fx:macro

Issue #74 / 2023-W39, 23 September 2023
Review of Week 38/2023

Week in Review

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Central Banks

RBA Minutes (19.09.23)[2]

- The RBA expects higher headline inflation due to a rise in fuel prices

Turning to the domestic economy, members observed that inflation had continued to decline from its peak in late 2022 but remained high. Headline inflation, as measured by the monthly CPI indicator, had decreased to 4.9 per cent over the year to July, owing to declines in the prices of fruit and vegetables and fuel. However, fuel prices had increased sharply in August. By itself, this would boost headline inflation in the September quarter, relative to expectations in early August. Overall, however, inflation was still expected to continue to moderate over the second half of 2023.

- The labour market is showing signs of easing

Members noted that the labour market also remained tight, but a little less so than in late 2022. While the unemployment rate remained around the low levels of the preceding year, broader measures of labour underutilisation had increased a little and a range of indicators suggested the labour market was at a turning point. The easing in labour market conditions had reflected both an easing in growth in labour demand (following slower growth in economic activity) and strong growth in labour supply. Firms in the Bank's liaison program had reported an improvement in labour availability but that finding suitable workers continued to be more difficult than prior to the pandemic.

- Hike 25 bps vs. leaving the cash rate unchanged

In light of these observations, members considered two options for monetary policy at this meeting: raising the cash rate target by a further 25 basis points; or holding the cash rate target steady.

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1 Clickable to navigate within the document

2 https://www.rba.gov.au/monetary-policy/rba-board-minutes/2023/2023-09-05.html

- Main reason to leave rates unchanged: expectations of lags of transmission

The case to raise the cash rate further was based on the expectation that inflation will remain above the Bank's target for a prolonged period and the risk that this period might be extended. This could occur if productivity growth does not pick up as anticipated or if high services price inflation is more persistent than expected. Members observed that, were inflation to remain above target for an even longer period, this could cause inflation expectations to move higher, which would be likely to require an even larger increase in interest rates in the future. Such an outcome would be costly for the economy. Members noted that the recent rise in petrol prices – an important input for households' inflation expectations – highlighted that the process of returning inflation to target could be uneven.

The case to hold the cash rate unchanged at this meeting was based on the observation that interest rates had been increased significantly in a short period, and that the effects of tighter monetary policy were yet to be fully realised. While evidence suggested interest rates were working to bring aggregate demand into closer alignment with aggregate supply, lags in the transmission of monetary policy meant that the full effects of the tightening since May 2022 would take time to be apparent in the data.

- Downside risks to the Chinese economy have increased according to the RBA

Members noted that there was a risk the economy could slow more sharply than forecast. Consumption could be weaker than expected, and the downside risks to the Chinese economy had increased. On balance, though, members concluded that recent developments had not materially altered the outlook or their assessment that the economy still appears to be on the narrow path by which inflation comes back to target and employment continues to grow.

- Case for no change to the cash rate was the stronger one
- "Some further tightening may be require should inflation prove. more persistent than expected."

In weighing up the two options, members agreed that the case to keep the cash rate target unchanged at this meeting was the stronger one. The recent flow of data was consistent with inflation returning to target within a reasonable timeframe while the cash rate remained at its present level. Members recognised the value of allowing more time to see the full effects of the tightening of monetary policy since May 2022, given the lags in the transmission of policy through the economy.

In reaching this decision, members noted that some further tightening in policy may be required should inflation prove more persistent than expected. In assessing the need for such a move, members affirmed that they will be guided by the incoming data and how these alter the economic outlook and the assessment of risks. In making its decisions, the Board will continue to pay close attention to developments in the global economy, trends in household spending and the outlook for inflation and the labour market. Members reaffirmed their determination to return inflation to target within a reasonable timeframe and their willingness to do what is necessary to achieve that outcome.

BOC Summary of Deliberations (20.09.23)[3]

- The BOC is closely looking at consumer spending

Members took significant time considering the evolution of household spending in the economy, which slowed markedly in the second quarter as consumer sentiment weakened. Demand continued to weaken for interest-rate-sensitive goods, including housing and durable goods, while demand for services was flat.

- The housing market remains resilient

The Governing Council also discussed the housing sector. Data showed that while resale activity is stronger than a year ago, higher interest rates had dampened demand more recently, with markets softening. Despite this, members noted that strong underlying demand and ongoing limited supply were continuing to push prices up. Higher borrowing costs were also beginning to weigh on home builders, who reported difficulties in funding construction projects.

- … and the labour market remains tight

Members noted that the labour market remained tight, although most indicators of tightness continued to ease gradually from high levels. Much of the easing in the labour market had come from reduced job vacancies rather than job losses, supporting earlier views that the labour market could rebalance without a large surge in unemployment. Members noted that employment growth had fallen below the rate implied by population growth in recent months.

[3] https://www.bankofcanada.ca/2023/09/summary-governing-council-deliberations-fixed-announcement-date-september-6-2023/

- CPI is progressing as projected but inflation remains too high and too broad-based
- Members "expressed their concerns" in that regard

Discussion then turned to recent developments and the outlook for inflation. Members noted that, while total consumer price index (CPI) inflation had been progressing roughly as projected in the July MPR, inflation remained generalized and reflective of ongoing, broad-based pressures. Specifically, the shares of items in the CPI basket rising at an annualized pace greater than both 3% and 5% remained far above pre-pandemic averages. Members welcomed data showing that these shares were declining but expressed concern that they were still too high.

- Recent higher prices for energy makes them expect higher headline inflation over the next months

Looking at specific components of the CPI, Governing Council noted that shelter costs, including mortgage interest costs, were contributing importantly to inflation. Members also noted tentative signs, based on three-month data, that components such as food should start to see slower inflation in coming months. However, recent higher prices for oil and gasoline would drive headline inflation higher than its current level over the next few months before it is expected to gradually move back down.

- They're not sure whether they need to be more restrictive or they need to wait out the lags in policy transmission

Governing Council members reflected on how economic developments could affect monetary policy. They considered the situation they faced in their July meeting, when they agreed to raise the Bank's policy rate by 25 basis points to 5%. At that time, both demand and inflation were more persistent than had been expected. Governing Council considered two interpretations of the situation, both of which could be true to some extent:

- It was possible that not enough time had passed for policy to have a sufficient impact on both demand and inflation.
- It was also possible that monetary policy was not yet restrictive enough to slow demand and relieve inflation pressures.

Members agreed that data since their last decision had shown more clearly that demand was slowing, and excess demand was diminishing as monetary policy gained traction. In particular, demand had levelled out in several industries in the services sector, suggesting that the impact of higher interest rates had broadened. Governing Council noted that the quarterly profile of growth in gross domestic product had been choppy, with a weak fourth quarter last year, a strong first quarter in 2023 and a weak second quarter. But the economy appeared to have entered a period of softer growth. Members also noted that the full impact of more recent policy tightening had yet to be felt.

- Keeping rates unchanged to balance the risks of over-and under-tightening

Governing Council reached a consensus to keep the policy rate at 5%. They agreed this was the appropriate decision to balance risks of over- and under-tightening. Economic data showed clearer indications that policy was gaining traction and demand was slowing, and they recognized that the economy will still feel some further impact from past policy tightening.

- And they're stressing that they don't see their decision as a first step towards lowering rates

They also considered the possibility that their decision could be misinterpreted as a sign that policy tightening had ended and that lower interest rates would follow. They agreed that they did not want to raise expectations of a near-term reduction in interest rates, given that they only considered keeping the policy rate where it is or raising it further. They decided to stress that they will pay close attention to the evolution of data as they balance the risks of over-tightening and under-tightening monetary policy.

