BofA SECURITIES

Europe Economic Weekly

Mid-year review: is it really only June?

16 June 2023

Economics
Europe

Weekly View: is it really only June?

It's that time of the year again where we review how our Year-ahead forecasts have done so far. The overall picture is one of weak growth, a reluctant return of inflation to target and a data- and news-dependent monetary policy outlook. Indeed, more resilient growth has also come with more persistent inflation, and that has triggered more from central banks, which remain extremely data dependent.

Euro area mid-year up-date: a mixed picture

GDP: we still expect weak recovery ahead, but growth should move slightly above trend in 2025: 0.4%/0.8%/1.3% in 2023/24/25. Inflation: still 5.3%/2.4% in 2023/24, undershooting target at 1.5% in 2025. Hard to claim excess demand or damaged supply will keep inflation high. ECB: still calling for 3.75% depo by July, with risks of 4% in September. Cuts from June-24, once per quarter throughout the year. See our "ECB Review: September is really live" for our thoughts on the last meeting.

UK mid-year up-date: entrenched inflation

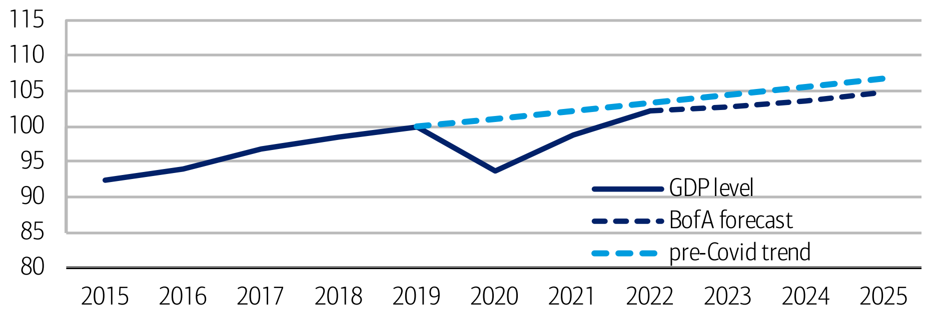
Our UK forecast is a story of a supply constrained economy with entrenched inflation as a result. Potential growth around 1%. Forecast growth of 0.4% in 2023, 0.3% in 2024, as BoE squeezes inflation. Bank Rate peaks at 5.25% and still 5.0% end-2024. With core inflation falling towards target BoE cuts rates once in 2024 and 4 times in 2025. Growth picks up to 0.6% in 2025.

Next week:

UK-focused week: inflation (headline likely 8.4% yoy, core at 6.8% yoy) and public finance on Wed, BoE meeting on Thu (likely 25bp hike) and retail sales/PMI on Fri. Euro area: mostly soft data – Euro area consumer confidence on Thu, PMIs for Germany, France and Euro area on Fri (Euro area composite likely at 53.4). SNB meeting on Thu, likely (last) 25bp hike. Many ECB speakers, starting with Holzmann/Rehn/Villeroy today.

Exhibit 1: Euro area, GDP level (2019=100)

The pre-Covid economic activity trend is no longer within reach



Source: BofA Global Research

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SNB-Swiss National Bank

Weekly View

Is it really only June?

It's that time of the year again where we review how our Year-ahead forecasts have done so far. The overall picture is one of weak growth, a reluctant return of inflation to target and a data- and news-dependent monetary policy outlook (see the Global Economic Weekly: Mid-year review: Incomplete 15 June 2023 for more details). Indeed, more resilient growth has also come with more persistent inflation, and that has triggered more from central banks, which remain extremely data dependent.

This is particularly the case in the US, where the economy is still well short of a recession. Michael Gapen and team have pushed the recession call to 1H24, and it is likely to be milder. That means a more gradual backup in the unemployment rate and a slower pace of disinflation. And a longer period of resilience will need to come with more Fed hikes. Our US team now expects two additional 25bp hikes from here.

The opposite is the case in China. Helen and team have downgraded their 2023 GDP growth forecast to 5.7% (from 6.3%), on a more conservative view on both household consumption and investment. More policy-easing measures are expected in the near term, including a 25bp LPR cut by year-end and further property easing.

Putting it all together, the net impact for Euro area external demand is limited, mostly creating a marginal pull in 2H23. Hence our sequential growth in the next few quarters barely changes. Still, we cut our GDP growth forecast for 2023 to 0.4% (15bps lower). Our 2024 forecast remains unchanged at 0.8%. This reflects mostly data revisions to 1Q (and historical data) from last week. Changes to sequential growth from here are small, the quarterly profile changes marginally. We still expect a weak recovery, with well below-trend growth but not broad recessionary forces (see full "Euro area mid-year up-date: a mixed picture" for details).

Euro area: mixed results

Six months ago we were expecting a mild technical recession but, more importantly, a very shallow recovery thereafter. We got the recession, after data revisions, but it was even milder than we anticipated. We were expecting inflation to remain high through 2023 and a large part of 2024, and this is still the case. Overall, so far, our numbers are not too different from back in November. But there are some important differences. First, while our inflation forecast has moved slightly lower in 2023, core inflation has proved stickier than we thought.

This is why we moved to a more hawkish call on the ECB shortly after our Year-ahead. Back then, we had a terminal rate of 3.25%. We moved right after the ECB meeting. Since then we have been expecting a terminal rate of 3.75-4%. We are still there, with 3.75% the base case (by July) but a sizeable risk of a last hike in September and hence a terminal of 4%. See our ECB review for our thoughts on the last meeting, clearly making September a live meeting.

BoE: the hardest job in the central banking world

Our story for the UK even before our Year-ahead was a story of a supply-constrained economy with entrenched inflation as a result. Capacity pressures are high because the supply side has been hit by four shocks: energy, supply chain disruptions, workforce sickness and Brexit. These shocks mean weak demand bumps up against even weaker supply. Additionally, in our view, inflation expectations have modestly deanchored. The Bank of England faces a complicated problem, probably even more so than for most peers. We assume three more 25bp hikes to 5.25% terminal and only one cut in 2024. We see upside risks.

With this in mind, we expect a hawkish BoE next week. All indicators of persistent inflation pressure that the Bank of England (BoE) said it would monitor closely have surprised on the upside. So, we expect the BoE to hike Bank Rate 25bp (2-6-1 vote) at their meeting next week and continue to signal their data dependence. But data news suggests more than 25bp. We do not expect the BoE to hike half a point in June, however, given their seeming preference to move gradually. But we expect the BoE to modestly change guidance, noting the large data surprises that suggest upside to their previous forecasts, and indicating they will consider the implications for the medium-term inflation outlook in their next forecast in August.

SNB and Norges: 25 and not necessarily done

We continue to expect Norges to hike 25bp next week. Hawkish data have raised the risks of a bigger, 50bp move but we don't feel the arguments are convincing enough. Inflation surprised hawkishly, unemployment remains low and the NOK is weak. Norges' widely watched Regional Network Survey shows higher wage growth expectations and improving growth. But growth was surprisingly weak in the latest monthly data. Wage expectations in the Regional Survey were in-line with Norges expectations. The survey shows capacity pressures easing and the NOK has reached its strongest level since mid-April (albeit that is a smaller appreciation than Norges expected). We expect Norges to react by hiking 25bp but raising their interest rate forecast. They previously saw rates peaking at 3.6% in December with 2-3 rate cuts in the following 2 years. We see them raising that rate forecast to 4.0% and potentially moving towards the Riksbank's profile of holding at that level for a longer period. We see risks skewed to a higher terminal.

