

## Monthly Market Roundup January 2023

Good afternoon traders,

After a very turbulent year, inflation around the world seems to be finally subsiding. However, investors concerns about interest rates and slow economic growth are still there and estimate that resation will be on the menu in the first 6 months of 2023.

January had a quite start because major markets around the world remained closed due to New Year's celebrations. Mid-week, China partially lifted the ban on Australian coal imports while in the US the FOMC released the minutes of it's last meeting. The document showed that policymakers remain worried about inflation risks but left no hints regarding the next hike rate. The week ended with the release of the NFP data. This reading came above market expectations at 223k but failed to give a boost to the US dollar.

Financial markets stayed calm at the beginning of the second week. Fed Chair Powell along with BOC Gov Macklem and BOJ Gov Kuroda spoke at an economic symposium in Stockholm. Later in the week financial markets finally explode after the release of the US CPI. Fed officials stated that the time of super-sized rate hikes has passed and it's time to switch to 25 bps increments.

World Leaders, CEOs and Central bankers gathered on the 16<sup>th</sup> of January for the World Economic Forum in Davos, Switzerland discussing among others the Covid-19 pandemic and the war in Ukraine. China's GDP expanded by 2.9% in Q4 YoY, official data released by the National Bureau of Statistics (NBS) showed on Tuesday, above the 1.8% consensus forecast. BOJ decided to keep the monetary policy settings unchanged at its first policy review of this year while in the UK CPI and RPI data came in softer for December.

Market action remained relatively muted during the fourth week of January mainly because of the Chinese New Year Holiday. BOJ released its December monetary meeting minutes giving USDJPY a boost towards a positive territory at around 130.00. Australia and New Zealand both reported their Consumer Price Index data which came above market expectations at 1.9% and 1.4% respectively. Elsewhere, BOC as expected, raised the key interest rate by 25 basis points to 4.5%. In the statement, the central bank mentioned that will likely hold rates at this level while assessing the impact of recent policy moves.

Moving towards the end of the week, a large number of data came out from the US starting with the Advanced GDP at 3.5% and the Core PCE (Fed's preferred inflation measure) at 0.3%. Those upbeat numbers had little to none impact on the market. According to the CME Group, there is still a nearly 70% chance that the Fed will stay on hold after hiking the policy rate by 25 basis points in February and March.

## Week Ahead

### Monday 30 January

Time CET	Cur.	Event	Forecast	Previous
09:00	EUR	German GDP (QoQ) (Q4)		0.4%
10:00	EUR	Spanish Flash CPI y/y		-5.7%

### Tuesday 31 January

Time CET	Cur.	Event	Forecast	Previous
09:30	EUR	German Manufacturing PMI		47.1
15:45	USD	Manufacturing PMI (Jan)	47.7	46.2
22:45	NZD	CPI (QoQ) (Q4)	1.6%	2.2%

### Wednesday 01 February

Time CET	Cur.	Event	Forecast	Previous
01:30	AUD	CPI (QoQ) (Q4)		1.8%
10:00	EUR	German Ifo Business Climate Index (Jan)	87.4	88.6
16:00	CAD	BoC Interest Rate Decision	4.25%	4.25%

### Thursday 02 February

Time CET	Cur.	Event	Forecast	Previous
14:30	USD	Core Durable Goods Orders (MoM) (Dec)		0.1%
14:30	USD	GDP (QoQ) (Q4)	2.8%	3.2%
14:30	USD	New Home Sales (Dec)	618K	640K

### Friday 03 February

Time CET	Cur.	Event	Forecast	Previous
00:30	JPY	Tokyo Core CPI (YoY) (Jan)		4.0%
14:30	USD	Core PCE Price Index (MoM) (Dec)	0.2%	0.2%
14:30	USD	Pending Home Sales (MoM) (Dec)		-4.0%