

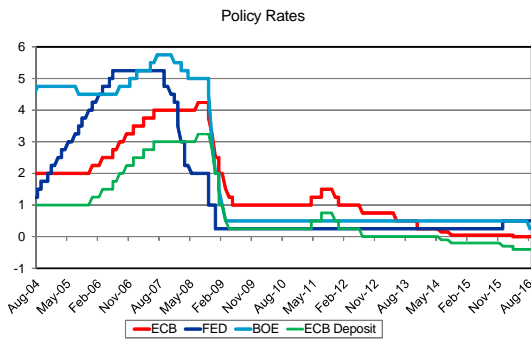


Monthly Chartbook

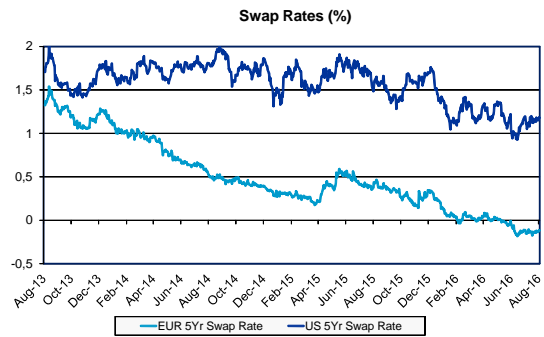
Friday, 26 August 2016

Markets

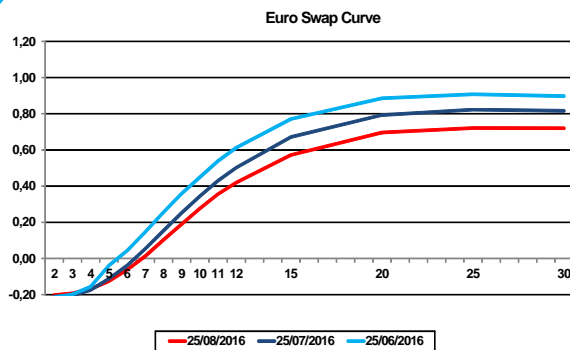
Rates



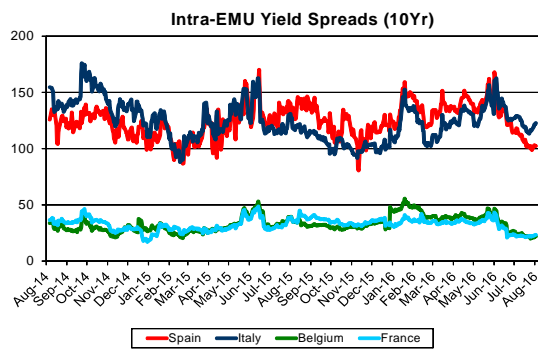
Only the BoE moved this month. It cut rates by 25 basis points to 0.25% and restarted its asset purchase programme. The MPC decided to buy an additional €60B government bonds and €10B corporate bonds. They installed a cheap lending programme.



EUR and US 5yr swap rates moved sideways during the thinly-traded holiday month of August.