Meanwhile, we expect the SNB to increase policy rates 25bp next week to 1.75% and, while still data dependent, this is probably the last hike in this cycle. After the last meeting, we flagged the risks of a 50bp hike in June given the SNB's inflation forecasts at that time. But since then, inflation developments have been a bit more benign, reducing the risk of a 50bp increase. We also expect a more balanced tone when it comes to discussing the inflation outlook. Still, we would expect the SNB to leave the door open for more, if needed. We expect the SNB to hold rates steady for some time. Consensus has the first cut in 2Q24, in line with the first forecast reduction from the ECB. We would expect a bit more patience from the SNB and only anticipate one cut in 2H24, followed by another in early 2025. Fears of "letting go" too early dominate central bankers' minds around the world these days. A very active use (unwinding) of the balance sheet probably gives some bias to lag the ECB a bit.

Next week:

Next week will be busy for UK watchers: inflation/public finance data on Wednesday, BoE meeting on Thursday and retail sales/PMI on Friday. For UK inflation, we expect 8.4% yoy for the headline, with core still at 6.8% yoy. Public sector net borrowing should come in at £18.0bn (£19.0bn excluding banking groups). At the BoE meeting we see a 25bp hike, continuing to signal data dependence. On Friday, retail sales are likely to come down 0.1% on the month (0.2% ex-auto) but the PMI should remain broadly positive (we pencilled-in a composite print at 53.5).

For the Euro area, next week will be mainly about sentiment data: on Thursday, we'll get French business/manufacturing confidence and the preliminary release of Euro area consumer confidence (both likely to improve slightly). On Friday, we'll see the preliminary PMI prints for France/Germany/Euro area – likely still in expansionary territory (51.2/53.1/53.4 in the composite release, respectively). On Friday we'll get also the final release for Spain's 1Q GDP.

On Thursday, we'll be watching the SNB meeting: we expect a 25bp hike to 1.75% and, while still data dependent, this is probably the last hike in this cycle. For central banks speakers: as per current schedules, we will hear from Holzmann/Rehn/Villeroy today, Villeroy on Monday, Rehn/Vujcic/Simkus on Tuesday, Kazimir/Schnabel/Nagel on Wednesday and Vujcic/De Cos on Friday.

Euro area

Mid-year review: a mixed picture

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- GDP: we still expect weak recovery ahead, but growth should move slightly above trend in 2025: 0.4%/0.8%/1.3% in 2023/24/25.
- Inflation: still 5.3%/2.4% in 2023/24, undershooting target at 1.5% in 2025. Hard to claim excess demand or damaged supply will keep inflation high.
- ECB: still calling for 3.75% depo by July, with risks of 4% in September. Cuts from June-24, once per quarter throughout the year.

Mixed results: a bit more growth, a bit less inflation, more core and more ECB

In our year-ahead report we were expecting a mild technical recession but, more importantly, a very shallow recovery thereafter. We got the recession, after data revisions, but it was even milder than we anticipated. We were expecting inflation to remain high through 2023 and a large part of 2024, and this is still the case. Overall, so far, our numbers today are not too different from back in November (Exhibit 2).

Exhibit 2: Euro area growth and inflation forecasts (new vs previous vs Nov-22 year-ahead)
Weak recovery ahead, but growth should move slightly above trend in 2025

%	2023			2024			2025
	YA (Nov-22)	Previous	**New**	YA (Nov-22)	Previous	**New**	**New**
GDP growth, %	0.0	0.6	**0.4**	0.9	0.8	**0.8**	**1.3**
HICP, %	5.6	5.3	**5.3**	2.0	2.4	**2.4**	**1.5**

Source: BofA Global Research

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But there are some important differences. First, while our inflation forecast has moved slightly lower in 2023, core inflation has proved stickier than we thought. The behaviour of margins when input prices started dropping – aggressively so, particularly in manufacturing goods – is a big driver of that. The pass-through of energy and other input prices on the way down has so far been much slower than on the way up.

This is why we moved to a more hawkish call on the ECB shortly after our year-ahead. Back then we had a terminal rate of 3.25%. We moved right after the ECB meeting, since when we have been expecting a terminal rate in the range of 3.75-4%. We are still there, with 3.75% being the base case (by July) but a very sizeable risk of a last hike in September and hence a terminal of 4%.

Growth: muddling through, still

We are cutting our GDP growth forecast for 2023 to 0.4% (15bps lower). Our forecast for 2024 remains unchanged, at 0.8%. This reflects mostly data revisions to 1Q (and historical data) from last week. Changes to sequential growth from here are small; the quarterly profile changes marginally. We still expect a very weak recovery, with well below-trend growth but not broad recessionary forces.

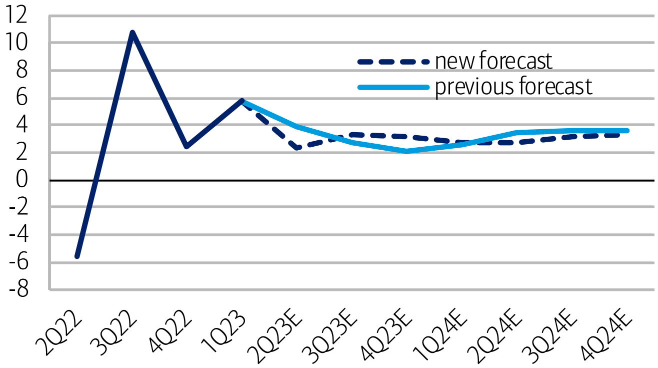
This is a combination of two factors: i) internal demand has been weak, in line with our expectations, but it should improve modestly from here with the terms of trade shock getting smaller (but tighter monetary policy compensating for some of that help): ii) NGEU is still a key force helping the region and will remain so.

It is no accident that the periphery has been outperforming the core of Europe in terms of growth lately and it has a lot to do with NGEU, as well as the latest leg of strong demand from reopening being diverted to hospitality and leisure (and tourism flows, in particular).

Our forecasts also take on board changes from our colleagues covering the US and China. In the US, Michael Gapen and team now expect a more resilient US economy near-term and they have delayed the US recession call. Helen Qiao and team now expect a weaker Chinese economy near-term. Putting this all together, the net impact for Euro area external demand is limited (Exhibit 3), mostly creating a marginal pull in 2H23.

Exhibit 3: Qoq annualized growth in US/China, weighted by trade share for the Euro area

Weaker China/stronger US don't change EA foreign demand picture much



Source: BofA Global Research

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The pre-Covid trend is no longer within reach, even by the end of 2024, meaning large negative output gaps (of c 2.5% vs the pre-pandemic trend, Exhibit 1), in our view. And labour market resilience will be hard to achieve. Labour market slack is currently hidden in working hours per employee, as we have been continuously flagging. We expect unemployment to rise, if not in headline numbers, then at least in "unused labour" or in a lower amount of total hours worked.