FOMC Statement (20.09.23)[4]

- **No change to the FFR** as expected and priced in
- Economic activity is expanding at a “solid” pace (upgrade from “moderate)
- Job gains have slowed but “remain strong”
- Everything else is unchanged including the guidance: “The Committee would be prepared to adjust the stance of monetary policy…”

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1  July 26, 2023
2
3  Federal Reserve issues FOMC statement
4
5  Recent indicators suggest that economic activit
   y has been expanding at a moderate pace. Job ga
   ins have been robust in recent months, and the
   unemployment rate has remained low. Inflation r
   emains elevated.
6
7  The U.S. banking system is sound and resilient.
   Tighter credit conditions for households and bu
   sinesses are likely to weigh on economic activi
   ty, hiring, and inflation. The extent of these
   effects remains uncertain. The Committee remain
   s highly attentive to inflation risks.
8
9  The Committee seeks to achieve maximum employme
   nt and inflation at the rate of 2 percent over
   the longer run. In support of these goals, the
   Committee decided to raise the target range for
   the federal funds rate to 5-1/4 to 5-1/2 percen
   t. The Committee will continue to assess additi
   onal information and its implications for monet
   ary policy. In determining the extent of additi
   onal policy firming that may be appropriate to
   return inflation to 2 percent over time, the Co
   mmittee will take into account the cumulative t
   ightening of monetary policy, the lags with whi
   ch monetary policy affects economic activity an
   d inflation, and economic and financial develop
   ments. In addition, the Committee will continue
   reducing its holdings of Treasury securities an
   d agency debt and agency mortgage-backed securi
   ties, as described in its previously announced
   plans. The Committee is strongly committed to r
   eturning inflation to its 2 percent objective.
10
11 In assessing the appropriate stance of monetary
   policy, the Committee will continue to monitor
   the implications of incoming information for th
   e economic outlook. The Committee would be prep
   ared to adjust the stance of monetary policy as
   appropriate if risks emerge that could impede t
   he attainment of the Committee's goals. The Com
   mittee's assessments will take into account a w
   ide range of information, including readings on
   labor market conditions, inflation pressures an
   d inflation expectations, and financial and int
   ernational developments.
12
13 Voting for the monetary policy action were Jero
   me H. Powell, Chair; John C. Williams, Vice Cha
   ir; Michael S. Barr; Michelle W. Bowman; Lisa
   D. Cook; Austan D. Goolsbee; Patrick Harker; Ph
   ilip N. Jefferson; Neel Kashkari; Lorie K. Loga
   n; and Christopher J. Waller.
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1  September 20, 2023
2
3  Federal Reserve issues FOMC statement
4
5  Recent indicators suggest that economic activit
   y has been expanding at a solid pace. Job gains
   have slowed in recent months but remain strong,
   and the unemployment rate has remained low. Inf
   lation remains elevated.
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   gler; Lorie K. Logan; and Christopher J. Walle
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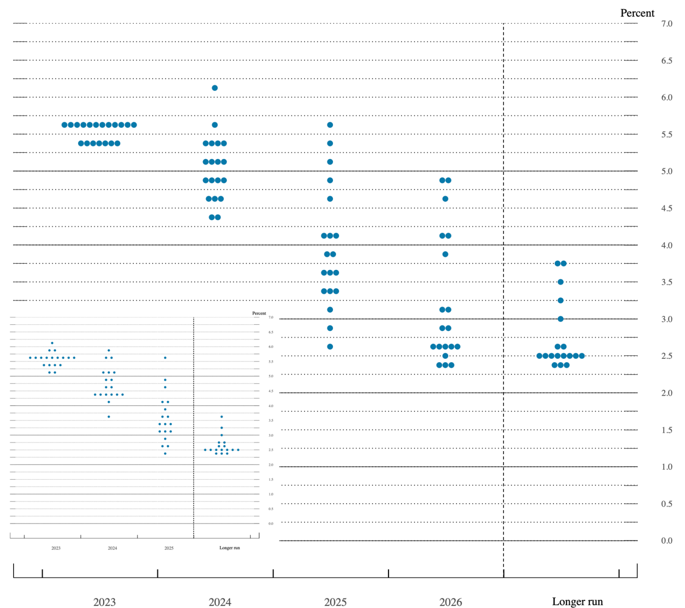
- **GDP** projection for this year upped from 1.0% to 2.1%, next year from 1.1% to 1.5%, and left unchanged from 2025
- **Unemployment** projected lower than in June through 2025
- **PCE inflation** is seen 10 bps higher at 3.3% this year, left unchanged at 2.5% next year and also 10 bps higher at 2.2% in 2025
- The projected **Fed Funds Rate** is seen at 5.6% this year (unchanged), 5.1% next year (up from 4.6%), and 3.9% in 2026 (up from 3.4%)

Percent

Variable	Median[1]				
	2023	2024	2025	2026	Longer run
Change in real GDP	2.1	1.5	1.8	1.8	1.8
June projection	1.0	1.1	1.8		1.8
Unemployment rate	3.8	4.1	4.1	4.0	4.0
June projection	4.1	4.5	4.5		4.0
PCE inflation	3.3	2.5	2.2	2.0	2.0
June projection	3.2	2.5	2.1		2.0
Core PCE inflation[4]	3.7	2.6	2.3	2.0	
June projection	3.9	2.6	2.2		
Memo: Projected appropriate policy path					
Federal funds rate	5.6	5.1	3.9	2.9	2.5
June projection	5.6	4.6	3.4		2.5

[4] https://www.federalreserve.gov/newsevents/pressreleases/monetary20230920a.htm

- The dots for 2024 shifted up significantly, there is now none below 4% and more than half are about 5%
- The dots for 2025 have also shifted higher



SNB Rate Decision (21.09.23)[5]

The SNB **left rates unchanged** at 1.75%:

- **Significant tightening** over recent quarters is countering "remaining" inflationary pressure.
- It cannot be ruled out that **further tightening may become necessary**
- **Willing to be active in the FX market** as necessary, the focus is on selling foreign currency
- **Inflation** has declined above all due to lower inflation in imported goods and services
- **Downgrade of the inflation projection,** inflation will be just within the range of price stability at the end of the forecast horizon
- **Growth** is expected to remain weak for the remainder of the year

Monetary policy assessment of 2~~2 June~~1 September 2023

Swiss National Bank ~~tightens monetary policy further and rais~~leaves SNB policy rate unchanged at~~o~~ 1.75%

The S~~NB is tightening its monetary policy further and is rais~~wiss National Bank is leaving the SNB policy rate ~~by 0.25 percentage points to 1.75%. In doing so, it~~unchanged at 1.75%. The significant tightening of monetary policy over recent quarters is countering remaining inflationary pressure~~, which has increased again over the medium term. I~~. From today's perspective, it cannot be ruled out that a~~dditional rises in the SNB policy rate will b~~ further tightening of monetary policy may become necessary to ensure price stability over the medium term. The SNB will therefore monitor the development of inflation closely in the coming months. To provide appropriate monetary conditions, the SNB is also~~ remains~~ willing to be active in the foreign exchange market as necessary. In the current environment, the focus is on selling foreign currency.

~~The SNB policy rate change applies from tomorrow, 23 June 2023.~~ Banks' sight deposits held at the SNB will continue to be remunerated at the SNB policy rate of 1.75% up to a certain threshold. Sight deposits above this threshold will be remunerated at an interest rate of 1.25%, and thus still at a discount of 0.5 percentage points relative to the SNB policy rate.

Inflation has declined ~~significantly~~further in recent months, and stood at ~~2.2% in May~~1.6% in August. This decrease was above all attributable to lower inflation on imported goods~~, in particular lower prices for oil products and natural ga~~ and services.

The new conditional inflation forecast is based on the assumption that the SNB policy rate is 1.75% over the entire forecast

[5] Source

horizon (cf. chart 1). ~~Through to the end of 2023~~In the medium term, the new forecast is ~~below that of March. The lower oil and gas prices and the stronger Swiss franc are having a dampening effect over the short term. From 2024 onwards, the new forecast is higher than in March, despite today's increase in the SNB policy rate. The reasons for this are ongoing second-round effects, higher electricity prices and rents, and more persistent~~somewhat below that of June, mainly due to the economic slowdown and slightly lower inflationary pressure from abroad. The ~~new~~inflation forecast puts average annual inflation at 2.2% for 2023 and 2024, and ~~2.1~~at 1.9% for 2025 (cf. table 1). ~~Without today's policy rate increase, the inflation forecast would be even higher over the medium term.~~

~~E~~It is thus just within the range of price stability at the end of the forecast horizon.