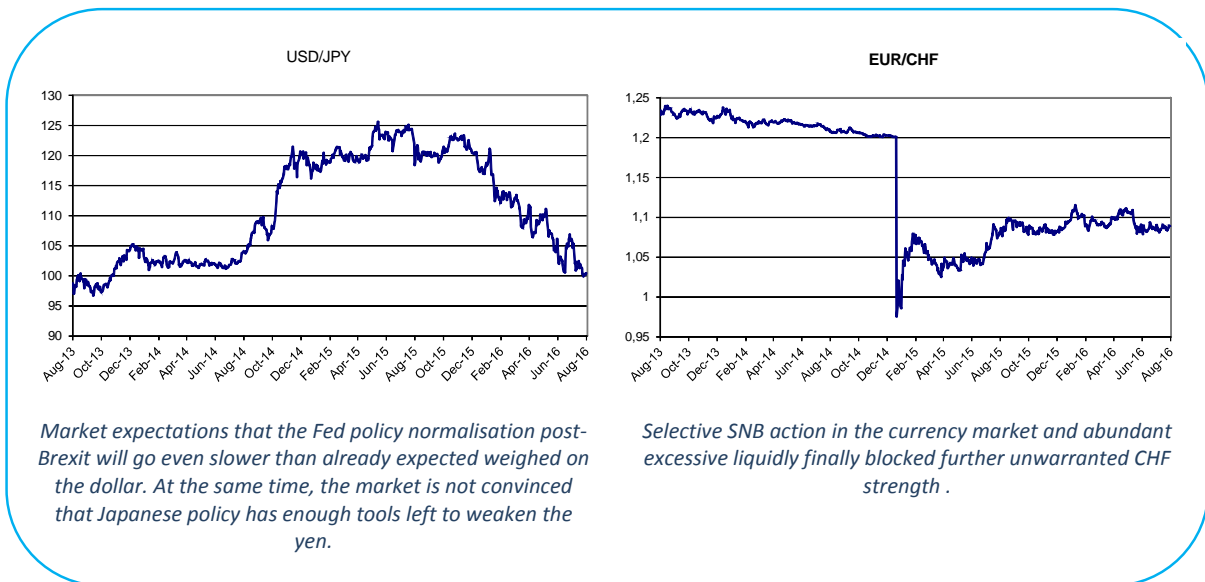
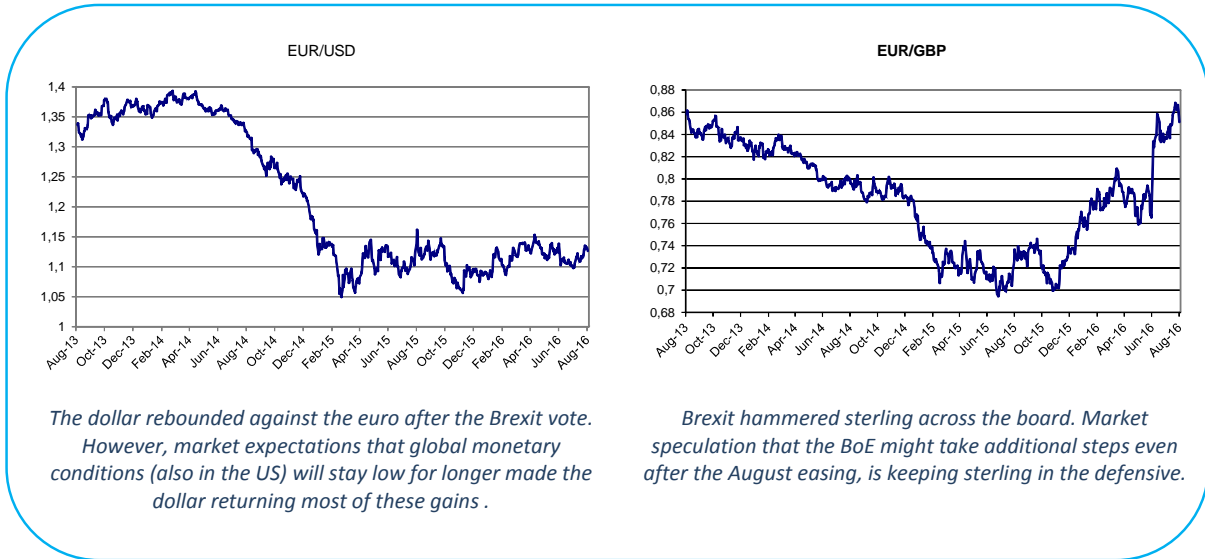


