

## Global Macro Sweep: April 2023

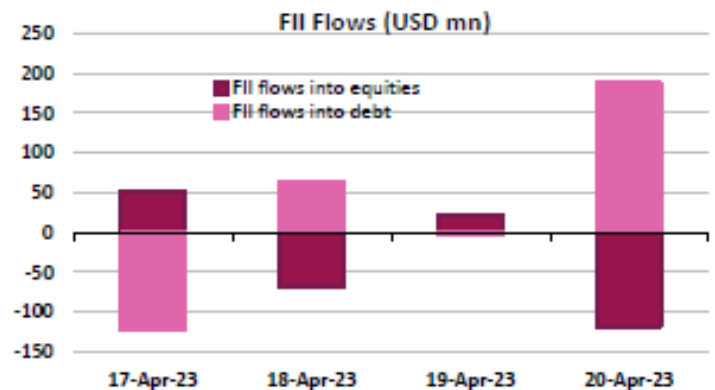
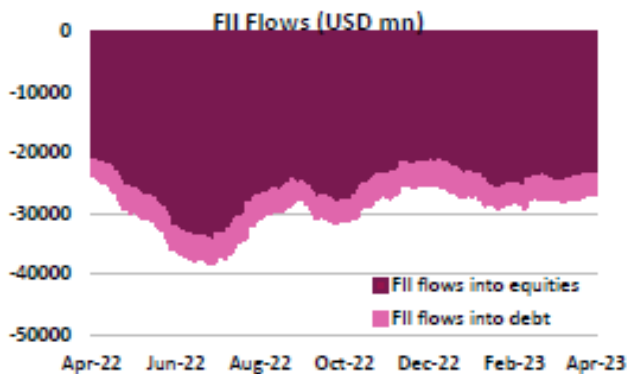
India MPC minutes showed members indicating that further tightening would be possible, but only with the burden of proof on materialising of risks from the monsoon as well as global events. This statement was reinforced in the recent monthly bulletin that continued to class growth 'resilient' but it also spoke of lower inflation persistence. However, MPC members who have dissented against hikes also indicated that hikes were possible.

US data showed housing activity slowed down in a mixed way, after a few months' recovery. Mixed manufacturing PMI added to contrast between better New York and weaker Philadelphia Fed manufacturing, while jobless claims also weakened. Services PMI came in strong which drove both, employment gains and inflation. Fed speakers largely indicated one more hike followed by a hold, but some warned that more hikes would be required.

Eurozone prints for manufacturing PMI were soft due to strikes in France but services inflation remained supported. Indices of investor confidence were lower due to fears of tighter lending standards and inflation saw continued pickup in core inflation and services inflation. ECB speakers have encouraged markets to price in between 50 and 75 bps rate hike hikes ahead.

UK labour market and inflation prints were strong, driving expectations of the terminal BOE rate to above levels before baking stress, despite doveish comments from an MPC member. The end of the week saw retail sales come off, with anecdotes of high food prices hurting purchasing power - though services PMI remained in good expansion.

Chinese GDP growth came in stronger than expected, tracking stronger consumption related trends, while industrials and investment were muted and driven largely by the public sector. Markets are debating the possibility of stimulus due to given disagreements within the authorities.



Source: Axis Bank Economic Research.

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