Global economic growth was mode~~st in the advanced economies in the first~~rate in the second quarter of ~~2023~~this year. Although inflation ~~declined again~~continued to decline in many countries, it remains clearly above ~~central banks' targets. Core inflation in particular is still stubbornly elevated~~the respective targets. Against this background, numerous central banks ~~have~~ tightened their monetary policy further during the last quarter, albeit at a ~~somewhat~~ slower pace than in the previous quarters.

The growth outlook for the global economy in the coming quarters remains subdued. At the same time, inflation is likely to remain elevated worldwide for the time being. Over the medium term, however, it should return to more moderate levels, not least ~~thanks to the~~due to more restrictive monetary policy ~~and due to the economic slowdown~~.

This scenario for the global economy remains subject to large risks. In particular, the high ~~level of~~ inflation in some countries could be more persistent than expected, necessitating a further tightening of monetary policy there. Equally, the energy situation in Europe could deteriorate again in Q4 2023 and Q1 2024. A pronounced slowdown in the global economy therefore cannot be ruled out.

Swiss GDP ~~growth was soli~~stagnated in the ~~first~~second quarter of 2023. The services sector ~~gained momentum, and there was also a slight increase in~~once again grew solidly, while value added in manufacturing contracted significantly. The labour market remained robust, and utilisation of overall production capacity ~~has been well utilised.~~ ~~However, the SNB expects modest growth~~continued to be above average, albeit only slightly.

Growth is expected to remain weak for the re~~mainder~~st of the year. Subdued demand from abroad, the loss of purchasing power due to inflation, and more restrictive financi~~al~~ng conditions are having a dampening effect. Overall, Switzerland's GDP is likely to grow by around 1% this year. In this environment, unemployment will probably continue to rise slightly, and the utilisation of production capacity is likely to decline somewhat.

The forecast for Switzerland, as for the global economy, is subject to high uncertainty. The main risk is a more pronounced economic slowdown abroad.

~~As regards the~~Momentum on the mortgage and real estate market~~, price growth for single-family houses and privately owned apartments has slowed~~s has weakened noticeably in recent quarters~~, while prices for apartment buildings have declined. Mortgage growth has remained largely unchanged. T~~. However, the vulnerabilities ~~o~~in the~~ mortgage and real e~~s~~tat~~e markets ~~persist~~remain.

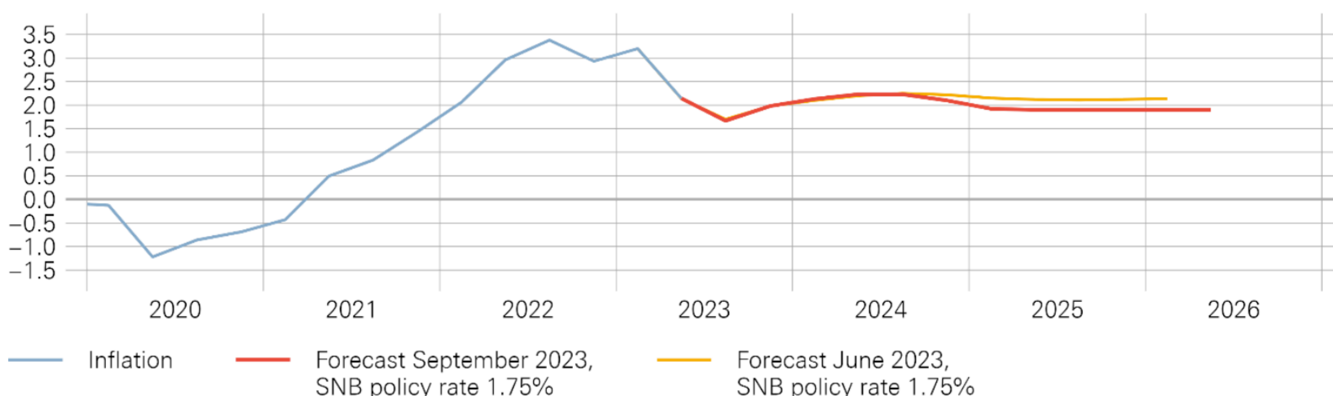
CONDITIONAL INFLATION FORECAST OF SEPTEMBER 2023

	2023				2024				2025				2026				2023	2024	2025
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Forecast June 2023, SNB policy rate 1.75%		2.1	1.7	2.0	2.1	2.2	2.3	2.2	2.2	2.1	2.1	2.1	2.1				2.2	2.2	2.1
Forecast September 2023, SNB policy rate 1.75%			1.7	2.0	2.1	2.2	2.2	2.1	1.9	1.9	1.9	1.9	1.9	1.9			2.2	2.2	1.9

Source(s): SNB

CONDITIONAL INFLATION FORECAST OF SEPTEMBER 2023

Year-on-year change in Swiss consumer price index in percent



BoE Rate Decision (21.09.23)[6]

The Bank of England left rates unchanged at 5.25% vs. about 50/50 expectations of a 25 bps hike:

- **Vote split:** 5-4 with the remaining four in favour of a 25 bps hike
- **Guidance:** “Monetary policy will need to be sufficiently restrictive for sufficiently long to return inflation to 2%”, and “Further tightening would be required if there were evidence of more persistent inflationary pressures” (unchanged)
- **Current monetary policy** is restrictive; there are increasing signs of the impact of tighter policy on the labour market and the real economy
- **Gilt holdings** will be reduce by £100 billion over the next twelve months
- **GDP** expected to rise only slightly in Q3 2023, underlying growth in H2 likely to be weaker than expected
- **Core CPI** has been much weaker than expected in the August report, **CPI** is expected to fall significantly further in the near term due to lower annual energy inflation and further declines in food and core goods price inflation; services inflation is expected to remain elevated in the near term
- Some loosening in the **labour market** is seen but it remains tight by historical standards, the recent increase in Average Weekly Earnings is difficult to reconcile with other indicators of pay growth.

Monetary Policy Summary, ~~August~~September 2023

The Bank of England’s Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on 2 ~~August~~0 September 2023, the MPC voted by a majority of ~~6–3 to increase~~5–4 to maintain Bank Rate ~~by 0.25 percentage points, to~~ 5.25%. ~~Two~~Four members preferred to increase Bank Rate by 0.25 percentage points, to 5.5%~~, and one member preferred to maintain Bank Rate at 5%.~~

~~The Committee’s updated projections for activity and inflation are set out in the accompanying~~. The Committee also voted unanimously to reduce the stock of UK government bond purchases held for monetary policy purposes, and financed by the issuance of central bank reserves, by £100 billion over the next twelve months, to a total of £658 billion.

[6] https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2023/september-2023

In the MPC's August most likely, or modal, Monetary Policy Report~~. These are~~ projections, conditioned on a market-implied path for Bank Rate that ~~rises to a peak of just over 6% and~~ average~~s~~d just under 5½% over the three-year forecast period, ~~compared with an average of just over 4% for the equivalent period at the time of the May Report. The sterling effective exchange rate is around 4% higher than in the May Report.~~

~~Underlying quarterly GDP~~CPI inflation was expected to return to the 2% target by 2025 Q2. It was then projected to fall below the target in the medium term, as an increasing degree of economic slack was expected to reduce domestic inflationary pressures, alongside declining external cost pressures. The Committee had continued to judge that the risks around the modal inflation forecast were skewed to the upside, albeit by less than in May, reflecting the possibility that the second-round effects of external cost shocks on inflation in wages and domestic prices take longer to unwind than they did to emerge. The mean projection for CPI inflation, which incorporated these risks, was 2.0% and 1.9% at the two and three-year horizons respectively.