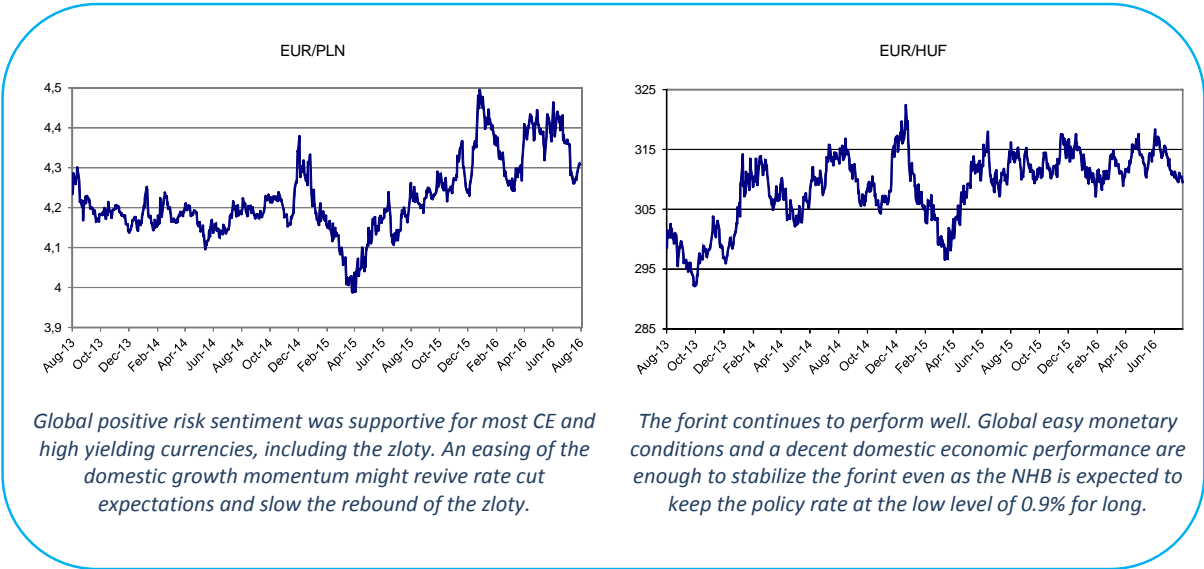
The European swap curve continued to flatten in August especially in the 6-to-15-yr segment.



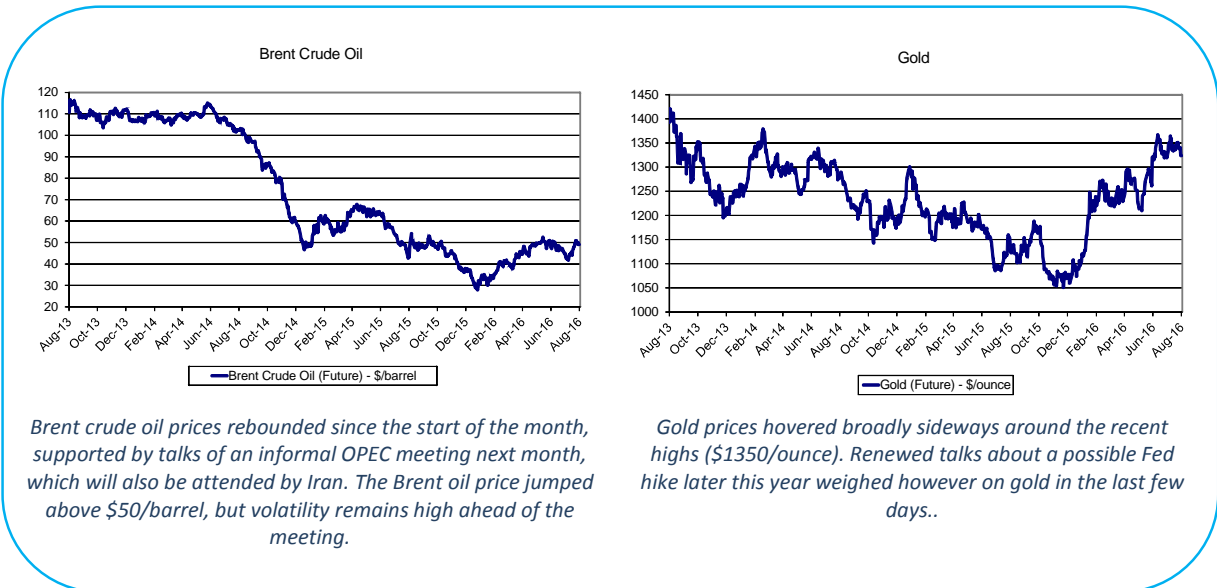
Peripheral yield spreads showed some diverge. While the Italian spread was broadly unchanged, the Spanish spread narrowed resulting in a 20 bps spread between Italy and Spain in favour of the latter.