That equally means we still expect wage growth to improve a lot from here, but to plateau at close to 4.5% in 2023, before trending lower again into 2024, at c 3.5-4% on average. But this is not a labour market that can sustain a shift in trend wage growth beyond the partial compensation for the very large real income squeeze we saw in 2022. That wage agreements, despite some chunky increases in 2023, de facto seem to accept persistent or even permanent real losses in many places is quite telling, we think.

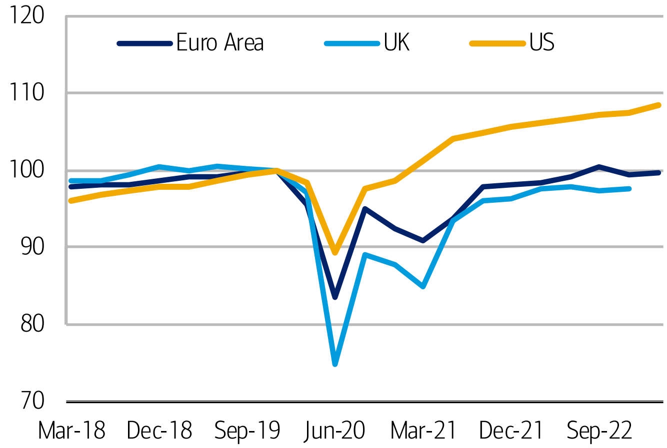
Fiscal policy is progressively turning modestly less supportive. We have been pencilling in some tightening from 2023, not far off 0.5% of GDP per year (slightly below for most countries). There are clear risks of more aggressive tightening from 2024 given the review of fiscal rules (more on this below). NGEU will continue to sustain growth, too, although we would argue that its impact – largely depending on private sector involvement – might be curtailed by the growth environment.

Inflation: still a long wait for 2%

Our inflation forecasts are unchanged, at 5.3% in 2023 and 2.4% in 2024. We still expect core inflation to remain high this year (4.8%) and next (2.5%). For 2025 we expect an undershoot of the target, 1.5%, helped by weaker food prices and energy, together with core moving slightly below target (1.8%).

We return to something we have argued many times before (most recently Europe Economic Weekly: The very beginning of the end 02 June 2023). Inflation, even if more persistent than we all think, will end up undershooting the target given too much tightening from the ECB and that we disagree with the view that demand is too strong in the region. As things stand, we would argue it is hard to make the case for excess demand in the Euro area. Consumption has barely recovered to 2019 levels (Exhibit 4). And given the evolution of employment (Exhibit 5), unlike the UK, it is hard to argue that supply has adjusted significantly lower and hence excess demand has been built the wrong way.

Exhibit 4: Real consumption (4Q-19 = 100)
Euro area consumption has barely recovered to 2019 levels



Source: BofA Global Research, Eurostat, ONS, BEA

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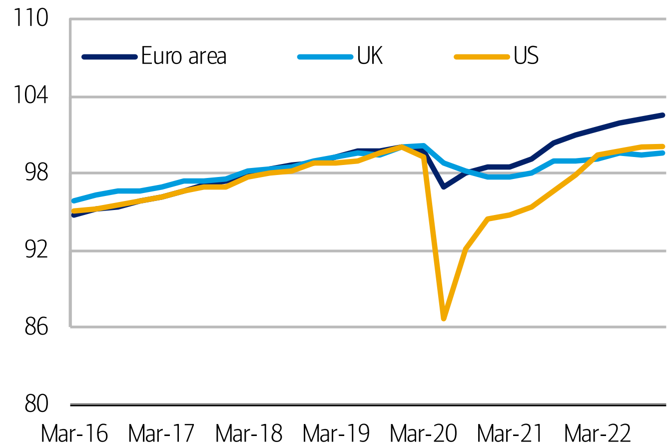
Exhibit 5: Employment level (4Q-19 = 100)
Supply side of Euro area economy does not seem to have adjusted lower as in the UK



Source: BofA Global Research, ONS, BLS

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Persistently weak demand, together with resilient supply (unless second-round effects emerge with a vengeance), probably means the Euro area still has a very different inflation problem, one that did not require monetary policy to be tightened as much as the ECB will end up doing. True, inflation has been more persistent than we thought, but such a large terms-of-trade shock has taken a while (and will take longer still) to work through the whole system. But we don't see the Euro area economy being strong enough to generate the excess demand domestically that could lead to above-target inflation once the shock has fully filtered through the system.

ECB: some ground to cover, no rush to cut

Our call for the ECB remains unchanged. Our base case is still for it to take the depo rate to a terminal of 3.75% by the July meeting, The risk of an additional September hike has perhaps reduced a tad after the last (encouraging) inflation data, but it remains a material possibility. We still consider a terminal depo of 3.75% to be a lower bound, with significant risks of getting to 4% in September. For rate cuts, we remain convinced we will need to wait until June 2024.

Why do we not expect any cuts before June 2024? With growth weak and below-trend but no strong recessionary forces, we would expect the ECB to be quite reactive and not cut until the job (getting to target) is almost done. In a way, one could think of it as similar to how the Bank guided markets on the hiking cycle when it said that “the Governing Council expects the key ECB interest rates to remain at their present or lower levels until it has seen the inflation outlook robustly converge to a level sufficiently close to, but below, 2% within its projection horizon, and such convergence has been consistently reflected in underlying inflation dynamics.”. To us, that probably means cuts will need to wait until core inflation is expected to get to target in just a few quarters.

2025: how fast to cut?

We would expect growth in 2025 to move slightly above trend, 1.3%, helped by a smaller terms of trade shock/declining inflation, lower constraints on energy, and less restrictive monetary policy. For inflation, we expect an undershoot of the target, 1.5%, helped by weaker food prices and energy, together with core also moving below target (1.8%).

We expect the ECB to make one cut per quarter throughout 2024 given it is a very reactive central bank. In 2025 the key question is whether we could see cuts accelerate given the inflation undershoot. But, for now, we don't make this part of our base case given that the undershoot will be modest in terms of core and growth will be slightly above trend.

Risks: some old, some new

Energy is an old but still important risk. Energy (quantity) supply is an important factor that could derail the weak recovery if "accidents" were to happen, for instance. Vulnerability to severe winter conditions or any disruption to gas delivery remain pertinent particularly as we approach the next winter and important energy savings are still needed, even under normal conditions, but in line with what we have seen so far in 2023.

Global developments are also important risks, including adverse synergy effects from a lot of global policy tightening, a hard landing in the US, and lacklustre Chinese growth. We have our own domestic challenges, too. A key one is the redesign of the fiscal rules that need to be in place in early 2024. Failure to do this in time and reasonably could trigger more aggressive fiscal tightening and easily lead to stronger recessionary forces and faster disinflation. This remains an important downside risk even to our already well-below-consensus growth forecasts for post-2023. And, if national governments need to choose between urgent investments and painful expenditure cuts, political risks could quickly come roaring back in several countries. So far, the periphery has held up quite well despite high and persistent terminal rates, large issuance needs, and a quickly reducing ECB balance sheet. But a mistake on fiscal policy could easily break this fragile equilibrium.

What if?