Since the MPC's previous meeting, global growth has ~~been around 0.2% during the first half of this year. Bank staff expect a similar growth rate in the near term, reflecting more resilient household income and retail sales volumes, and most~~evolved broadly in line with the August Report projections, albeit with some differences across regions. Spot oil prices have risen significantly, while underlying inflationary pressures have remained elevated across advanced economies.

UK GDP is estimated to have declined by 0.5% in July and the S&P Global/CIPS composite output PMI fell in August, although other business surveys~~ over recent months. Some more recent indicators show signs of weakening, however, including the July S&P Global/CIPS UK composite PMI.~~

~~T~~ indicators remain consistent with positive GDP growth. While some of this news could prove erratic, Bank staff now expect GDP to rise only slightly in 2023 Q3. Underlying growth in the second half of 2023 is also likely to be weaker than expected.

There have been some further signs of a loosening in the labour market, although it remains tight b~~ut there are some indications that it is loosening~~y historical standards. The vacancies-to-unemployment ratio has continued to decline, reflecting both a steady fall in the number of vacancies and rising unemployment. The Labour Force Survey unemployment rate rose to 4.~~0~~3% in the three months to ~~May, somewhat~~July, higher than expected in the ~~May Report, and the vacancies to un~~August Report. Indicators of employment ~~ratio has continued to fall, although the latter still remains above historical averages~~have generally softened against the backdrop of subdued activity.

Annual private sector regular ~~pay~~Average Weekly Earnings (AWE) growth increased to ~~7.7~~8.1% in the three months to ~~May, materially above expectations at the time of the May Report, and three-month on three-month growth in this measure of pay has picked up further. Earnings growth is nevertheless expected to decline in coming quarters, to around 6% by the end of this year, although there is uncertainty around this near-term outlook~~July, 0.8 percentage points above the August Report projection. The recent path of the AWE is, however, difficult to reconcile with other indicators of pay growth. Most of these have tended to be more stable at rates of growth that are elevated but not quite as high as the AWE series.

Twelve-month CPI inflation fell from ~~8.~~7.9% in ~~May to 7.9% in June, lower than expected~~June to 6.7% in August, 0.4 percentage points below expectations at the time of the Committee's previous meeting~~. Within this, core goods and services CPI inflation were both lower than expected, although the downside news in the latter, which is more likely to be informative about persistent inflationary pressures, was much smaller. Compared to the May Report projections, June~~, and triggering the exchange of open letters between the Governor and the Chancellor of the Exchequer that is being published alongside this monetary policy announcement. Core goods CPI inflation ~~was in line with expectations.~~

~~CPI inflation remains well above the 2% target. It is expected to fall significantly further, to around 5% by the end of the year, accounted for by lower energy, and to a lesser degree, food and core goods price inflation~~has fallen from 6.4% in June to 5.2% in August, much weaker than expected in the August Report. Services ~~price~~CPI inflation~~, however, is projected to remain elevated at close to its current rate in the near term.~~

~~I~~ rose from 7.2% in June to 7.4% in July but declined to 6.8% in August, 0.3 percentage points lower than expected in the ~~MPC's~~ August ~~most likely, or modal, projection conditioned on market interest rates, CPI inflation returns to the 2% target by 2025 Q2. It then falls below the target in the medium term, as an increasing degree of economic slack reduces domestic~~Report. Some of those movements are linked to services such as airfares and accommodation that tend to be volatile over the summer holiday period. Excluding these

travel-related components, services inflation~~ary pressures, alongside declining external cost pressures. The Committee has decided in this forecast to bring some of the upside risks to~~ has been more stable at continued high rates, albeit slightly weaker than expected.

CPI inflation ~~from persistence into its modal projection, pushing up on this inflation projection in the medium term relative to the May Report.~~

~~The Committee continues to judge that risks around the modal~~is expected to fall significantly further in the near term, reflecting lower annual energy inflation ~~forecast are skewed to the upside, albeit by less than in May, reflecting the possibility that the second-round effects of external cost shocks on~~, despite the renewed upward pressure from oil prices, and further declines in food and core goods price inflation~~ in wages and domestic prices take longer to unwind than they did to emerge. Mean CPI inflation, which incorporates these risks, is 2.0% and 1.9% at the two and three-year horizons respectivel~~. Services price inflation, however, is projected to remain elevated in the near term, with some potential month-to-month volatility.

The MPC's remit is clear that the inflation target applies at all times, reflecting the primacy of price stability in the UK monetary policy framework. The framework recognises that there will be occasions when inflation will depart from the target as a result of shocks and disturbances. Monetary policy will ensure that CPI inflation returns to the 2% target sustainably in the medium term.

~~Recent data outturns~~Developments in key indicators of inflation persistence have been mixed~~. However, some key indicators, notably wage growth, suggest that some of the risks from more persistent~~, with the recent acceleration in the AWE not apparent in other measures of wages and with some downside news on services inflation~~ary pressures may have begun to crystallise. At this meeting, the Committee voted to increase Bank Rate by 0.25 percentage points, to 5.25%.~~

. There are increasing signs of some impact of tighter monetary policy on the labour market and on momentum in the real economy more generally. Given the significant increase in Bank Rate since the start of this tightening cycle, the current monetary policy stance is restrictive. At this meeting, the Committee voted to maintain Bank Rate at 5.25%.

The MPC will continue to monitor closely indications of persistent inflationary pressures and resilience in the economy as a whole, including the tightness of labour market conditions and the behaviour of wage growth and services price inflation. ~~If there were to be evidence of more persistent pressures, then f~~Monetary policy will need to be sufficiently restrictive for sufficiently long to return inflation to the 2% target sustainably in the medium term, in line with the Committee's remit. Further tightening in monetary policy would be required~~. The MPC will ensure that Bank Rate is sufficiently restrictive for sufficiently long to return inflation to the 2% target sustainably in the medium term, in line with its remit~~ if there were evidence of more persistent inflationary pressures.

The MPC committed in the minutes of its August 2022 meeting to review the reduction in the Asset Purchase Facility annually and, as part of that, to set an amount for the reduction in the stock of purchased UK government bonds over the subsequent 12-month period. At this meeting, the Committee voted to reduce the stock of UK government bond purchases held for monetary policy purposes, and financed by the issuance of central bank reserves, by £100 billion over the period from October 2023 to September 2024, to a total of £658 billion.

Meeting Minutes

- Arguments for holding the policy rate at 5.25%

44: Five members judged that maintaining Bank Rate at 5.25% was warranted at this meeting. There were signs that the labour market was loosening. The recent acceleration in the AWE was noteworthy but was not apparent in other measures of wages. Although it was important not to put too much weight on a single data point, headline and services CPI inflation had fallen back and were lower than had been expected. Regarding activity, contacts of the Bank's Agents had become more downbeat, and the output PMI in August was now consistent with falling GDP. For most members within this group, the latest developments meant that the judgement to keep Bank Rate unchanged at this meeting rather than increase it was finely balanced. Conditions were likely to warrant a restrictive policy stance being maintained until material progress had been made in returning inflation to the 2% target sustainably. For one member, however, the risks of overtightening policy had continued to build, increasing the likelihood of output losses and volatility that would require sharper reversals of policy. Lags in the effects of monetary policy meant that sizeable impacts from past rate increases were still to come through.

- Arguments from the camp in favour of a 25 bps hike

45: Four members judged that a 0.25 percentage point increase in Bank Rate, to 5.5%, was warranted at this meeting. Although there were now some signs of weakening economic activity, consumer sentiment appeared to be holding up, real household incomes had started to rise, and forward-looking indicators of output had remained positive. The labour market was still relatively tight, consistent with a possible rise in the medium-term equilibrium rate of unemployment, and the pace of loosening had been slow. Measures of wage growth and services inflation had remained at rates above those consistent with meeting the 2% target sustainably in the medium term. While services CPI inflation had fallen by more than had been expected in the latest data release, this appeared to have been driven mainly by volatile components and had followed recent upside surprises. These members judged that overall there was evidence of more persistent inflationary pressures. Although the monetary stance was weighing increasingly on economic activity, a 0.25 percentage point increase in Bank Rate at this meeting was necessary to address the risks of more deeply embedded inflation persistence and bring inflation back to the 2% target sustainably in the medium term.