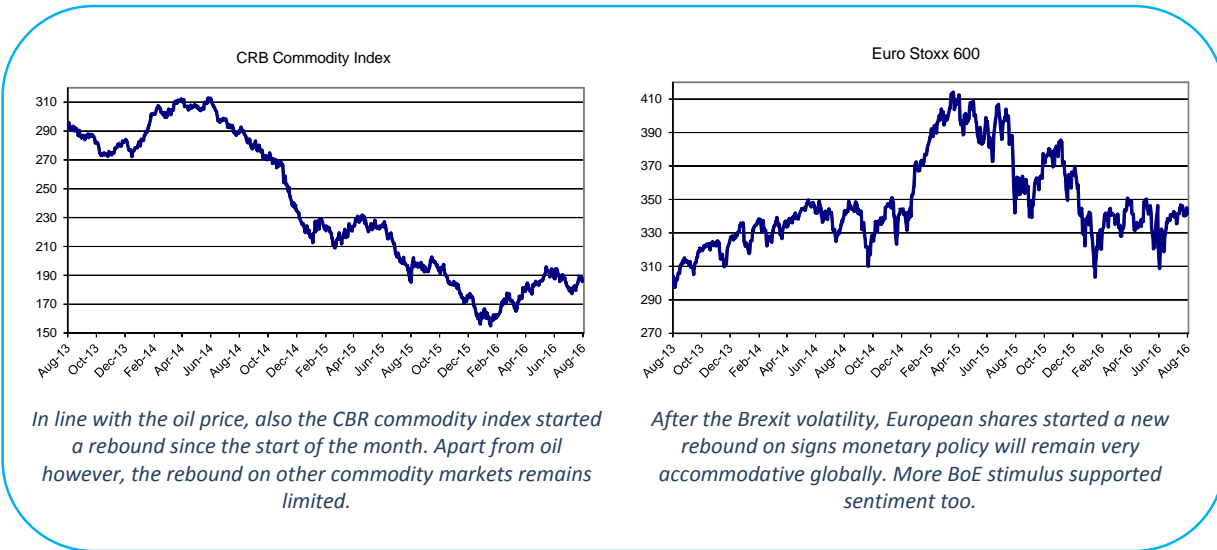
Currencies





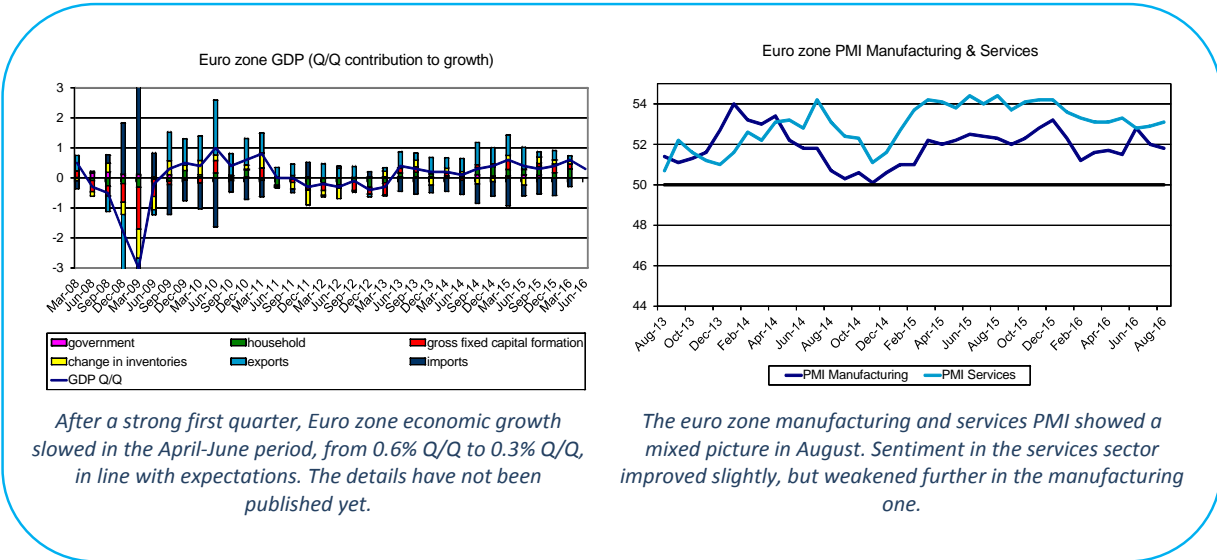