If inflation persistence continues to surprise the ECB would then be caught between a rock and a hard place. There is a very narrow path for the central bank to increase rates enough to bring inflation towards the target without creating a significant shock in the periphery. If inflation were very persistent, the ECB would probably need to take rates well above 4%. Even with aggressive use of the TPI tool, we doubt this level of rates would be consistent with investors being patient enough to allow the periphery to carry out any needed fiscal adjustment in the medium term. We could easily find ourselves back with the bad equilibrium of the early 2010s.

Hence, we would expect the ECB to tread very carefully. The depo rate would likely move only towards 4%, TPI would likely end up being activated. Rates would probably be stuck at those levels for longer, with no cuts on the forecasting horizon. Growth would weaken further in 2024 (in the range of 0-0.5%) and beyond. Non-linearities would likely make the growth shock stronger in the periphery than the core. Inflation would come in lower slowly towards target. The central bank would likely end up tolerating higher inflation for longer to avoid a return to the dark days of the 2010s.

UK

Bank of England preview: lots to do

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25bp hike, 2-6-1 split

"The MPC will continue to monitor closely indications of persistent inflationary pressures, 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 further tightening in monetary policy would be required." (May minutes)

All indicators of persistent inflation pressure that the Bank of England (BoE) said it would monitor closely have surprised on the upside. So, we expect the BoE to hike Bank Rate 25bp at their meeting next week and continue to signal their data dependence. Given very strong wage and price momentum we see risks that the more hawkish members of the Committee vote for a 50bp hike, and a greater risk than recent meetings that one of the doves votes to hike 25bp. We assume a 2-6-1 vote (hold, 25bp, 50bp), but see unusually wide risks.

Data news suggests more than 25bp

There are key data prints to come before the meeting: household inflation expectations and inflation next Wednesday. But the data so far justify more than a 25bp hike in our view. We do not expect the BoE to hike half a point in June, however, given their seeming preference to move gradually. Additionally, there are no new economic forecasts and no press conference with this meeting.

We are tempted to see the BoE leaving its guidance unchanged, in short saying: we are data dependent, the data suggested we need to tighten further, future rate changes will continue to depend on the data, we will do what is necessary. But, subject to inflation next week, we think the data are sufficiently far away from the BoE's previous forecasts to require stronger words. At the least we think more hawkish members would want to signal their resolve. The large market market reaction to the data, which reverberates through the housing market, could also give reasons for stronger words. We see a risk that a BoE seen as 'dovish' leads to more hikes priced and greater risk of overtightening.

We expect the BoE to modestly change its guidance, noting the large data surprises, that it suggests upside to their previous forecasts, and indicating they will consider the implications for the medium-term inflation outlook in their next forecast in August.

Entrenched inflation problem, rates higher for longer

We expect three more 25bp hikes from the BoE (next week, August and September) to 5.25% terminal. We expect the BoE to keep hiking until core inflation drops, which we expect from August (published in September). We see upside risks to that call.

The UK economy has an entrenched inflation problem in our view because of weak potential supply growth and modestly deanchored inflation expectations. Growth signaled by surveys is too strong to fix that inflation problem in our view (UK Viewpoint: Growing too much to fix entrenched inflation 30 May 2023). In our view the BoE will have to run a persistent margin of spare capacity, which means Bank Rate close to terminal for an extended period. We see one rate cut in 2024, then 4 in 2025 as the inflation problem is squeezed out.

Hot Topic

UK mid-year up-date: entrenched inflation

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Entrenched inflation

Our UK forecast is a story of a supply constrained economy with entrenched inflation as a result. Capacity pressures are high because the supply side of the economy has been hit by four shocks: energy, supply chain disruptions, workforce sickness and Brexit. These shocks mean weak demand bumps up against even weaker supply. Additionally, in our view inflation expectations have modestly deanchored.

Means extended period of weak growth

Unless none of current inflation reflects capacity pressures or deanchored expectations, bringing inflation to target sustainably will require the central bank to generate a margin of spare capacity. To do that the economy will need to grow slower than its potential, which we peg at 1% a year. We expect UK growth of 0.4% in 2023 and 0.3% in 2024.

And extended period of restrictive interest rates

To deliver weak growth the central bank will in our view need to keep interest rates restrictive for an extended period. With mortgage market changes meaning rate hikes transmit slower and less to demand the BoE needs to hold rates higher for longer to cut demand. We assume three more 25bp hikes to 5.25% terminal. We see upside risks.

Inflation falls, core sticky

Inflation drops from current elevated levels as energy, food and goods inflation follows easing wholesale costs and producer price pressure down. Inflation reaches target mid-2024 as utility price cuts drag. Core sticks above 2% for longer, however sitting at 2.8% end 2024. The BoE accordingly engineers near-zero growth for 2023 and 2024 by keeping Bank Rate at or close to terminal until end 2024. Core inflation falls towards target through 2025 as spare capacity weighs, but it is a gradual process given limited spare capacity. We see core inflation at 2.4% at end-2025.

Easier policy, better growth, in 2025

With inflation falling and unemployment above the inflation neutral level in second half 2024 we think the BoE can begin easing rates. We look for one rate cut in 2024, in August, then one per quarter in 2025 taking Bank Rate to 4.0% at end-2025. Growth improves as pressure on mortgage holders drops taking 2025 growth at 0.6%.

Fiscal risks

Fiscal policy poses one of the largest risks to our forecast, aside from how wholesale energy costs evolve. Pre-election fiscal stimulus would boost our Bank Rate calls. Post-election fiscal tightening, meanwhile, could mean quicker Bank Rate cuts.

More detail in our recent reports UK Viewpoint: Strong housing credit quality vs entrenched inflation = higher for longer 09 June 2023 and UK Viewpoint: Growing too much to fix entrenched inflation 30 May 2023

Hot Topic 2

SNB: One and likely done

One and done?

We expect the SNB to increase policy rates 25bp next week to 1.75% and, while still data dependent, this is probably the last hike in this cycle. After the last meeting, we flagged the risks of a 50bp hike in June given the SNB's inflation forecasts at that time. But since then, inflation developments have been a bit more benign, reducing the risk of a 50bp increase. We also expect a more balanced tone when it comes to discussing the inflation outlook. Still, we would expect the SNB to leave the door open for more, if needed.

A patient SNB

We expect the SNB to hold rates steady for some time. Consensus has the first cut in 2Q24, in line with the first forecast reduction from the ECB. We would expect a bit more patience from the SNB and only anticipate one cut in 2H24, followed by another in early 2025. Fears of "letting go" too early dominate central bankers' minds around the world these days. A very active use (unwinding) of the balance sheet probably gives some bias to lag the ECB a bit.