- Vote split

57: Five members (Andrew Bailey, Ben Broadbent, Swati Dhingra, Huw Pill and Dave Ramsden) voted in favour of the first proposition. Four members (Jon Cunliffe, Megan Greene, Jonathan Haskel and Catherine L Mann) voted against the proposition, preferring to increase Bank Rate by 0.25 percentage points, to 5.5%.

BOJ Rate Decision (22.09.23)[7]

The Bank of Japan left pretty much everything unchanged at their meeting:

- **Will continue monetary easing** and maintain QQE and YCC as long as necessary
- **CPI** has slowed compared to a while ago, mainly due to government measures on energy prices but it has been around 3%
- **Inflation expectations** have shown some upward movement again
- **CPI ex fresh food** is expected to decelerate before accelerating again moderately as long-term inflation expectations and wage growth rise
- **Risks** to the outlook are “extremely high”

~~July 28~~September 22, 2023 Bank of Japan
Statement on Monetary Policy

1.~~–~~

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided ~~to cond~~u~~ct yield curve control with greater flexibility. The July 2023 Outlook for Economic Activity and Prices (Outlook Re~~po~~rt) shows that sustai~~n~~able and s~~t~~able ac~~h~~iev~~e~~ment o~~f~~ the price stability target ~~o~~f 2 percent, accompanied by wage increases, has not yet come in sight, and thus the Bank needs to patient~~l~~y continue with monetary easing under Quantitative and Qua~~l~~itative M~~o~~netary Easing (QQE) ~~wi~~th Yield Curve Control. In this context, taki~~ng~~ account of extremely high uncertainties for economic activity and prices, it is appropriate for the Bank to enhance the sustainability of monetary easing under the current framework by conducting yield curve control with greater flexibility and nimbly responding to both upside and downside risks to Japan's economic activity and prices.~~

~~The Bank decided on the following regarding yield curve control and the guidelines for asset purchases~~.

(1) Yield curve control

a) The Bank decided, by a unanimous vote, to set the following guideline for market operations for the intermeeting period.

The short-term policy interest rate:

The Bank will apply a negative interest rate of minus 0.1 percent to the Policy-Rate

Balances in current accounts held by financial institutions at the Bank.

The long-term interest rate:

The Bank will purchase a necessary amount of Japanese government bonds (JGBs)

without setting an upper limit so that 10-year JGB yields will remain at around zero percent.

b) Conduct of yield curve control (a~~n 8-1 majority~~ unanimous vote)~~ [Note]~~

The Bank will continue to allow 10-year JGB yields to fluctuate in the range of around plus and minus 0.5 percentage points from the target

[7] https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2023/k230922a.pdf

level, while it will conduct yield curve control with greater flexibility, regarding the upper and lower bounds of the range as references, not as rigid limits, in its market operations. The Bank will offer to purchase 10-year JGBs at 1.0 percent every business day through fixed-rate purchase operations, unless it is highly likely that no bids will be submitted.1 In order to encourage the formation of a yield curve that is consistent with the above guideline for market operations, the Bank will continue with large-scale JGB purchases and make nimble responses for each maturity by, for example, increasing the amount of JGB purchases and conducting fixed-rate purchase operations and the Funds-Supplying Operations against Pooled Collateral.

(2) Guidelines for asset purchases (a unanimous vote)

With regard to asset purchases other than JGB purchases, the Bank decided to set the following guidelines.

a) The Bank will purchase exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs) as necessary with upper limits of about 12 trillion yen and about 180 billion yen, respectively, on annual paces of increase in their amounts outstanding.

b) The Bank will maintain the amount outstanding of CP at about 2 trillion yen. It will purchase corporate bonds at about the same pace as prior to the COVID-19 pandemic, so that their amount outstanding will gradually return to the pre-pandemic level of about 3 trillion yen. In adjusting the amount outstanding of corporate bonds, the Bank will give due consideration to their issuance conditions.

2. ~~There are extremely high uncertainties for Japan'~~Japan's economy has recovered moderately. The pace of recovery in overseas economi~~c activity and prices, including~~es has slowed. Although exports and industrial production have been affected by the developments in overseas economi~~c activity and prices, developments in commodity prices, and domestic firms' wage- and price-setting behavior. Under these circumstances, it is necessary to pay due attention to developments in financial and foreign exchange markets and their impact on Japan's economic activity and prices.~~

~~Japan's recent inflation rates, as measured by~~es, they have been more or less flat, supported by a waning of the effects of supply-side constraints. With corporate profits being at high levels on the whole, business fixed investment has increased moderately. The employment and income situation has improved moderately. Private consumption has increased steadily at a moderate pace, despite being affected by price rises. Housing investment has been relatively weak. Public investment has increased moderately. Financial conditions have been accommodative. On the price front, the year-on-year rate of increase in the consumer price index (CPI~~), are higher than projected in the April 2023 Outlook Report, and wage growth has risen, partly on the back of this year's annual spring labor-management wage negotiations. Signs of change have been seen in firms' wage- and price-setting behavior, and i~~, all items less fresh food) is slower than a while ago, mainly due to the effects of pushing down energy prices from the government's economic measures, but it has been at around 3 percent recently owing to the effects of a pass-through to consumer prices of cost increases led by the past rise in import prices. Inflation expectations have shown some upward movements again.~~ If upward movements in prices continue, the effects of monetary easing will strengthen through a decline in real interest rates, while on the other hand, strictly capping long-term interest rates could a~~

3. Japan's economy is likely to continue recovering moderately for the time being, supported by factors such as the materialization of pent-up demand, although it is expected to be under downward pressure stemming from a slowdown in the pace of recovery in overseas economies. Thereafter, as a virtuous cycle from income to spending gradually intensifies, Japan's economy is projected to continue growing at a pace above its potential growth rate. The year-on-year rate of increase in the CPI (all items less fresh food) is likely to decelerate, with a waning of the effects of the ~~functioning of bond markets and the volatility in other financial markets. Such effects are exp~~pass-through to consumer prices of cost increases led by the past rise in import prices. Thereafter, the rate of increase is projected to ~~be mitigated by conducting yield curve control with greater flexibility.~~

~~Meanwhile~~accelerate again moderately as the output gap improves and as medium- to long-term inflation expectations and wage growth rise, accompanied by changes in factors such as firms' wage- and price-setting behavior.

4. Concerning risks to the outlook, there are ~~also significant downside risks to~~extremely high uncertainties surrounding Japan's economic activity and prices, including ~~the impact of a tightening of global financial conditions on overseas economies. If such downside risks materialize, the effects of monetary easing will be maintained through a decline in long-term interest rates under the framework of yield curve control.~~

~~3~~developments in overseas economic activity and prices, developments in commodity prices, and domestic firms' wage- and price-setting behavior. Under these circumstances, it is necessary to pay due attention to developments in financial and foreign exchange markets and their impact on Japan's economic activity and prices.

5. With extremely high uncertainties surrounding economies and financial markets at home and abroad, the Bank will patiently continue with monetary easing while nimbly responding to developments in economic activity and prices as well as financial conditions. By doing so, it will aim to achieve the price stability target of 2 percent in a sustainable and stable manner, accompanied by wage increases.

The Bank will continue with Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control, aiming to achieve the price stability target, as long as it is necessary for maintaining that target in a stable manner. It will continue expanding the monetary base until the year-on-year rate of increase in the observed CPI (all items less fresh food) exceeds 2 percent and stays above the target in a stable manner. The Bank will continue to maintain the stability of financing, mainly of firms, and financial markets, and will not hesitate to take additional easing measures if necessary.