Others

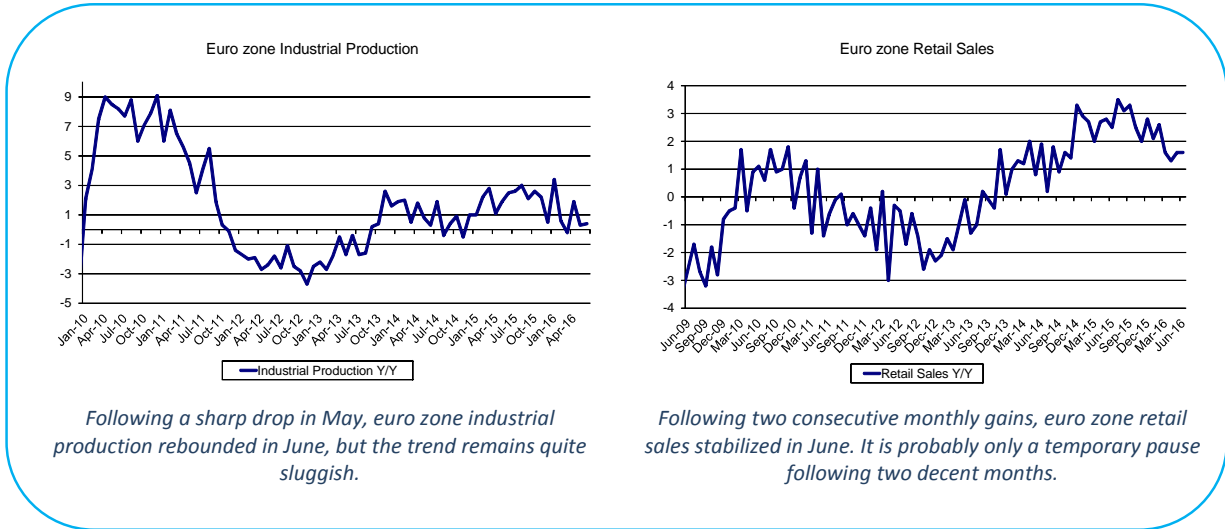
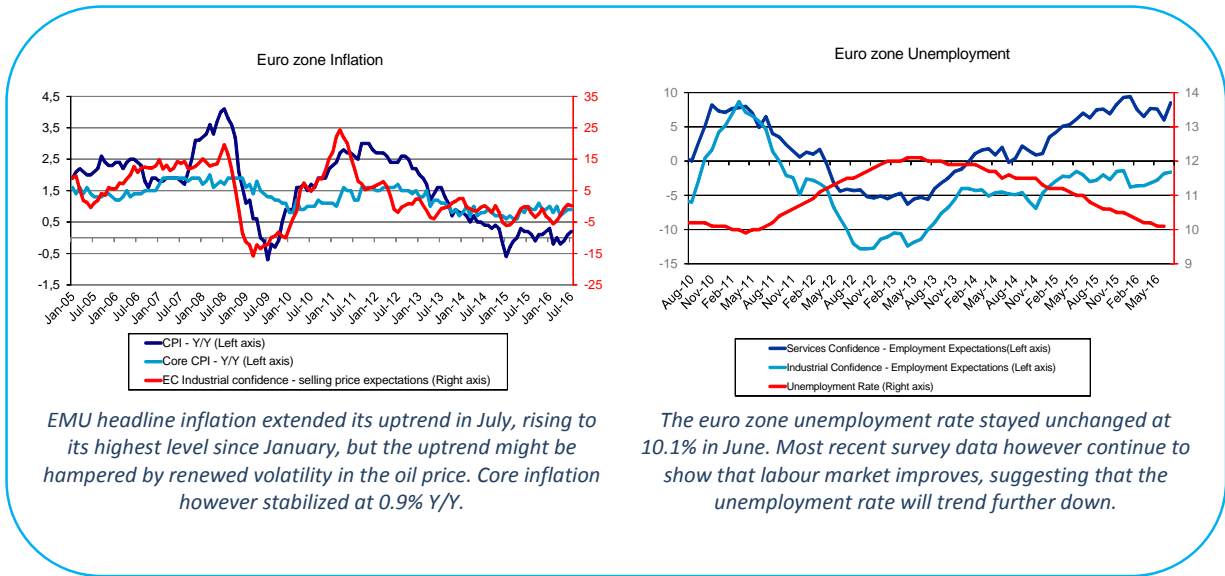