Less is more

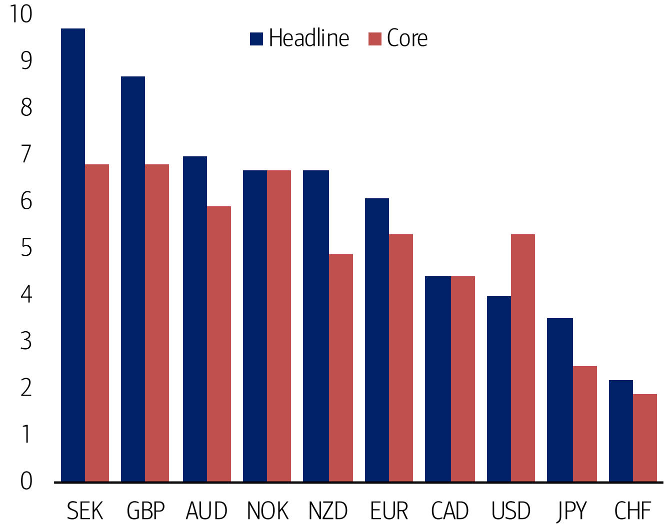
The main reason we didn't go for a stronger hiking cycle comparable to other central banks is that we were expecting the SNB to actively use its balance sheet to help with the tightening of conditions. This was explicit in the last statement when they told us this was helping dampen imported inflation. We would expect that trend to continue from here.

FX: SNB fully priced

We think the SNB will deliver another 25bp hike in June, with a risk for 50bp, but this is also consistent with market pricing. The market expects another 50bp by the SNB in the next two meetings. Recent SNB communication has been hawkish, pointing to the need for more tightening. This is in addition to the active role of the balance sheet and communication suggesting comfort with a strong CHF to contain inflation. This is also despite core inflation having dropped to 1.9%, which is the lowest in G10—headline inflation is 2.2%, also the lowest in G10 (Exhibit 6).

CHF has been one of the strongest performers in G10 this year—after GBP—but the FX market does not expect much from the next meeting. Our analysis shows a relatively neutral market position, with hedge funds selling CHF this year (Exhibit 7). The hawkish approach of the SNB may not be sustainable, particularly relatively to the rest of G10 central banks, but for now it supports CHF.

Exhibit 6: G10 inflation rate
Switzerland has the lowest inflation in G10



Source: Bloomberg and BofA Global Research.

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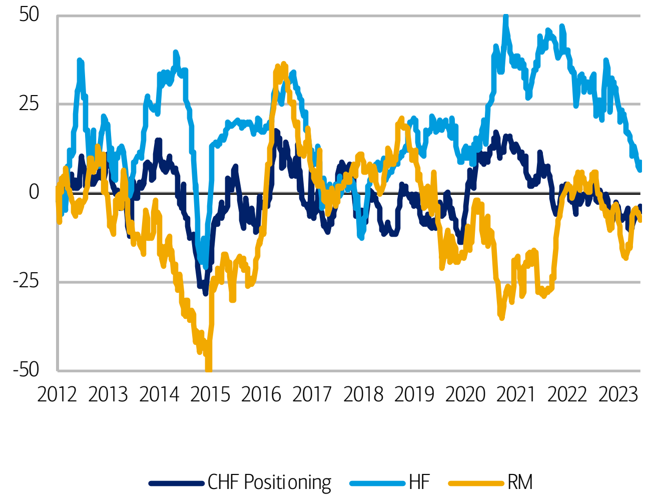
Exhibit 7: CHF market position
CHF market position neutral; hedge funds have been selling CHF this year



Source: BofA Global Research. For methodology and latest data , please see: [Liquid Cross Border Flows 12 June 2023]

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Hot Topic 3

ECB Review: September is really live

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- ECB forecasts and communication seem inconsistent - probably reflects disagreements. High risk of 4%, September likely live.
- Rates: higher ECB inflation projections support flatter 2s5s curve.
- EURUSD more sentiment- than ECB-driven today.

Yes, the job is not yet done

The ECB hiked all policy rates by 25bp this week. Additionally, it clearly signalled that it will likely also increase rates by 25bp at the July meeting. We expected this. But the surprise came from what we thought were very hawkish forecasts, with a significant upgrade to headline and core inflation in the near term but also a move further away from target at the end of the forecasting period (2025).

With these forecasts one would have expected Lagarde to guide us a bit more on what could happen beyond July. But, as we expected, she did not do this. We would add that she was careful enough not to talk about "several hikes". To us that reflects either large divisions on what to do after July, little trust in some of the drivers of the new forecasts or, likely, both.

In any case, what this highlights is that September will likely be a live meeting in line with our view of a terminal of 3.75% with a significant risk of 4% (i.e. a last hike in September). We don't think current ECB forecasts will survive in September, hence why we don't change our call. The (communication) battle for September begins today.

The inconsistency of forecasts and communication

To us, it is inconsistent to present these forecasts and not be willing to signal a bit more than we heard. At the end of the day, given market pricing for the policy rate, inflation does not reach target by the end of 2025, i.e. there is not enough tightening priced in to bring inflation back to target in a reasonable timeframe.

Lagarde could perhaps have told us that the market pricing for cuts indicated insufficient patience. We would agree with that given the cut-off date. She could also have said that, while remaining data-dependent, there was a risk that more was needed given the forecasts. We have heard similar comments from her in the past. Instead, we got nothing beyond a de facto promise to hike in July. This can only reflect strong disagreements, probably fed by a forecasting exercise that, at least to us, raises many doubts.

A slippery slope

These forecasts matter. Will they hike in September? We are not making that part of our base case but continue to flag very significant risks. But we are one large upside surprise away from that. More importantly, focus now clearly turns to these new numbers. We said before that we needed a significant drop in core inflation for the ECB to stop in September. We are expecting this, hence our call.

But we now also need these forecasts to move lower. If core and headline inflation forecasts survive at these levels by the September meeting, even with lower core inflation by then, they are likely to hike at that meeting, too. And probably they would even need to consider further hikes after September if core looks like staying as high as they expect now in 2024. In a way the ECB is converging to be a bit more forward-looking, but in a very asymmetric way.

Forecasts should move lower

Do we think forecasts will survive the September meeting without moving significantly lower in 2024 and 2025? We are very sceptical; looking at the details we fail to understand how slightly stronger unit labour costs more than compensate for weaker external demand, much weaker energy and food prices, and a slightly stronger currency. And growth forecasts are still too optimistic, even in the very near term. In other words, we would expect a move lower in the medium-term inflation outlook in September when forecasts shift from National Central Banks (in charge in June and December) to the ECB (September and March).

Exhibit 8: ECB forecasts, June vs March

Hawkish forecasts, with a significant upgrade to headline and core inflation

		2023	2024	2025
GDP	**June**	**0.9**	**1.5**	**1.6**
	March	1.0	1.6	1.6
HICP	**June**	**5.4**	**3.0**	**2.2**
	March	5.3	2.9	2.1
Core	**June**	**5.1**	**3.0**	**2.3**
	March	4.6	2.5	2.2

Source: ECB

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Rates

The ECB hiked rates by 25 bp as expected and signalled another hike for July. The market reacted to the sizeable upside revisions in the staff's core inflation projections for 2024 (+50bp). The EUR curve bear flattened and the 2y German yield was up close to 15bp on the day, before retracing lower on downside surprises in US data. President Lagarde did not provide guidance beyond July and refrained from commenting on the terminal rate. This may be due to the Governing Council's desire to show data-dependence, but it could also relate to divisions within the Governing Council over how to proceed past July. Consistent with that, the market is pricing in a 50% probability of another 25bp hike in September.

