

Central Bank Overview: last meeting

CB	Date	Days	Event	Content	Market Reaction	Source
Fed	2023-06-14	9	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		
ECB	2023-06-15	8	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	EUR up on the statement	
			Presser	* GDP growth is projected to be 0.9% this year, 1.5% next year, 1.6% in 2025 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	
BoE	2023-06-22	1	Rates	Hike by 50 bps to 5.00% (vs. 50/50 expectation of 25 bps)		
			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 Teneyro 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	2023-06-06	17	Rates	Hike by 25 bps (vs. expected hold) to 4.10%		
			Statement	* Guidance remains unchanged: Some further tightening may be required but that will depend on how the economy and inflation evolve * Inflation has passed its peak but is still too high, today's increase in the policy rate will provide greater confidence that it will return to target in a reasonable timeframe * Recent data indicate that the upside risks to the inflation outlook have increased * The Board remains alert to the risk of inflation expectations contributing to larger price and wage increases		

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	2023-06-20	3	Minutes	<ul style="list-style-type: none"> * Inflation had passed its peak but remained well above target and was forecast to return to the top of the target range only by mid-2025 * Members discussed two options: increasing the cash rate by 25 basis points; or holding the cash rate unchanged * The case for raising the cash rate by a further 25 basis points focused on the increased risk that inflation would take longer to return to target than had been expected * Members concluded that the balance of risks on inflation had to the upside compared with a month earlier * The case for holding the cash rate unchanged at this meeting rested on the slowing in the economy and the possibility that the significant increases in interest rates to date would lead to the economy slowing more sharply than expected * The scale of increase in the cash rate over the preceding year, lags in the transmission of monetary policy through the economy and the large number of fixed-rate loans scheduled to expire over coming months would see financial conditions tighten further * Members discussed the possibility of holding the cash rate unchanged at this meeting and then reconsidering at subsequent meetings, with the benefit of additional data * Members recognised the strength of both sets of arguments, concluding that the arguments were finely balanced * The recent data suggested that inflation risks had shifted somewhat to the upside; given this shift and the already drawn-out return of inflation to target, the Board judged that a further increase in interest rates was warranted. 	AUD sharply lower, bull steepening of the 2s10s; the market wasn't happy with the "finely balanced" part of the decision	x
RBNZ	2023-05-24	30	Rates	Hike by 25 bps (as expected) to 5.50%		
			Statement	<ul style="list-style-type: none"> * Guidance: The OCR will need to remain restrictive for the foreseeable future * Global growth is weakening and inflation is easing * Domestic inflation and inflation expectations are expected to continue declining * Signs of labour shortages are easing and the main constraint of businesses is a lack of demand instead of labour shortages; house prices have eased to more sustainable levels * Expects migration to ease back to pre-Covid-19 levels over the coming quarters 		
			Presser	The latest data is satisfactory, it's been a long battle, today was the first time the monetary policy committee went to a vote over the decision, expects to keep a restrictive policy for some time, it's not longer about a labour shortage but now about a demand shortage.		
BOC	2023-06-07	16	Rates	Hike by 25 bps (vs. expected hold) to 4.75%		
			Statement	<ul style="list-style-type: none"> * Monetary policy has not been sufficiently restrictive so far * Guidance: <ul style="list-style-type: none"> ** Dropped the "remains prepared to raise the policy rate further if needed" part ** Mentions that they will watch the evolution of excess demand, inflation expectations, wage growth and corporate pricing behaviour when assessing the dynamics of core inflation and the outlook for CPI * CPI is coming down globally but underlying inflation remains stubbornly high * Domestic growth has been stronger than expected, spending on interest-sensitive goods and housing has picked up, excess demand in the economy is more persistent than anticipated * Concerns have increased that CPI could get stuck materially above 2%, three-month measures of core inflation has been running in the 3.5-4% range for months, still expects CPI to ease to around 3% in the summer 		
	2023-06-21	2	Minutes	<ul style="list-style-type: none"> * Even after accounting for significant population gains, Governing Council agreed that consumption in Canada was proving stronger and more broad-based than had been expected. * GC agreed that the economy remained clearly in excess demand and that the rebalancing of supply and demand was likely to take longer than previously expected. * Growth in Q2 was therefore viewed as likely to be stronger than forecast in the April MPR. * GC members continued to characterize labour market conditions as tight. * Despite higher interest rates, consumer demand was proving more robust than GC had expected. * Reasons: real interest rates have only recently become restrictive, lags in the transmission of monetary policy may be longer than normal because of pent-up demand, excess savings and tight labour markets were mitigating some of the impact of higher interest rates, strong population growth. * All members felt that a broad range of indicators had increased their concern that the disinflationary momentum needed to bring inflation back to the 2% target could be waning. * Members therefore agreed that a further increase in the policy rate was required. * Discussion about whether it was appropriate to raise the policy rate at this decision or to wait and signal that the policy rate was likely to be increased at the July decision. * By signalling and waiting, Governing Council could gain greater assurance that more restrictive policy was needed. * Members felt that enough data had accumulated to convince them that more restrictive policy was needed. Therefore, it was preferable to take the required action and continue to assess economic developments to guide future actions. 	CAD slightly weaker	x
SNB	2023-06-22	1	Rates	Hike by 25 bps to 1.75% (vs. a 50/50 expectation of a 50 bps hike)		
			Statement	<ul style="list-style-type: none"> * 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

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			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	7	Rates	Unchanged at -0.10% (as expected)		
			Statement	<ul style="list-style-type: none"> * 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.		