

WEEKLY ECONOMIC CALENDAR AHEAD

Here is what you need to know about the important news between **February 21st 2022 and February 25th 2022**, where we take a look at the economic data, market news and headlines likely to have the biggest impact on the market prices this week and beyond, as well as the US Dollar, and other key correlated assets.

The focus has shifted slightly in recent weeks from monetary policy to geopolitics as Russian troops have built up on the Ukrainian border and the West has warned of an imminent invasion. Inflation is continuing to rise, and the unprecedented nature of both the pandemic and emergency policy stimulus meant that the impact on the economy was uncertain. Demand being stronger than supply has pushed up on consumer prices (CPI), driving inflation in major advanced economies. Another factor pushing up on inflation is the recent rise in energy prices. Energy demand was supported by policy stimulus and has recovered gradually as the pandemic has evolved. Whereas energy supply was cut sharply at the peak of the pandemic and has recovered more gradually, leading to tighter energy markets and higher prices.

The **U.S. dollar index** remain stuck in range last week. During the last two days of the trading week the dollar strengthened. But the greenback is still stuck in a sideways pattern, in play since mid-November. New Zealand Dollar ended as the strongest one, followed by Aussie. Euro was the worst performing one, followed by Canadian, and then Dollar. Sterling was mixed in the middle.

The US 10-year yield failed to close by 2% handle again last week and retreated, which tend to negatively correlate with equities may be set to continue higher. Higher yields mean higher rates will weigh on the price of stocks. As well, higher yields offer better investment returns, thereby competing for capital with stocks.

Geopolitics helped pushed **gold** to 1900 handle. **Oil prices** originally dipped on news of an Iran nuclear deal, but then rebounded on risk aversion again. **Stocks** gyrated lower on risk aversion last week the Dow was down 1.9% for the last week, with the tech-heavy NASDAQ Composite 1.8% lower. The SPX slumped 1.6% last week.

Central Bank

There will be a heavy focus on central banks this week and what policymakers are saying ahead of upcoming meetings. Consumer price inflation in the US, Euro area and UK is the highest it has been since the early 1990s and may still rise further in the next few months. That is likely to continue to generate uncomfortable headlines for policymakers at the US Federal Reserve (Fed), European Central Bank (ECB) and Bank of England (BoE).

US Federal Reserve (FED)

The Fed has accelerated tapering of its asset purchases so that interest rates can be increased from March. Fed officials have all but promised to exit their pandemic-era zero-rate policy at their next meeting on March 15-16 to bring down inflation that has shot by the central bank's 2% target. But it has not been clear how aggressively they will respond. The market focus primarily remains on geopolitical tensions, but Fed tightening bets could get bolstered after key earnings updates from retailers, economic data about the consumer, and the Fed's preferred inflation gauge. In addition, on Friday the US will release the Fed's favourite measure of inflation, Core-PCE.



European Central Bank (ECB)

A weaker recovery and lower inflation in the Euro area mean that the ECB is not expected to raise interest rates until the second half of the year. This week is littered with economic data releases, but none are likely to be game changers. The final reading of euro area CPI due Wednesday is expected to confirm that inflation in the bloc hit 5.1% in January. The PMIs could also offer some insight into future inflationary pressures that are building. Speeches from ECB policymakers will be key week ahead of the March meeting, with President Christine Lagarde among those due to speak on Friday.

Bank of England (BOE)

The BoE has already raised UK interest rates twice, starting in December. This week gets underway with PMI releases on Monday, but the key focus will be the Monetary Policy Report Hearing on Wednesday, along with other appearances by BoE policymakers around it. The PMIs could offer some inflation clues but with the CPI once again surpassing expectations in January and markets priced for some aggressive tightening, the views of the MPC will be the headline.

Reserve Bank of New Zealand (RBNZ)

The RBNZ meets on Wednesday this week. At their last meeting on November 24th, 2021, they raised rates for the second consecutive time to 0.75%. They said they expected to continue to remove monetary policy stimulus given the outlook for inflation and employment. Expectation is for the RBNZ to hike rates by another 25bps to 1.00%, risks are tilted to the hawkish side amid the global push for faster tightening.

Other important economic data is as follows: (All times listed are GMT+0)

Monday, February 21, 2022

President's Day Holiday in the US, Family Day in Canada – Local Markets Closed

08:30: Germany – Manufacturing PMI

09:30: UK – Manufacturing PMI, Services PMI

13:15: China – PBoC Loan Prime Rate: previous interest rate set at 3.70%.

Tuesday, February 22, 2022

08:00: Germany – Ifo Business Climate Index

14:45: US – Flash Manufacturing/Services PMI

15:00: US – CB Consumer Confidence

Wednesday, February 23, 2022***Japan Bank Holiday– Local Markets Closed***

12:30 Australia – Wage Price Index q/q

01:00 New Zealand – RBNZ Interest Rate Decision: forecast to rise to 1.00% from 0.75%

02:00 New Zealand – RBNZ Press Conference

09:30: UK – Monetary Policy Report Hearings

10:00: Eurozone – CPI: likely to crawl higher, to 5.1%

Thursday, February 24, 2022

13:15: UK – BoE Gov Bailey Speaks

13:30: US – GDP

13:30: US – Initial Jobless Claims

15:00: US – New Home Sales

16:00: US – Crude Oil Inventories: last week's reading showed a boost of 1.121M bbl.

17:00: US – FOMC Member Mester Speaks

Friday, February 25, 2022

07:00: Germany – GDP: seen to remain flat at -0.7% QoQ.

13:30: US – Core Durable Goods Orders

15:00: US – Revised UoM Consumer Sentiment

Tentative: US – Fed Monetary Policy Report

Thanks for reading! Have a great week!

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