With risks around Eurozone data surprises skewed to the upside and with heavy government bond supply ahead, we remain biased bearish rates and look for further 2y-5y curve flattening. The ECB's inflation forecasts also reinforce our view that the central bank will persist with high rates, supporting the idea that the bear flattening in 2y-5y can initially turn into a bull flattening (rather than bull steepening) when data weakens - see Global Rates Viewpoint 15 Jun 23).

FX

EURUSD remained higher after the ECB meeting but, for most other EUR crosses, the ECB proved almost a non-event. To us, this suggests EURUSD was more risk sentiment-driven (a post-FOMC reaction and/or a reaction to downside surprises in US data) than ECB-driven. The main news from today's meeting, as our economists note, was the hawkish forecast revisions. But, as we were expecting, we got no explicit guidance for beyond the July meeting. We also note President Lagarde's comment on the need for fiscal policy to be of more help. Going forward, we believe EURUSD depends more on the USD and the Fed. As long as the US economy remains in a "no landing" scenario, we would expect the USD to remain strong and EURUSD historically weak—we forecast EURUSD at 1.05 through the year-end. Only after the inevitable landing we would expect a more sustained EURUSD move upwards.

European forecasts

Exhibit 9: Euro area economic forecasts

We are well below consensus on 2024 growth. We see the ECB reaching a refi terminal of 4.25%, with no cut 2024.

		2021	2022	2023	2024	2025	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
GDP	% qoq						-0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3
	% qoq ann.						-0.4	0.5	0.6	0.6	0.9	0.9	1.0	1.2
	% yoy	**5.3**	**3.5**	**0.4**	**0.8**	**1.3**	1.0	0.3	0.1	0.4	0.7	0.7	0.8	1.0
Private Consumption	% qoq						-0.3	0.1	0.1	0.2	0.2	0.2	0.3	0.3
	% yoy	**3.7**	**4.5**	**0.0**	**0.9**	**1.1**	0.8	0.1	-1.0	0.2	0.7	0.8	0.9	1.0
Government Consumption	% qoq						-1.6	0.3	0.3	0.2	0.3	0.3	0.2	0.2
	% yoy	**4.3**	**1.4**	**-0.6**	**1.1**	**1.0**	-0.9	-0.5	-0.2	-0.8	1.1	1.1	1.0	1.0
Investment	% qoq						0.6	0.4	0.3	0.3	0.2	0.3	0.3	0.4
	% yoy	**4.0**	**3.8**	**0.6**	**1.1**	**1.6**	1.9	1.4	-2.2	1.6	1.1	1.0	1.0	1.1
Final Domestic Demand[1]	% qoq						-0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.3
	% yoy	**3.8**	**3.5**	**0.0**	**0.9**	**1.1**	0.6	0.2	-1.1	0.3	0.9	0.9	0.9	1.0
Net exports[1]	% qoq						0.6	0.0	0.0	0.0	0.0	0.0	0.1	0.1
	% yoy	**1.3**	**-0.2**	**0.8**	**0.1**	**0.2**	0.5	0.3	1.7	0.6	0.0	0.0	0.1	0.2
Stockbuilding[1]	% qoq						-0.3	-0.1	0.0	0.0	-0.1	0.0	-0.1	0.0
	% yoy	**0.2**	**0.2**	**-0.3**	**-0.2**	**-0.1**	-0.1	-0.3	-0.5	-0.5	-0.2	-0.2	-0.2	-0.2
Current Account Balance	EUR bn	**278**	**-149**	**147**	**209**	**219**	74	-36	35	75	55	-6	85	75
	% of GDP	**2.3**	**-1.1**	**1.1**	**1.4**	**1.5**	2.1	-1.0	1.0	2.1	1.5	-0.2	2.4	2.1
Industrial production	% qoq						-0.2	-0.4	0.5	0.4	0.4	0.5	0.7	0.7
	% yoy	**8.8**	**2.2**	**-0.3**	**1.8**	**2.4**	0.2	-1.0	-0.6	0.2	0.9	1.9	2.1	2.4
Unemployment rate[3]	%	**7.7**	**6.8**	**6.8**	**7.2**	**7.1**	6.6	6.6	6.8	7.0	7.3	7.2	7.2	7.1
CPI (harmonised) [4]	% qoq						0.4	1.6	0.1	0.5	0.5	1.3	0.0	0.1
	% yoy	**2.6**	**8.4**	**5.3**	**2.4**	**1.5**	8.0	6.1	4.4	2.5	2.7	2.4	2.4	2.0
CPI (core) [4]	% qoq						0.6	2.3	0.1	0.7	0.1	1.5	0.1	0.4
	% yoy	**1.5**	**3.9**	**4.8**	**2.5**	**1.8**	5.5	5.4	4.6	3.6	3.2	2.4	2.4	2.1
General govt balance	% of GDP	**-5.3**	**-3.6**	**-3.9**	**-3.0**	**-2.6**								
General govt debt	% of GDP	**95.5**	**91.6**	**90.0**	**89.7**	**88.3**								
Refinancing rate	%	**0.00**	**2.50**	**4.25**	**3.50**	**2.50**	3.50	4.00	4.25	4.25	4.25	4.00	3.75	3.50

Source: BofA Global Research, Notes: 1 Contribution to GDP growth 2 Excluding construction, sa, quarterly averages 3 Period averages 4 Period averages, quarterly change

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Exhibit 10: UK economic forecasts