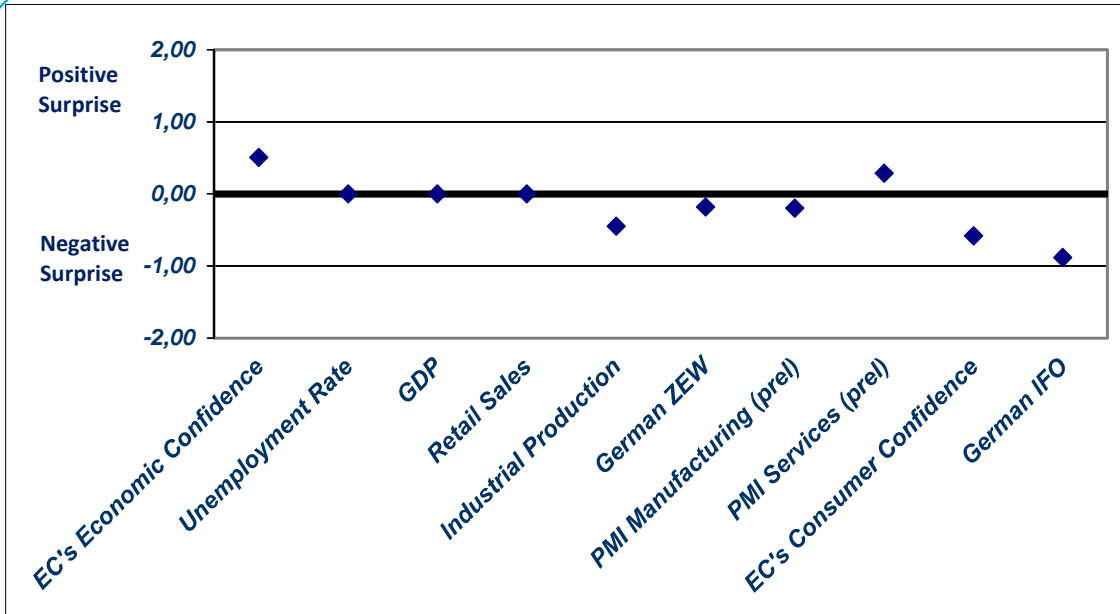


Economic Overview

Eurozone



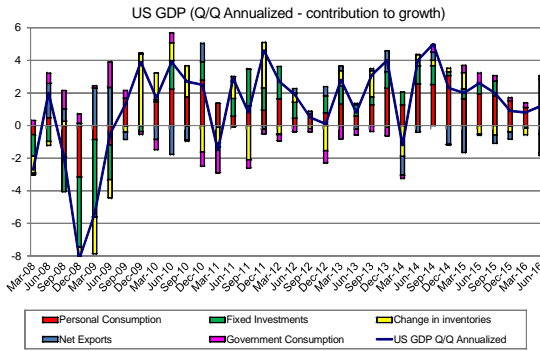




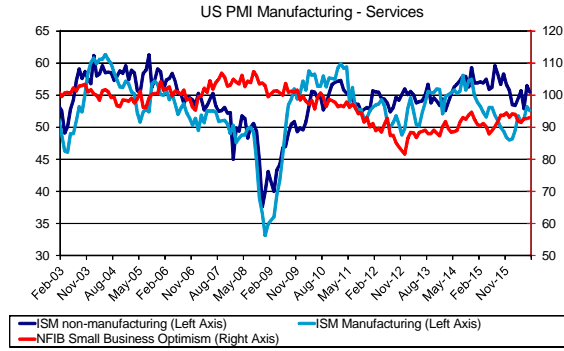
Surprise index: measures the difference (in standard deviations) between the (median) Bloomberg consensus and the actual outcome of EMU economic data.

