

# WEEKLY OUTLOOK

12.12.2022-16.12.2022



Major central banks wrap up 2022 inflation war this week with a new battle ahead of the holidays. According to futures funds with 78% probability expectations for the Fed, is a hike of 50 basis points on Wednesday immediately after the US inflation data on Tuesday. A one-two punch not to be missed.

While solid latest jobs data and November's wage increase reignited inflation concerns and US producer prices rose slightly on Friday, US inflation data is expected to be cooler on Tuesday, at 7.3% from 7.7% in the previous month.

The US central bank has raised interest rates by 375 points so far this year in the fastest rate-hiking cycle since the 1980s. In 2022, hopes for an accommodative Fed have not materialized. Powell has warned on more than one occasion that an early end to the tightening cycle may not be a good strategy, even though the November meeting minutes had once again sparked hopes of a slower pace of hikes. The chairman argued that the Fed's rate hikes could lead to a recession, but stressed that the central bank is not trying to force one, however superficial, as many economists warned by various economic indicators predict. Not least in this sense, Yellen, Secretary of the Treasury.

We'll see if the Fed's decisions will lead or dampen the so-called Santa Claus Rally and if the Fed will surprise Santa Claus this year. In Powell's last press conference of the year, however, the focus will be entirely on the search for signs and possible references to a recession in 2023.

Similar one-two punch also for the BoE. Paired inflation and interest rate decision. The expectation of a 50 basis point hike for the central bank is similar. In the UK, however, inflation does not seem to want to cool down with an expectation of 10.9%, slightly lower than 11.1 in October, a maximum value of 41 years. Here, in addition to the increase in energy prices and the effects of the pandemic, which continues to be alive more than in other parts of the old continent, the labor shortage caused by Brexit adds up. The new Sunak government introduced a tough budget after experiencing the impossibility of the easing previously proposed by Truss.

Coming off a 0.6% drop in inflation in November, the ECB led by Madame Lagarde is also expected to be poised for a 50 basis point hike on Thursday. Since July, the European Central Bank has posted a total increase of 200 points.

The SNB will also meet on Thursday with an expectation for the Swiss central bank of a 50 basis point increase after inflation stood at 3.0% in November, the same level recorded in October, thus confirming the slowdown compared to 3.5% in August, when the maximum of 1993 was reached.

During the week there will be OPEC and IEA monthly reports that will show how the data are experienced by sellers and buyers, with the Paris-based agency and led by Birol, in prospects for a recession as early as this summer.

Crude prices come off their worst week in nine months, weighed down by headlines about recession, China's COVID situation and capping Russian oil prices.

Putin over the weekend said attempts to curb Russian oil gains with price caps won't work, as Russia was already selling its crude at around \$60 a barrel. Xi Jinping, on the other hand, on an official visit to Riyadh, declared that Chinese purchases of Saudi oil will increase and resuming the dialogue suspended in the spring to use the yuan for trade with the Gulf countries. This would increase the affirmation of the Chinese currency internationally and weaken the dollar as a technical currency of world trade with the placid approval of Crown Prince Mohammed Bin Salmán, disappointed by Biden's historic defense alliance with the United States.

#### Monday 12 December

Time CET	Cur.	Event	Forecast	Previous
20:00	USD	Federal Budget Balance (Nov)	-248.5B	-88.0B
21:25	CAD	BoC Gov Macklem Speaks		

#### Tuesday 13 December

Time CET	Cur.	Event	Forecast	Previous
0:30	NZD	Westpac Consumer Sentiment		87.6
8:00	GBP	Unemployment Rate (Oct)	3.70%	3.60%
8:00	EUR	German CPI (YoY) (Nov)	10.00%	10.00%
8:00	EUR	German CPI (MoM) (Nov)	-0.50%	-0.50%
11:00	EUR	German ZEW Economic Sentiment (Dec)	-26.4	-36.7
12:00	GBP	BoE Gov Bailey Speaks		
13:00	USD	OPEC Monthly Report		
14:30	USD	Core CPI (MoM) (Nov)	0.30%	0.30%
14:30	USD	Core CPI (YoY) (Nov)	6.10%	6.30%
14:30	USD	CPI (YoY) (Nov)	7.30%	7.70%
14:30	USD	CPI (MoM) (Nov)	0.30%	0.40%
22:30	USD	API Weekly Crude Oil Stock		-6.426M
23:30	AUD	RBA Governor Lowe Speaks		