Recession in 2023, inflation expected to remain high

		2021	2022	2023	2024	2025	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
GDP	% qoq						0.1	0.0	0.4	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.3
	% qoq ann.						0.5	0.0	1.6	0.0	0.0	0.0	0.4	0.4	0.4	0.8	0.8	1.2
	% yoy	**7.6**	**4.1**	**0.4**	**0.3**	**0.6**	0.2	0.2	0.7	0.5	0.4	0.4	0.1	0.2	0.3	0.5	0.6	0.8
Private Consumption	% qoq						0.1	0.3	0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.2	0.2	0.2	0.2
	% yoy	**6.2**	**5.6**	**0.4**	**-0.2**	**0.4**	0.3	0.3	0.7	0.4	0.2	-0.2	-0.4	-0.3	0.0	0.3	0.6	0.8
Government Consumption	% qoq						1.7	1.2	0.9	0.4	0.1	0.3	0.3	0.3	0.3	0.5	0.5	0.5
	% yoy	**12.5**	**1.8**	**3.5**	**1.6**	**1.5**	1.2	4.2	4.4	4.3	2.7	1.7	1.0	0.9	1.2	1.4	1.7	1.8
Investment	% qoq						1.3	-1.4	-1.3	0.1	0.0	-0.2	-0.2	0.0	0.1	0.2	0.3	0.4
	% yoy	**6.1**	**8.6**	**-0.2**	**-1.2**	**0.4**	0.4	1.3	-1.2	-1.3	-2.6	-1.4	-0.2	-0.4	-0.2	0.2	0.6	1.0
Final Domestic Demand[1]	% qoq						0.6	0.2	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.3	0.3	0.3
	% yoy	**7.5**	**5.4**	**0.9**	**0.0**	**0.7**	0.5	1.3	1.1	0.8	0.2	0.0	-0.1	-0.1	0.2	0.5	0.8	1.1
Net exports[1]	% qoq						-0.3	0.0	-0.1	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0
	% yoy	**-1.2**	**-1.2**	**1.8**	**0.0**	**0.0**	4.8	3.5	-0.7	-0.4	-0.1	-0.1	0.1	0.1	0.1	0.1	-0.1	-0.1
Stockbuilding[1]	% qoq						-0.2	-0.2	0.5	0.0	0.1	0.0	0.0	0.0	-0.1	0.0	-0.1	0.0
	% yoy	**1.3**	**-0.1**	**-2.4**	**0.3**	**-0.1**	-5.1	-4.7	0.3	0.0	0.3	0.5	0.1	0.1	0.0	0.5	-0.2	-0.1
Current Account Balance	% of GDP	**-1.5**	**-3.8**	**-2.6**	**-2.7**	**-2.7**	-2.3	-2.7	-2.8	-2.8	-2.8	-2.7	-2.6	-2.6	-2.6	-2.6	-2.7	-2.7
Manufacturing output	% qoq						0.5	0.1	0.0	0.0	0.1	0.3	0.5	0.6	0.6	0.6	0.6	0.6
	% yoy	**9.6**	**-3.7**	**-0.2**	**0.7**	**-3.7**	-1.9	-0.7	1.1	0.6	0.2	0.4	0.9	1.5	2.0	2.3	2.4	2.4
Unemployment rate [2]	%	**4.5**	**3.7**	**3.9**	**4.3**	**3.7**	3.9	3.9	3.9	4.0	4.1	4.3	4.4	4.5	4.5	4.5	4.5	4.4
RPI Inflation[2]	% yoy	**4.0**	**11.6**	**9.4**	**3.4**	**3.0**	13.6	10.9	8.5	5.0	4.2	3.0	3.0	3.3	3.1	2.8	3.0	3.0
CPI Inflation (harmonised)[2]	% yoy	**2.6**	**9.1**	**7.2**	**2.4**	**2.0**	10.2	8.3	6.5	4.1	3.4	2.0	2.0	2.2	2.1	1.9	2.1	2.1
CPI (core)[2]	% yoy	**2.4**	**5.9**	**6.3**	**3.7**	**2.5**	6.1	6.8	6.5	5.8	5.2	3.7	3.0	2.8	2.7	2.5	2.5	2.4
General govt balance [5]	% of GDP	**-6.7**	**-5.6**	**-4.7**	**-3.2**	**-2.8**												
General govt debt [3,5]	% of GDP	**97.2**	**96.2**	**97.3**	**99.1**	**99.5**												
General govt debt	% of GDP	**105.9**	**102.4**	**101.6**	**102.7**	**103.9**												
Bank Rate [4]	%	**0.25**	**3.50**	**5.25**	**5.00**	**4.00**	4.25	4.75	5.25	5.25	5.25	5.25	5.00	5.00	4.75	4.50	4.25	4.00

Source: BofA Global Research. Notes: 1 Contribution to GDP growth 2 Period averages 3 Excludes Nationalised banks, and thus is not on Maastricht basis 4 End period, 5 Fiscal years

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Exhibit 11: Euro area GDP and CPI forecasts
Euro area member states profiles

	GDP						HICP					
	2020	2021	2022.0	2023F	2024F	2025F	2020	2021	2022	2023F	2024F	2025F
Euro area	-6.2	5.3	3.5	0.4	0.8	1.3	0.3	2.6	8.4	5.3	2.4	1.5
Austria	-6.5	4.7	4.9	0.6	0.6	1.3	1.4	2.8	8.6	6.7	2.6	1.9
Belgium	-5.4	6.3	3.2	0.9	0.6	1.2	0.4	3.2	10.3	3.4	2.4	1.7
Finland	-2.4	3.0	2.1	0.1	0.8	1.0	0.4	2.1	7.2	5.1	2.5	1.8
France	-7.7	6.4	2.5	0.6	0.8	1.3	0.5	2.1	5.9	5.5	2.2	1.5
Germany	-4.1	2.6	1.9	-0.3	0.9	1.3	0.4	3.2	8.6	6.2	3.4	2.0
Greece	-8.7	8.1	6.1	1.7	1.2	1.9	-1.3	0.6	9.3	4.4	1.9	1.7
Ireland	5.6	13.4	9.0	1.3	2.5	1.1	1.1	1.2	5.1	5.4	2.4	1.8
Italy	-9.0	7.0	3.8	0.9	0.5	1.2	-0.1	1.9	8.7	6.7	2.4	1.4
Netherlands	-3.9	4.9	4.5	0.4	0.7	1.6	1.1	2.8	11.6	5.6	3.2	2.2
Portugal	-8.3	5.5	6.7	2.1	1.1	1.5	-0.1	0.9	8.1	5.8	2.4	1.4
Spain	-11.3	5.5	5.5	2.0	1.3	1.5	-0.3	3.0	8.3	4.0	2.0	1.2