Despite Brexit volatility, euro zone economic data remained very close to the consensus. Only the IFO disappointed following the Brexit decision.

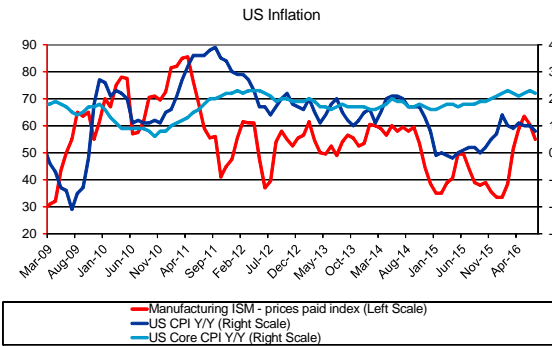
US



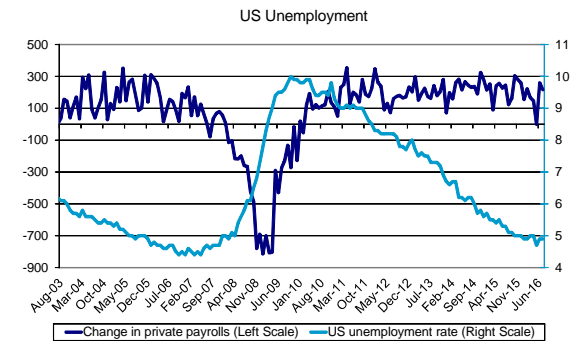
US economic growth picked up only slightly in the second quarter, to 1.2% Q/Qa from 0.8% Q/Qa. While private consumption accelerated, this was offset by a bigger drag from inventories and investments.