Economic Data

PMIs

Australian PMI (22.09.23)[8]

Highlights from the release:

> "Economic and **business activity bounced back in September** following the weakening trend since May. The bounce in economic activity was **concentrated in the services sector,** which recorded a **significant increase across the key activity indicators** following a soft patch in July and August.
>
> As it has been for most of the year, **manufacturing activity remains tepid,** with the flash manufacturing PMI and other key indicators holding below the neutral 50 level. The good news is that **Australia's manufacturing sector is not deteriorating after a soft start to 2023. We appear to be achieving the soft landing with few signs of a recession in manufacturing at this stage.**
>
> The jump in service sector activity indicators is consistent with the better-than-expected economic data of recent weeks, highlighting the **resilience of the Australian economy to declining real wages and higher interest rates.**
>
> A critical element of Australia's economic resilience is the **continued strength in labour demand.** At no stage has the services sector employment index fallen below the neutral 50 level despite broader activity indicators falling into contractionary territory at various times this year. **The composite employment index jumped to a five- month high in September.**
>
> Critically, the flash PMI report indicates that **demand in the economy is holding up, and business activity remains on a sound footing.** As we have seen in other economies over the past six months, the debate is not about a hard or soft landing. Recent data, including the Judo Bank PMI, suggests **the risk is for 'no landing' for the economy.**

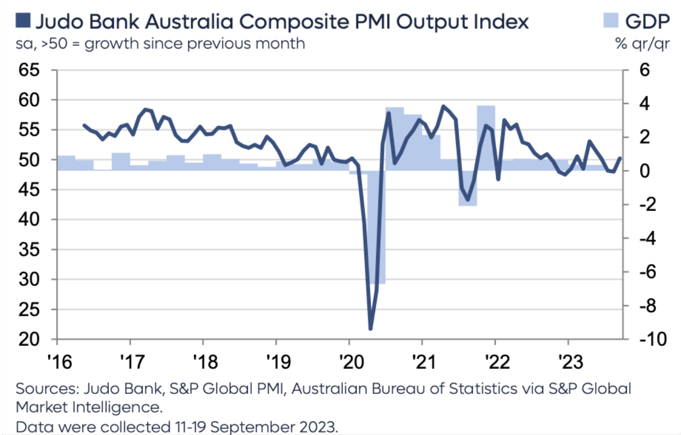
Key findings

Flash Australia Composite PMI Output Index: 50.2 (Aug: 48.0), 4-month high

Flash Australia Services PMI Business Activity Index: 50.5 (Aug: 47.8), 4-month high

Flash Australia Manufacturing PMI Output Index: 48.2 (Aug: 49.7), 4-month low

Flash Australia Manufacturing PMI: 48.2 (Aug: 49.6), 3-month low



Sources: Judo Bank, S&P Global PMI, Australian Bureau of Statistics via S&P Global Market Intelligence.
Data were collected 11-19 September 2023.

> **The inflation indicators remain elevated at levels pointing to above-target CPI over the next 6-9 months.** Input prices were unchanged in September, indicating further cost pressures in the economy. Rising oil and petrol prices may be impacting business costs and inflation expectations. "

German PMI (22.09.23)[9]

Highlights from the report:

> "The **German services PMI stopped its slump** and nudged up near 50 in September. This is a pleasant surprise, to be sure. However, in terms of growth it means that **activity remained broadly flat** following

[8] https://www.pmi.spglobal.com/Public/Home/PressRelease/1d2db11bc6774f4188d4892400932e52

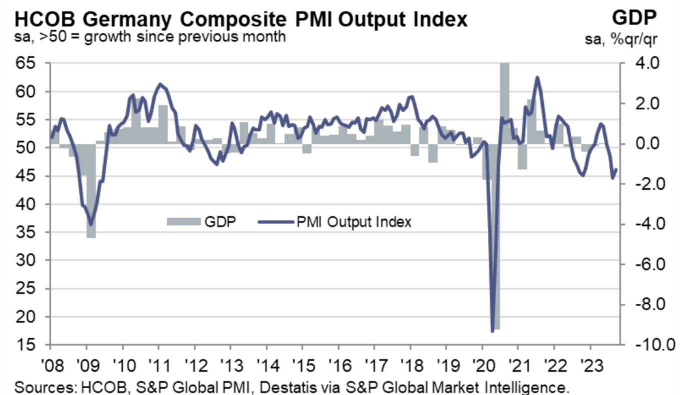
[9] https://www.pmi.spglobal.com/Public/Home/PressRelease/9d4bb7c119c649239502dfb771db658b

the decline recorded in August. Therefore, **our nowcast for services, which considers the PMI data, continues to signal a drag in the third quarter.**

It's no secret that the German manufacturing sector has been going through the wringer lately. The HCOB PMIs, however, indicate that **things aren't going downhill as fast as before, with the decline in new orders slowing down.** In addition, the reduction in purchasing activity is losing momentum. **Still, our nowcast for manufacturing production, which includes the PMI figures, is hinting at a drop of more than 2 percent compared to the second quarter.**

"The goods sector is still jamming to that deflation tune of recent months, according to PMI numbers. Looking at **manufacturing input prices, they keep heading south,** just not as quick as before. Most probably this is due to energy prices which have spiked over the last few weeks. **Factory output prices, by contrast, have been cut at a marginally faster rate than the month before.**

The HCOB Composite PMI confirms our view that **Germany has entered once again into contraction during the current quarter,** after the downturn at the tail end of 2022 and early 2023. **Our nowcast points to a rather deep GDP slump of 1 percent** compared to the quarter before. Having said this, **some important sub-indicators like new business and backlogs of work, which appear to be reaching a bottom, offer hope of an end to this slump** as we hit the new year."



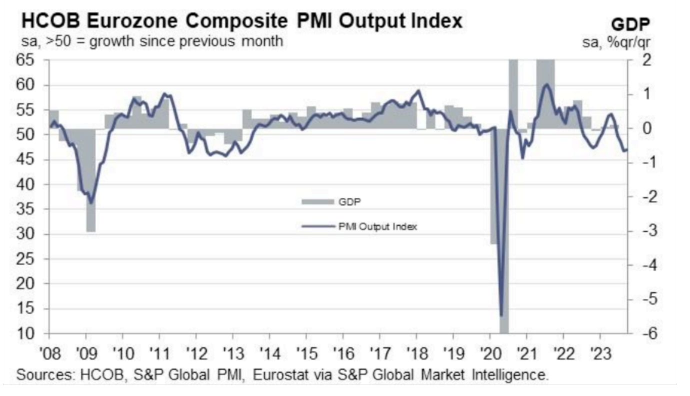
Eurozone PMI (22.09.23)[10]

Highlights from the report:

"The numbers for **PMI services in the Eurozone paint a grim picture,** but it's not all doom and gloom. Sure, **activity has been reduced once again and new incoming business has been shrinking for three months** in a row. However, **companies are hiring in September at a somewhat faster pace than they did in August.** Thus, companies still show some resilience and optimism in the face of lower demand. Having said this, **we expect the eurozone to enter a contraction in the third quarter.** Our nowcast, which incorporates the PMI indices, points to **a drop of 0.4% compared to the second quarter.**

The Eurozone's HCOB **PMI figures for services are serving up a bitter pill for the European Central Bank** to swallow. **The input prices, where wages play an important role, have sped up in September for the second month in a row. Output prices continue to be on the increase as well, but upward pressure has softened a bit again.** While the latter may bring some comfort to central bankers, **the heat on input prices shows that the risk of a wage-price spiral must remain very much on the radar of the ECB.**

The main drag continues to come from manufacturing where the order situation deteriorated



further. Companies keep reducing the stock of purchased goods. However, the declines in purchasing activity have lost some momentum. Thus, **the destocking process may bottom out over the next few months in line with a worldwide trend.** This will be an important precondition for the recovery of the manufacturing sector which we expect for the beginning of next year.