**Wednesday 14 December**

Time CET	Cur.	Event	Forecast	Previous
0:30	AUD	Westpac Consumer Sentiment (Dec)		-6.90%
0:50	JPY	Tankan Large Manufacturers Index (Q4)	6	8
0:50	JPY	Tankan Large Non-Manufacturers Index (Q4)	17	14
8:00	GBP	CPI (MoM) (Nov)	0.60%	2.00%
8:00	GBP	CPI (YoY) (Nov)	10.90%	11.10%
8:00	GBP	PPI Input (MoM) (Nov)	0.20%	0.60%
8:30	CHF	PPI (MoM) (Nov)		0.20%
10:00	USD	IEA Monthly Report		
16:30	USD	Crude Oil Inventories	-0.680M	-5.187M
20:00	USD	FOMC Economic Projections		
20:00	USD	FOMC Statement		
20:00	USD	Fed Interest Rate Decision	4.50%	4.00%
20:30	USD	FOMC Press Conference		
22:45	NZD	GDP (QoQ) (Q3)	0.90%	1.70%

**Thursday 15 December**

Time CET	Val.	Event	Forecast	Previous
1:30	AUD	Employment Change (Nov)	17.0K	32.2K
9:30	CHF	SNB Interest Rate Decision (Q4)	1.00%	0.50%
9:30	CHF	SNB Monetary Policy Assessment		
10:00	CHF	SNB Press Conference		
11:00	EUR	EU Leaders Summit		
13:00	GBP	BoE Interest Rate Decision (Dec)	3.50%	3.00%
13:00	GBP	BoE MPC Meeting Minutes		
14:15	CAD	Housing Starts (Nov)	255.0K	267.1K
14:15	EUR	ECB Monetary Policy Statement		
14:15	EUR	ECB Interest Rate Decision (Dec)	2.50%	2.00%
14:30	USD	Initial Jobless Claims	230K	230K
14:30	USD	NY Empire State Manufacturing Index (Dec)	-1	4.5
14:30	USD	Philadelphia Fed Manufacturing Index (Dec)	-12	-19.4
14:30	USD	Retail Sales (MoM) (Nov)	-0.20%	1.30%
14:45	EUR	ECB Press Conference		
16:15	EUR	ECB President Lagarde Speaks		

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Friday 16 December				
Time CET	Cur.	Event	Forecast	Previous
1:30	JPY	Services PMI		50.3
8:00	GBP	Core Retail Sales (YoY) (Nov)	-5.80%	-6.70%
8:00	GBP	Core Retail Sales (MoM) (Nov)	0.20%	0.30%
8:00	GBP	Retail Sales (MoM) (Nov)	0.30%	0.60%
8:00	GBP	Retail Sales (YoY) (Nov)	-5.70%	-6.10%
9:30	EUR	German Manufacturing PMI (Dec)	46.2	46.2
9:30	EUR	German Services PMI (Dec)	46.2	46.1
10:30	GBP	Composite PMI		48.2
10:30	GBP	Manufacturing PMI	46.5	46.5
10:30	GBP	Services PMI	49.2	48.8
11:00	EUR	Core CPI (YoY) (Nov)	5.00%	5.00%
11:00	EUR	CPI (YoY) (Nov)	10.00%	10.00%
11:00	EUR	CPI (MoM) (Nov)	-0.10%	1.50%
11:00	EUR	Trade Balance (Oct)	-44.5B	-34.4B
19:00	USD	U.S. Baker Hughes Oil Rig Count		625
19:00	USD	U.S. Baker Hughes Total Rig Count		780