

February 14, 2022

# Monday Briefing – 14th February 2022



## HIGHLIGHTS

- The blockbuster US CPI for January printed at 7.5%, a rate unseen since 1982, surprising once again to the upside and far beyond estimates (7.2%).
- Worries about a more aggressive Fed tightening campaign were further exacerbated by comments from St. Louis Fed President James Bullard who mentioned that he supports raising interest rates by 100bp by the start of July and that the Fed should consider hiking rates by 25 bps "right now" before the scheduled March meeting.
- Market participants not only raised forecasts for US rate hikes, including the possibility of intermeeting emergency Fed hikes (this last occurred in 1994), they also raised the possibility of recession when looking at the flattening of the US Treasury curve.
- Signs that high prices are taking a toll on consumer sentiment were also visible with the disappointing February University of Michigan Consumer Sentiment Index that declined to the lowest level since October 2011.

- On the other side of the world, the BoJ said it is ready to buy an unlimited amount of 10-year Japanese Government Bond to defend the 0.25% yield target.
- The US CPI print was the catalyst for 10y Treasury yields to trade above 2%, while the big story was the much sharper moves at the front-end of the curve. Those moves were echoed in Europe, supporting a further widening in peripheral spreads.
- Warnings from US officials that a Russian invasion of Ukraine might be imminent also contributed to a late-week equity sell-off.
- Italy's parliament approved a law that recognizes the protection of the environment, the ecosystem and biodiversity as part of the country's constitution.
- EDF again cut its nuclear output target because of maintenance work on reactors, leading to electricity prices surging in Europe. On 56 reactors in France, 12 reactors are or will be shutdown.

## ECONOMIC CALENDAR

**Monday** – US Consumer Inflation Expectations (January). China FDI (January).

**Tuesday** – Japan GDP Growth (Preliminary, Q4) and Industrial Production (Final, December). UK Unemployment (December). Spain Inflation (Final, January). Eurozone GDP Growth (2nd Estimate, Q4), ZEW Economic Sentiment Index (February). Germany New Car Registrations (January) and ZEW Economic Sentiment Index (February). US PPI (January).

**Wednesday** – Japan Reuters Tankan Index (February). China and UK Inflation (January). Eurozone Industrial Production (December). US Retail Sales and Industrial Production (January), NAHB Housing Market Index (February), Business Inventories (December), FOMC Minutes.

**Thursday** – Eurozone New Car Registrations (January). US Building Permits and Housing Starts (January) and Weekly Jobless Claims.

**Friday** – Japan Inflation (January). France Unemployment (Q4). UK Retail Sales (January). France Inflation (Final January). Germany Composite PMI (Flash, February). Eurozone Consumer Confidence (Flash, February). US Existing Home Sales (January) and Conference Board Leading Index (January).

## Disclaimer

All financial data and/or economic information released by this Publication (the "Publication"); (the "Data" or the "Financial data and/or economic information"), are provided for information purposes only, without warranty of any kind, including without limitation the warranties of merchantability, fitness for a particular purpose or warranties and non-infringement of any patent, intellectual property or proprietary rights of any party, and are not intended for trading purposes. Banque Internationale à Luxembourg SA (the "Bank") does not guarantee expressly or impliedly, the sequence, accuracy, adequacy, legality, completeness, reliability, usefulness or timeliness of any Data. All Financial data and/or economic information provided may be delayed or may contain errors or be incomplete. This disclaimer applies to both isolated and aggregate uses of the Data. All Data is provided on an "as is" basis. None of the Financial data and/or economic information contained on this Publication constitutes a solicitation, offer, opinion, or recommendation, a guarantee of results, nor a solicitation by the Bank of an offer to buy or sell any security, products and services mentioned into it or to make investments. Moreover, none of the Financial data and/or economic information contained on this Publication provides legal, tax accounting, financial or investment advice or services regarding the profitability or suitability of any security or investment. This Publication has not been prepared with the aim to take an investor's particular investment objectives, financial position or needs into account. It is up to the investor himself to consider whether the Data contained herein this Publication is appropriate to his needs, financial position and objectives or to seek professional independent advice before making an investment decision based upon the Data. No investment decision whatsoever may result from solely reading this document. In order to read and understand the Financial data and/or economic information included in this document, you will need to have knowledge and experience of financial markets. If this is not the case, please contact your relationship manager. This Publication is prepared by the Bank and is based on data available to the public and upon information from sources believed to be reliable and accurate, taken from stock exchanges and third parties. The Bank, including its parent, - subsidiary or affiliate entities, agents, directors, officers, employees, representatives or suppliers, shall not, directly or indirectly, be liable, in any way, for any: inaccuracies or errors in or omissions from the Financial data and/or economic information, including but not limited to financial data regardless of the cause of such or for any investment decision made, action taken, or action not taken of whatever nature in reliance upon any Data provided herein, nor for any loss or damage, direct or indirect, special or consequential, arising from any use of this Publication or of its content. This Publication is only valid at the moment of its editing, unless otherwise specified. All Financial data and/or economic information contained herein can also quickly become out-of-date. All Data is subject to change without notice and may not be incorporated in any new version of this Publication. The Bank has no obligation to update this Publication upon the availability of new data, the occurrence of new events and/or other evolutions. Before making an investment decision, the investor must read carefully the terms and conditions of the documentation relating to the specific products or services. Past performance is no guarantee of future performance. Products or services described in this Publication may not be available in all countries and may be subject to restrictions in some persons or in some countries. No part of this Publication may be reproduced, distributed, modified, linked to or used for any public or commercial purpose without the prior written consent of the Bank. In any case, all Financial data and/or economic information provided on this Publication are not intended for use by, or distribution to, any person or entity in any jurisdiction or country where such use or distribution would be contrary to law and/or regulation. If you have obtained this Publication from a source other than the Bank website, be aware that electronic documentation can be altered subsequent to original distribution.

As economic conditions are subject to change, the information and opinions presented in this outlook are current only as of the date indicated in the matrix or the publication date. This publication is based on data available to the public and upon information that is considered as reliable. Even if particular attention has been paid to its content, no guarantee, warranty or representation is given to the accuracy or completeness thereof. Banque Internationale à Luxembourg cannot be held liable or responsible with respect to the information expressed herein. This document has been prepared only for information purposes and does not constitute an offer or invitation to make investments. It is up to investors themselves to consider whether the information contained herein is appropriate to their needs and objectives or to seek advice before making an investment decision based upon this information. Banque Internationale à Luxembourg accepts no liability whatsoever for any investment decisions of whatever nature by the user of this publication, which are in any way based on this publication, nor for any loss or damage arising from any use of this publication or its content. This publication, prepared by Banque Internationale à Luxembourg (BIL), may not be copied or duplicated in any form whatsoever or redistributed without the prior written consent of BIL 69, route d'Esch | L-2953 Luxembourg | RCS Luxembourg B-6307 | Tel. +352 4590 6699 | [www.bil.com](http://www.bil.com).