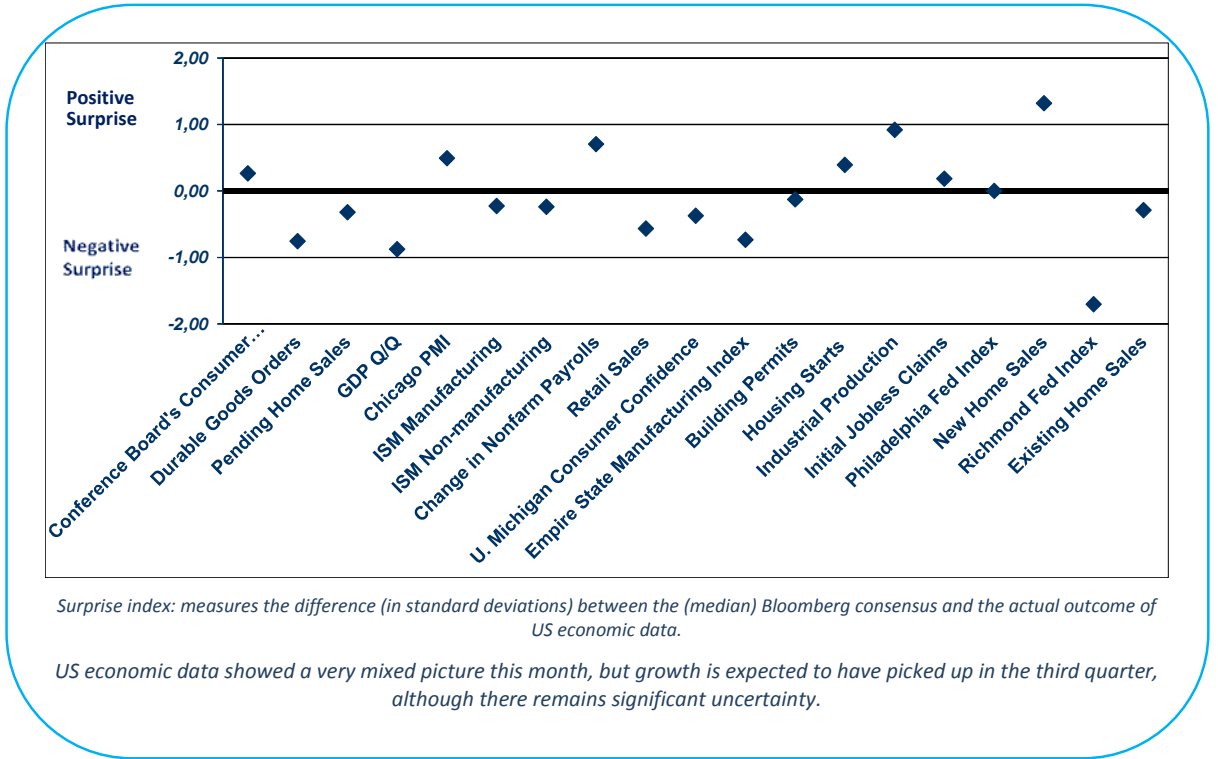
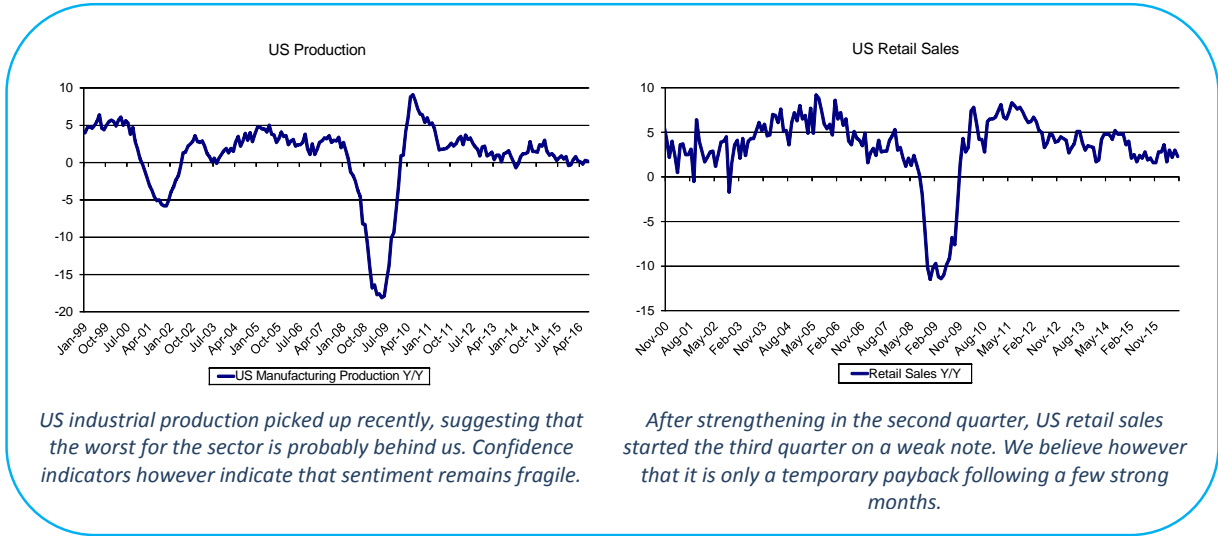
Both the US manufacturing ISM and non-manufacturing ISM weakened slightly in July, following a rebound in June. Global uncertainty might have weighed on sentiment.



US headline inflation slowed in July, from 1.0% Y/Y to 0.8% Y/Y, due to a renewed drop in energy prices. Core inflation slowed too, from 2.3% Y/Y to 2.2% Y/Y, but remains above the Fed's 2% target.



After a major disappointment in May, US non-farm payrolls picked up sharply in July and August, confirming that the poor May data were only an outlier. The unemployment rate remains close to the Fed's target of 4.9%.



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