

Worldwide equities were a mixed bag to end last week with the S&P 500 dropping from Thursday's 16 month high, the result of mixed corporate earnings, while UK equities rallied as weaker than anticipated inflation boosted the FTSE 100. The week ahead will likely see a sharp increase in volatility across worldwide markets, with several central banks expected to announce interest rate decisions. The US Federal Reserve is all but expected to raise rates by 25bps at the conclusion of its July meeting on Wednesday, with investors focusing on the Fed's forward guidance. The ECB is also expected to raise rates by a quarter point, but any future increases are in jeopardy given the deterioration of growth amongst Eurozone members. The Bank of Japan is expected to maintain its current policy, but the BoJ may undertake talks about altering its yield curve control program later in 2023. There are also some other major events on the economic calendar with the USD second quarter GDP report and the June PCE data, which will help determine the health of the US economy as well as the path of inflation. Tech stocks will dominate the corporate earnings news in the US, with Meta, Microsoft and Alphabet all set to announce quarterly results.

EUR: The Euro begins the week under pressure after German PMI data missed on all fronts this morning, pushing the currency below the 1.11 handle. The report noted that its composite index approached contraction territory for the first time since January, and there could be an increased probability that the German economy could enter into a recession in the second half of 2023.

GBP: The Great British Pound continues its slide against the US Dollar, dropping from a high of 1.3141 on July 13th to its current level of 1.2826. The selling pressure continued this week with the release of disappointing UK PMI data today, which pointed to a slowdown in business growth with backlogs diminished.

NZD: The Kiwi dollar remains in its well-worn range to start the week. While the Reserve Bank of New Zealand kept interest rates on hold earlier in July, stubbornly high NZ inflation climbed to 1.1% versus the 0.9% expected and has complicated the monetary policy outlook. Traders have now increased chances of another RBNZ rate hike to 50% before the end of 2023.

JPY: The Japanese Yen begins the week on the decline against the strong buck, with the BoJ monetary policy meeting scheduled for this Friday. The BoJ currently has a -0.1% policy rate and is maintaining its yield curve control program around zero for government bonds out to 10 years. Latest Japanese inflation figures of 3.3% is well above the 2% target rate and complicates the BoJ decision as it tries to steer away from deflation.

EXCHANGE RATE	
Currency	Rate
EUR/USD	1.1086
GBP/USD	1.2823
AUD/USD	0.6732
NZD/USD	0.6201
USD/CAD	1.3172
USD/MXN	16.9023
USD/CHF	0.8654
USD/JPY	141.08
USD/SGD	1.3312
USD/THB	34.43
USD/CNY	7.1898

UPCOMING ECONOMIC RELEASES				
Date	Country	Economic Event	Prior	Forecast
7/25	EUR	German IF Business Climate	88.4	88
	USD	CB Consumer Confidence	109.7	111.9
	AUD	Inflation Rate YoY	7%	6.2%
7/26	USD	Fed Interest Rate Decision	5.25%	5.5%
7/27	EUR	German Consumer confidence	-25.4	-24.7
	EUR	ECB Interest Rate Decision	4%	4.25%
	USD	Durable Goods Orders MoM	1.7%	1%
	JPY	BoJ Interest Rate Decision	-0.1%	-0.1%
7/28	EUR	France Inflation Rate	4.5%	4.3%
	EUR	German GDP Growth Rate		0.5%
	USD	Core PCE Price Index YoY	4.6%	4.2%
	USD	Michigan Consumer Sentiment	64.4	72.6