23	3	**Rehn**	Hawk	Significant rate hikes are justified near term to keep inflation expectations under control.
			Villeroy	Neutral	Too early to speculate what we will do in March, Lagarde's 50 bps guidance is still valid, cannot say where the terminal rate will be but should be there by summer, the pace of rate hikes is probably less important this year, must stay the course in battle against inflation.
	17.01.23	4	**Centeno**	n/a	Q4 growth in Europe likely to be positive, the economy has been surprising us quarter after quarter.
			Sources	n/a	ECB is pondering slower hikes after 50 bps in February, no decision on size of March rate increase has been taken, any slowdown in tightening shouldn't be viewed as the ECB going soft on its mandate.
			Villeroy	Neutral	A resilient economy makes rate hikes easier.
	16.01.23	5	**De Cos**	Dove	Significant interest rate increases are expected to continue, untargeted fiscal assistance can fuel inflation.
			Lane	n/a	We need to raise rates more, need to bring them into restrictive territory, peak will depend on how the economy responds, governments need to pull back from high deficits, significant fiscal adjustment will be needed in the coming years, much of the disinflation this year will be due to base effects, difficulty may be in ensuing the final phase of disinflation, does not believe the chronic low-inflation equilibrium we had before the pandemic will return.
			Rehn	Hawk	Sees significant rate hikes at the next meetings.
GBP	19.01.23	2	**Bailey**	Neutral	Not targeting a specific peak rate but we did not include the comment on the market being out of line in the December statement, the fall in December inflation is the beginning of a sign that a corner has been turned, expects inflation to fall quite rapidly this year, we think there will be a shallow recession by historic standards.
	16.01.23	5	**Bailey**	Neutral	Expects inflation to fall in the year ahead, major risk is a UK labour shortage, negative short-term impact from Covid in China expected to be short-lived.
CHF	20.01.23	1	**Jordan**		Absolute priority should be to bring inflation down, we should not underestimate second round effects, not easy to bring inflation back to 2% since firms are not hesitating to increase prices, monetary policy was too expansionary everywhere in hindsight.
	19.01.23	2	**Jordan**		"Some tightening" probably still needed, we are roughly at 1% now and inflation is still above 2% so it's clear some tightening is probably in the cards, inflation is much broader and it's everywhere in services, rents, etc.; we have to make sure second-round effects do not dominate the inflationary process.
			Schlegel		Further interest rate hikes not ruled out, hard to determine at what level the terminal interest rate lies, the SNB does not expect a recession in Switzerland.
JPY	20.01.23	1	**Kuroda**		Change in yield curve policy last month was not a mistake, Japanese economy is still recovering, we expect wages to rise further, expects inflation to start declining from February to below 2% next year, still haven't achieved 2% inflation target in a sustainable manner, we have eradicated deflation during my tenure at least.
	19.01.23	2	**Ito**		BOJ's next step may be to widen 10y band, could raise it to 0.75% or 1.00% by mid-year, likely won't tweak yield curve control at least until April, may abandon negative rates this year depending on inflation and wage developments.
	18.01.23	3	**Kuroda**		Will continue with monetary easing and will not hesitate to ease monetary policy further, will conduct flexible market operations, not expecting 10y JBGs trading higher than 0.50%, need more time to assess impact of YCC band on market functioning, cannot say we have reached a state where prices are expected to grow sustainably, aims to achieve 2% inflation target sustainably alongside wage growth, will make use of fund-supplying operations against pooled collateral to defend yield curve control.

Free newsletter: fxmacro.info
Twitter: @fxmacroguy
21.01.23

Central Bank Speakers Recap for Week 03/2023

FX	Date	Days ago	Speaker	Bias	Relevant Points
			Nishimura (TradeMin)		Nearing phase where monetary easing can be stopped, BOJ is going to maintain current stance until there is more clarity but policy is going to be normalized in the future.
	17.01.23	4	**Suzuki (FinMin)**		Will nominate "most appropriate" person as new BOJ governor, won't make any prediction on future course of monetary policy, bond yields are set by various factors, will strive to conduct debt management so as not to lose market confidence.
	16.01.23	5	**Matsuno (Chief Cabinet Secretary)**		Expects the BOJ to continue with appropriate monetary policy, no comment on JGB yields.