Source: Eurostat, BofA Global Research

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Calendar for the week ahead

Exhibit 12: European Economic calendar
Key data for the next week

	GMT	Country	Data/Event	For	BofAe	Cons.†	Previous	Comments
Monday, 19 Jun								
✪✪	00:01	UK	Rightmove House Prices (mom)	Jun	n.a.	--	1.8%	
✪✪	00:01	UK	Rightmove House Prices (yoy)	Jun	n.a.	--	1.5%	
Tuesday, 20 Jun								
			No major data releases					
Wednesday, 21 Jun								
✪✪✪	07:00	UK	CPI (mom)	May	0.4%	--	1.2%	
✪✪✪	07:00	UK	CPI (yoy)	May	8.4%	--	8.7%	
✪✪✪	07:00	UK	CPI Core (yoy)	May	6.8%	--	6.8%	
✪✪✪	07:00	UK	Retail Price Index	May	374.3	--	372.8	
✪✪✪	07:00	UK	RPI (mom)	May	0.4%	--	1.5%	
✪✪✪	07:00	UK	RPI (yoy)	May	11.0%	--	11.4%	
✪✪✪	07:00	UK	RPI Ex Mort Int.Payments (yoy)	May	n.a.	--	10.4%	
✪✪✪	07:00	UK	Public Finances (PSNCR)	May	n.a.	--	13.7bn	
✪✪✪	07:00	UK	Central Government NCR	May	n.a.	--	18.8bn	
✪✪✪	07:00	UK	Public Sector Net Borrowing	May	18.0	--	24.7bn	
✪✪✪	07:00	UK	PSNB ex Banking Groups	May	19.0	--	25.6bn	
✪✪✪	09:30	UK	House Price Index (yoy)	Apr	3.7%	--	4.1%	
✪	11:00	UK	CBI Trends Total Orders	Jun	n.a.	--	-17.0	
✪	11:00	UK	CBI Trends Selling Prices	Jun	n.a.	--	21.0	
Thursday, 22 Jun								
✪✪	07:45	France	Business Confidence	Jun	101.0	--	100.0	
✪✪	07:45	France	Manufacturing Confidence	Jun	99.4	--	99.0	
✪✪	07:45	France	Production Outlook Indicator	Jun	-10.0	--	-10.0	
✪✪	08:30	Switzerland	SNB Policy Rate	22-Jun	1.75%	--	1.50%	
✪✪✪	09:00	Norway	Deposit Rates	22-Jun	3.50%	--	3.25%	
✪✪✪	12:00	UK	Bank of England Bank Rate	22-Jun	4.75%	--	4.50%	
✪✪✪	15:00	Euro area	Consumer Confidence (P)	Jun	-17.0	--	-17.4	
Friday, 23 Jun								
✪✪	00:01	UK	GfK Consumer Confidence	Jun	-29.0	--	-27.0	
✪✪	05:30	Netherlands	GDP (qoq, F)	1Q	-0.7%	--	-0.7%	
✪✪	05:30	Netherlands	GDP Constant Price (nsa, yoy, F)	1Q	1.9%	--	1.9%	
✪✪✪	07:00	UK	Retail Sales Inc Auto Fuel (mom)	May	-0.1%	--	0.5%	
✪✪✪	07:00	UK	Retail Sales Inc Auto Fuel (yoy)	May	2.5%	--	-3.0%	
✪✪✪	07:00	UK	Retail Sales Ex Auto Fuel (mom)	May	-0.2%	--	0.8%	
✪✪✪	07:00	UK	Retail Sales Ex Auto Fuel (yoy)	May	-2.0%	--	-2.6%	
✪✪✪	08:00	Spain	GDP (qoq, F)	1Q	0.5%	--	0.5%	
✪✪✪	08:00	Spain	GDP (yoy, F)	1Q	3.8%	--	3.8%	
✪✪✪	08:15	France	Composite PMI (P)	Jun	51.2	--	51.2	
✪✪✪	08:15	France	Manufacturing PMI (P)	Jun	46.5	--	45.7	
✪✪✪	08:15	France	Services PMI (P)	Jun	52.0	--	52.5	
✪✪✪	08:30	Germany	Manufacturing PMI (P)	Jun	46.0	--	43.2	
✪✪✪	08:30	Germany	Services PMI (P)	Jun	56.2	--	57.2	
✪✪✪	08:30	Germany	Composite PMI (P)	Jun	53.1	--	53.9	
✪✪✪	09:00	Euro area	Manufacturing PMI (P)	Jun	46.0	--	44.8	
✪✪✪	09:00	Euro area	Composite PMI (P)	Jun	53.4	--	52.8	
✪✪✪	09:00	Euro area	Services PMI (P)	Jun	54.5	--	55.1	
✪✪✪	09:30	UK	Manufacturing PMI (P)	Jun	46.5	--	47.1	
✪✪✪	09:30	UK	Services PMI (P)	Jun	54.5	--	55.2	
✪✪✪	09:30	UK	Composite PMI (P)	Jun	53.5	--	54.0	

Source: BofA Global Research, Bloomberg, Reuters, Central banks. Notes: †Bloomberg consensus; µ = level of importance; A = advanced; F = final; P = preliminary; sa = seasonally adjusted; nsa = not seasonally adjusted; wda = working-day adjusted; n.a. = not available; mom = month-on-month; qoq = quarter-on-quarter; yoy = year-on-year. *Refers to previous period, not preliminary release. BofA GLOBAL RESEARCH

Exhibit 13: Common acronyms/abbreviations used in our reports
This list is subject to change

Acronym/Abbreviation	Definition	Acronym/Abbreviation	Definition
1H	First Half	IT	Italy
2H	Second Half	Jan	January
1Q	First Quarter	Jul	July
2Q	Second Quarter	Jun	June

Exhibit 13: Common acronyms/abbreviations used in our reports
This list is subject to change

Acronym/Abbreviation	Definition	Acronym/Abbreviation	Definition
3Q	Third Quarter	lhs	left-hand side
4Q	Fourth Quarter	m	month
ann	annualized	MA	Moving Average
APP	Asset Purchase Programme	Mar	March
Apr	April	MBM	Meeting-by-meeting
AS	Austria	mom	month-on-month
Aug	August	Mon	Monday
BdF	Banque de France (Bank of France)	MPC	Monetary Policy Committee
BE	Belgium	MWh	Megawatt-hour
BEA	Bureau of Economic Analysis	NGEU	NextGenerationEU
BLS	Bank Lending Survey	NE	Netherlands
BoE	Bank of England	Nov	November
BofA	Bank of America	NRRP	National Recovery and Resilience Plan
BoI	Banca d'Italia (Bank of Italy)	NSA	Non-seasonally Adjusted
BoJ	Bank of Japan	OAT	Obligations assimilables du Trésor
BoS	Banco de España (Bank of Spain)	OBR	Office for Budget Responsibility
bp	basis point	Oct	October
BTP	Buoni Poliennali del Tesoro	OECD	Organisation for Economic Co-operation and Development
Buba	Bundesbank	ONS	Office for National Statistics
c	circa	p	preliminary/flash print
CA	Current Account	PBoC	People's Bank of China
CPI	Consumer Price Index	PEPP	Pandemic Emergency Purchase Programme
CSPP	Corporate Sector Purchase Programme	PMI	Purchasing Managers' Index
d	day	PSPP	Public Sector Purchase Programme
GE	Germany	PT	Portugal
Dec	December	QE	Quantitative Easing
DS	Debt sustainability	qoq	quarter-on-quarter
EA	Euro area	QT	Quantitative Tightening
EC	European Commission	RBA	Reserve Bank of Australia
ECB	European Central Bank	RBNZ	Reserve Bank of New Zealand
ECJ	European Court of Justice	rhs	right-hand side
EFSF	European Financial Stability Facility	RPI	Retail Price Index
EGB	European Government Bond	RRF	Recovery and Resilience Facility
EIB	European Investment Bank	SA	Seasonally Adjusted
EMOT	Economic Mood Tracker	SAFE	Survey on the access to finance of enterprises
EP	European Parliament	Sat	Saturday
SP	Spain	Sep	September
ESI	Economic Sentiment Indicator	SMA	Survey of Monetary Analysts
ESM	European Stability Mechanism	SNB	Swiss National Bank
EU	European Union	SPF	Survey of Professional Forecasters
f	final print	Sun	Sunday
Feb	February	SURE	Support to mitigate Unemployment Risks in an Emergency
Fed	Federal Reserve	S&P	Standard & Poor's
FR	France	Thu	Thursday
Fri	Friday	TLTRO	Targeted Longer-term Refinancing Operations
GC	Governing Council	TPI	Transmission Protection Instrument
GDP	Gross Domestic Product	TTF	Title Transfer Facility
GNI	Gross National Income	Tue	Tuesday
GR	Greece	UK	United Kingdom
HICP	Harmonised Index of Consumer Prices	US	United States
HMT	His Majesty's Treasury	WDA	Work-day Adjusted
IMF	International Monetary Fund	Wed	Wednesday
INSEE	National Institute of Statistics and Economic Studies	y	year
IP	Industrial Production	yoy	year-on-year
IR	Ireland	ytd	year-to-date
PCA	Principal Component Analysis	EGB	Eurozone Governmeny Bond
ORI	Optional Reverse Inquiry	C&R	Coupons and redemptions
DV01	Dollar Value of one basis points change	GGB	Greek Government Bond

Source: BofA Global Research

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