WEEKLY MARKET RECAP: June 12–June 16, 2023

Happy Friday, traders.

Welcome to our weekly market wrap, where we look back at these last five trading days with a focus on the market news, economic data and headlines that had the most impact on the financial market – and may continue to into the future for the US Dollar and other key correlated assets.

For the first time since beginning the current tightening cycle in March 2022, the Fed opted against raising the federal funds rate at the June 14, 2023, FOMC meeting. The decision officially ends a run of 10 consecutive interest rate hikes by the central bank.

While the move was expected, the Fed's release of its summary of economic projections signifies that its hawkish tone on curbing inflation remains intact, as additional rate hikes in 2023 are projected, and the federal funds rate was pushed out to 5.6% by year-end, up from March's 5.1% year-end projection.

"The Fed's new dot-plot forecast of potentially higher interest rates in 2023 suggests it is too early for the Fed to claim victory over inflation," said Raymond James Chief Investment Officer Larry Adam. "However, given the recent disinflationary trends in place, especially with the recent deceleration in CPI and PPI we have seen this week, we still believe the Fed is in the latter stages, if not near the end, of this tightening cycle."

The updated dot plot also speaks to the Fed's continued hawkishness. The median federal funds rate for the end of 2024 increased from 4.1% in March to about 4.4% in June.

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Thanks for reading! Have a great weekend.

+357 25 752 420 +357 25 752 450 info@ausprime.eu
Spyrou Kyprianou 41 Avenue, Steratzias Court 2, 1st floor, Flat 103, 4003, Mesa Geitonia, Limassol