In terms of the weakness in the manufacturing sector, France is catching up with Germany. Indeed, the French PMI heads further south while Germany's PMI has marginally increased from a very low level. In the services sector, the French services sector is in a much worse state than the German one. **At the same**

[10] https://www.pmi.spglobal.com/Public/Home/PressRelease/a068624fcdde4a06b7b68d0afe07bdc3

time there are signs of a stabilization in Germany services, but further deterioration in France. This may have to do with **the fact the luxury goods business and services play a more important role in France than they do in Germany.** When things go south, those are the first to feel it, way more than non-luxury business providers."

UK PMI (22.09.23)[11]

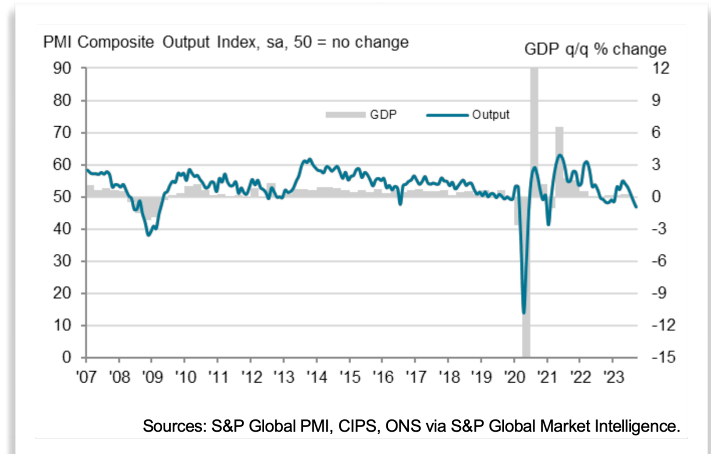
Main points from the report:

"The **disappointing PMI survey results** for September mean **a recession is looking increasingly likely in the UK.** The **steep fall in output** signalled by the flash PMI data is **consistent with GDP contracting at a quarterly rate of over 0.4%, with a broad-based downturn gathering momentum** to hint at few hopes of any imminent improvement.

Underscoring the severity of the UK's deteriorating situation, **September's downturn is the steepest since the height of the global financial crisis in early 2009** barring only the pandemic lockdown months.

The survey had warned that **a revival of growth in the second quarter looked unsustainable,** and **the third quarter is indeed seeing a mounting toll on the economy** from the reality of the **increased cost of living and the recent rapid rise in interest rates.**

Despite higher fuel prices during the month, **firms' costs grew at a sharply reduced rate overall** which, combined with **collapsing pricing power amid weak demand,** looks set to take **further pressure off inflation in the coming months.**



A **major concern in the inflation outlook has been wage growth,** but with the survey now signalling **the sharpest fall in employment since 2009, wage bargaining power is being eroded rapidly.**

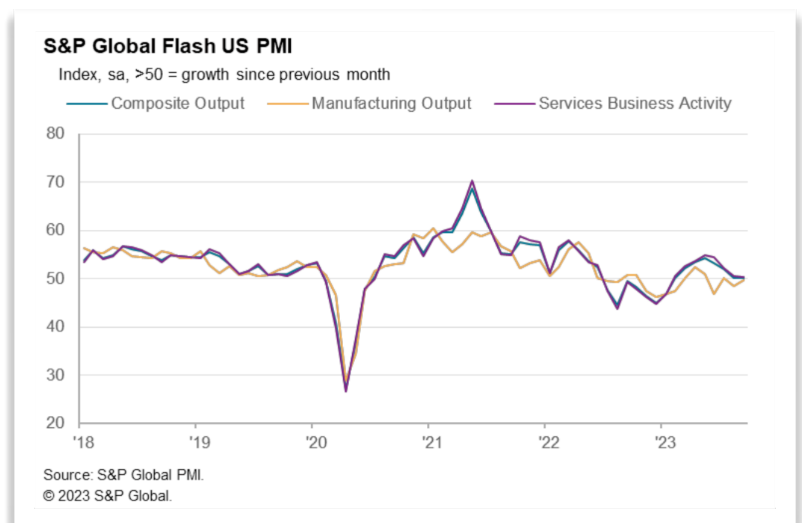
With the Bank of England having had sight of the survey data prior to its latest policy decision, the worrying signals from the survey of heightened recession risk and cooling inflationary pressures are likely to have added to calls to halt rate hikes."

US PMI (22.09.23)[12]

Here's the summary of the report:

"PMI data for September added to **concerns regarding the trajectory of demand conditions in the US economy** following interest rate hikes and elevated inflation. Although the overall Output Index remained above the 50.0 mark, it was only fractionally so, with a **broad stagnation in total activity** signalled for the second month running. **The service sector lost further momentum,** with the contraction in new orders gaining speed.

Subdued demand did not translate into overall job losses in September as a greater ability to find and retain employees



[11] https://www.pmi.spglobal.com/Public/Home/PressRelease/0915ad01f0b9439bb159fbeca63c6414

[12] https://www.pmi.spglobal.com/Public/Home/PressRelease/f0feaa29fe31498e87438dd193858ad7

led to **a quicker rise in employment growth.** That said, **the boost to hiring from rising candidate availability may not be sustained amid evidence of burgeoning spare capacity and dwindling backlogs** which have previously supported workloads.

Inflationary pressures remained marked, as costs rose at a faster pace again. Higher fuel costs following recent increases in oil prices, alongside greater wage bills, pushed operating expenses up. **Weak demand nonetheless placed a barrier to firms' ability to pass on greater costs to clients,** with prices charged inflation unchanged on the month."

Key findings:

Flash US PMI Composite Output Index(1) at 50.1 (August: 50.2). 7-month low.

Flash US Services Business Activity Index(2) at 50.2 (August: 50.5). 8-month low.

Flash US Manufacturing Output Index(4) at 49.7 (August: 48.5). 2-month high.

Flash US Manufacturing PMI(3) at 48.9 (August: 47.9). 2-month high.

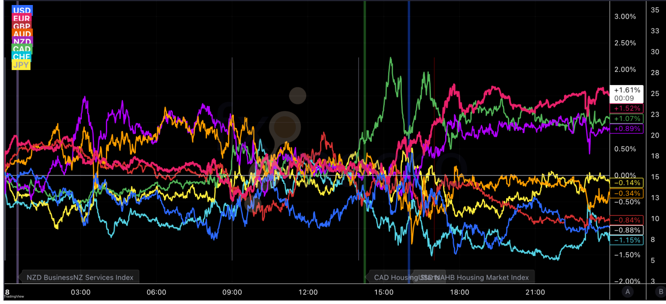
Data were collected 12-21 September 2023.

Complete Week

Monday, 18.09.23

data via forexfactory.com

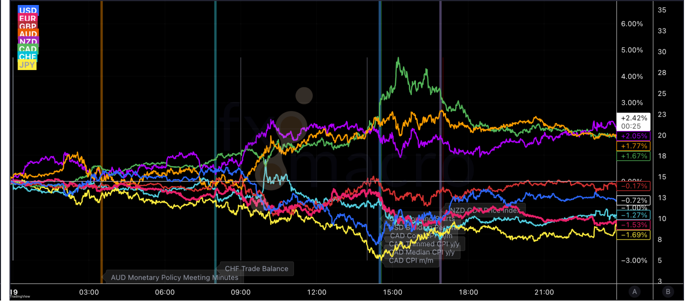
Date	FRA	LON	NYC	Cncy	Data	Act.	Exp.	Prev.	Forecast Range Low	Forecast Range High	Reaction
Mon 18.09.23	**00:30**	23:30	18:30	NZD	BusinessNZ Services Index	47.1		47.8			NZD sideways
Mon 18.09.23	**14:15**	13:15	08:15	CAD	Housing Starts	253	257	255			CAD stronger
Mon 18.09.23	**16:00**	15:00	10:00	USD	NAHB Housing Market Index	45	50	50			USD weaker



Tuesday, 19.09.23

data via forexfactory.com

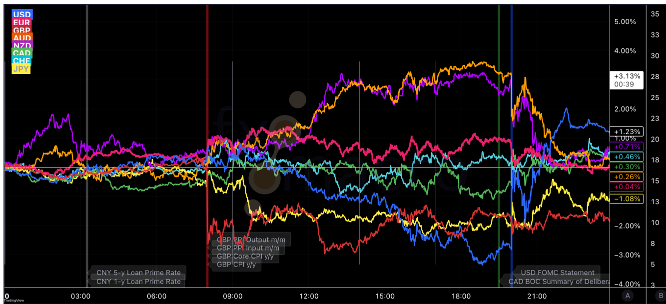
Date	FRA	LON	NYC	Cncy	Data	Act.	Exp.	Prev.	Forecast Range Low	Forecast Range High	Reaction
Tue 19.09.23	**03:30**	02:30	21:30	AUD	Monetary Policy Meeting Minute						AUD unchanged
Tue 19.09.23	**08:00**	07:00	02:00	CHF	Trade Balance	4.05	4.23	3.13			CHF lower
Tue 19.09.23	**14:30**	13:30	08:30	CAD	CPI m/m	0.4	0.2	0.6			CAD higher
Tue 19.09.23	**14:30**	13:30	08:30	CAD	Median CPI y/y	4.1	3.7	3.7			
Tue 19.09.23	**14:30**	13:30	08:30	CAD	Trimmed CPI y/y	3.9	3.7	3.6			
Tue 19.09.23	**14:32**	13:32	08:32	CAD	Core CPI m/m	0.1		0.5			
Tue 19.09.23	**14:30**	13:30	08:30	USD	Building Permits	1.54	1.44	1.44			USD stronger
Tue 19.09.23	**14:30**	13:30	08:30	USD	Housing Starts	1.28	1.44	1.45			
Tue 19.09.23	**16:54**	15:54	10:54	NZD	GDT Price Index	4.6		2.7			NZD lower



Wednesday, 20.09.23

data via forexfactory.com

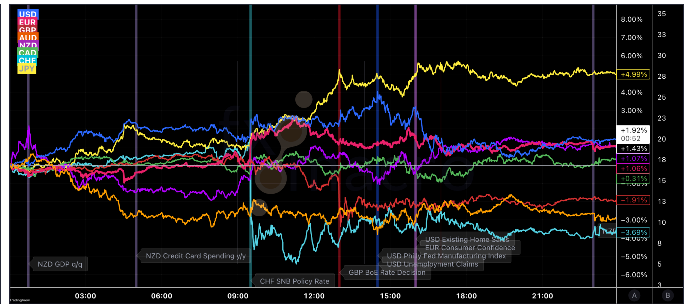
Date	FRA	LON	NYC	Cncy	Data	Act.	Exp.	Prev.	Forecast Range Low	Forecast Range High	Reaction
Wed 20.09.23	**03:15**	02:15	21:15	CNY	1-y Loan Prime Rate	3.45	3.45	3.45			
Wed 20.09.23	**03:15**	02:15	21:15	CNY	5-y Loan Prime Rate	4.20	4.20	4.20			
Wed 20.09.23	**08:00**	07:00	02:00	GBP	CPI y/y	6.7	7.1	6.8			GBP sharply lower
Wed 20.09.23	**08:00**	07:00	02:00	GBP	Core CPI y/y	6.2	6.8	6.9			
Wed 20.09.23	**08:00**	07:00	02:00	GBP	PPI Input m/m	0.4	0.3	-0.4			
Wed 20.09.23	**08:00**	07:00	02:00	GBP	PPI Output m/m	0.2	0.1	0.1			
Wed 20.09.23	**19:30**	18:30	13:30	CAD	BOC Summary of Deliberations						CAD unchanged
Wed 20.09.23	**20:00**	19:00	14:00	USD	FOMC Statement						USD stronger



Thursday, 21.09.23

data via forexfactory.com

Date	FRA	LON	NYC	Cncy	Data	Act.	Exp.	Prev.	Forecast Range Low	Forecast Range High	Reaction
Thu 21.09.23	**00:45**	23:45	18:45	NZD	GDP q/q	0.9	0.4	-0.1			NZD weaker
Thu 21.09.23	**05:00**	04:00	23:00	NZD	Credit Card Spending y/y	4.2		3.6			NZD unchanged
Thu 21.09.23	**09:30**	08:30	03:30	CHF	SNB Policy Rate		2.00	1.75			CHF weaker
Thu 21.09.23	**13:00**	12:00	07:00	GBP	BoE Rate Decision		5.50	5.25			GBP weaker
Thu 21.09.23	**14:30**	13:30	08:30	USD	Unemployment Claims	201	224	220			USD weaker
Thu 21.09.23	**14:30**	13:30	08:30	USD	Philly Fed Manufacturing Index	-13.5	-1.1	12.0			
Thu 21.09.23	**16:00**	15:00	10:00	EUR	Consumer Confidence	-18	-1.1	-16			EUR unchanged
Thu 21.09.23	**16:00**	15:00	10:00	USD	Existing Home Sales	4.04	4.10	4.07			USD weaker
Thu 21.09.23	**23:00**	22:00	17:00	NZD	Westpac Consumer Sentiment	80.2		83.1			NZD unchanged



Friday, 22.09.23

data via forexfactory.com

Date	FRA	LON	NYC	Cncy	Data	Act.	Exp.	Prev.	Forecast Range Low	Forecast Range High	Reaction
Fri 22.09.23	**00:45**	23:45	18:45	NZD	Trade Balance	-2291		-1107			NZD lower
Fri 22.09.23	**01:00**	00:00	19:00	AUD	Flash Manufacturing PMI	48.2		49.6			AUD weaker
Fri 22.09.23	**01:00**	00:00	19:00	AUD	Flash Services PMI	50.5		47.8			
Fri 22.09.23	**01:01**	00:01	19:01	GBP	GfK Consumer Confidence	-21	-26	-25			GBP unchanged
Fri 22.09.23	**01:30**	00:30	19:30	JPY	National Core CPI y/y	3.1	3.0	3.1			JPY unchanged
Fri 22.09.23	**02:30**	01:30	20:30	JPY	Flash Manufacturing PMI	48.6	49.9	49.6			JPY unchanged
Fri 22.09.23	**04:52**	03:52	22:52	JPY	BOJ Rate Statement	-0.10	-0.10	-0.10			JPY lower
Fri 22.09.23	**08:00**	07:00	02:00	GBP	Retail Sales	0.4	0.5	-1.2			GBP sideways
Fri 22.09.23	**09:30**	08:30	03:30	EUR	German Flash Manufacturing PI	39.8	39.5	39.1			EUR lower
Fri 22.09.23	**09:30**	08:30	03:30	EUR	German Flash Services PMI	49.8	47.2	47.3			
Fri 22.09.23	**10:00**	09:00	04:00	EUR	Flash Manufacturing PMI	43.4	44.0	43.5			EUR sideways
Fri 22.09.23	**10:00**	09:00	04:00	EUR	Flash Services PMI	48.4	47.7	47.9			
Fri 22.09.23	**10:30**	09:30	04:30	GBP	Flash Manufacturing PMI	44.2	43.3	43.0			GBP weaker
Fri 22.09.23	**10:30**	09:30	04:30	GBP	Flash Services PMI	47.2	49.3	49.5			
Fri 22.09.23	**14:30**	13:30	08:30	CAD	Core Retail Sales m/m	1.0	0.5	-0.8			CAD weaker
Fri 22.09.23	**14:30**	13:30	08:30	CAD	Retail Sales m/m	0.3	0.4	0.1			
Fri 22.09.23	**15:45**	14:45	09:45	USD	Flash Manufacturing PMI	48.9	48.2	47.9			USD weaker
Fri 22.09.23	**15:45**	14:45	09:45	USD	Flash Services PMI	50.2	50.7	50.5