

# WEEKLY UPDATE

## Central banks: waiting for reassurance in the spring.

The European Central Bank (ECB) kept its key interest rates steady at the March meeting, and the Federal Reserve and the Bank of England (BoE) are likely to do the same at their meetings next week. The ECB's dovish stance was accompanied by a communication leaving the door open to the start of a rate cut cycle at the end of spring given the decline in inflation, a cycle that will remain gradual. In Japan, expectations for monetary policy normalisation are accelerating.

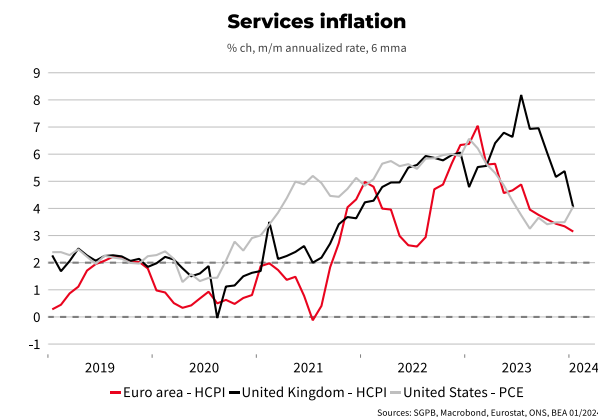
**ECB: door open to first rate cut in June.** At its meeting on March 7<sup>th</sup>, the ECB left monetary policy on hold, with its deposit facility paying 4% and a refi rate of 4.5%. The Bank also said it would continue to run down its balance sheet as planned. While this decision was widely pencilled in by investors, the downward revisions to its inflationary outlook for 2024 and 2025 to 2.3% and 2%, respectively, and comments by ECB President Christine Lagarde at the press conference suggested the bank would begin its rate-cutting cycle at the June meeting. While hailing progress on inflation so far, Ms Lagarde said she needed more data before starting to cut rates and “we will know a lot more in June”. All of which reinforces our scenario of an initial rate cut late in spring. We then expect the ECB to tread cautiously, making just three rate cuts in 2024. Ms. Lagarde also said the trend in services prices was not yet compatible with stable inflation at 2% (**Chart 1**).

**Fed: rates on hold and prospect of cuts in the spring.** The Fed is widely expected to hold rates at 5.25-5.5% at its March 20<sup>th</sup> meeting. But the main elements to watch at this meeting will be the update to the Fed's economic scenario and the dot-plot (the committee members' forecasts on the timing and size of the rate-cutting cycle). We think the Fed will also go for an initial rate cut in June and continue to loosen its policy at a cautious pace. Inflation continues its slow decline (February core PCE expected at 2.8%) as forecasted in the Fed's December 2023 economic scenario, in which the bank also assumes three rate cuts. However, services inflation - still running above its pre-Covid average and having risen in both the last two months - and the resilient economic activity should lead the Fed to strike a prudent tone.

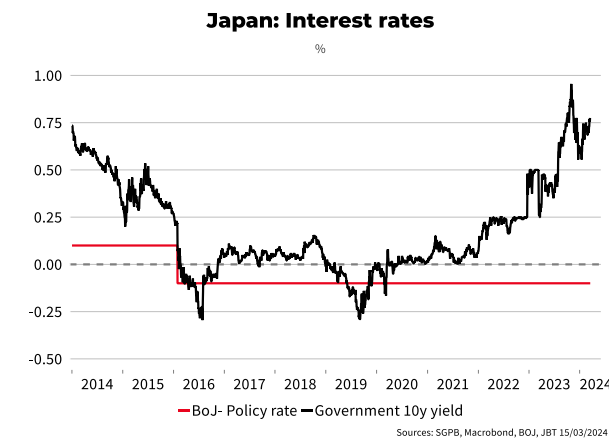
**BoJ: back toward normal soon.** Unlike other leading central banks, the Bank of Japan looks ready to re-embrace orthodoxy after a decade of unconventional monetary policies. Investors expect an end to the negative interest rate policy and a further easing of the yield curve control mechanism. This normalisation comes as the Japanese economy is at long last showing signs of shaking off deflation, with core inflation of 2% and wage negotiations likely to result in raises of more than 5%.



## Services inflation is still trending above its pre-Covid average



## Expectations of a normalization of monetary policy in Japan are in the rise



Past performance should not be seen as a guarantee of future returns.

All data taken from Bloomberg and Macrobond on the 15/03/2024, publication achievement date. In accordance with the applicable regulation, we inform the reader that this material is qualified as a marketing document.

 **SOCIETE GENERALE**  
Private Banking

### Events of the week



February's U.S. headline and core inflation surprised consensus, with CPI growth of 3.2% and 3.8% year-on-year, respectively, compared with expectations of 3.1% and 3.7%. These figures confirm the decline in inflation, but reflect the slowdown in the pace of disinflation, with the services component remaining strong. These figures should lead the Fed to maintain a cautious tone at the March 20 meeting.



Industrial production in the euro area contracted sharply in January, falling by 3.2% compared to December 2024. A large part of this decline is attributed to the sharp contraction in production in Ireland (-29% month-on-month), whose data are very volatile due to the strong presence of multinational companies (due to intellectual property rights in particular). However, the main economies also showed weak industrial momentum, with a contraction in January for production in France of 1% m/m and a slight increase of 0.6% in Germany.

### The week in data

Country	Data	Actual	Last	Forecast
United States	Core Inflation Rate MoM FEB	0,40%	0,40%	0,30%
United States	Core Inflation Rate YoY FEB	3,80%	3,90%	3,70%
United States	Inflation Rate MoM FEB	0,40%	0,30%	0,40%
United States	Inflation Rate YoY FEB	3,20%	3,10%	3,10%
United States	CPI FEB	310,3	308,4	310,3
United States	Monthly Budget Statement FEB	\$-296B	\$-22B	\$-299B
United States	Retail Sales MoM FEB	0,60%	-1,10%	0,80%
United States	PPI YoY FEB	1,60%	1%	1,10%
United States	Industrial Production MoM FEB	0,10%	-0,50%	0%
United States	Michigan Consumer Sentiment Prel MAR	76,5	76,9	76,9
Italy	Retail Sales MoM JAN	0,10%	-0,10%	0,20%
United Kingdom	Unemployment Rate JAN	3,90%	3,80%	3,80%
United Kingdom	Average Earnings incl. Bonus (3Mo/Yr) JAN	5,60%	5,80%	5,70%
United Kingdom	GDP YoY JAN	-0,30%	0%	-0,30%
United Kingdom	Industrial Production YoY JAN	0,50%	0,60%	0,70%
Euro Area	Industrial Production YoY JAN	-6,70%	0,20%	-2,90%

Source : Macrobond, the 15 march 2024

Colors in 'Actual' column represent the difference with previsions.

### Key events next week

Monday	
China	Industrial Production YoY JAN-FEB
China	Retail Sales YoY JAN-FEB
Tuesday	
Japan	BoJ Interest Rate Decision
Euro Area	Wage Growth YoY Q4
Wednesday	
United Kingdom	Inflation Rate YoY FEB
United States	Fed Interest Rate Decision
Thursday	
Japan	Jibun Bank Composite PMI Flash MAR
France	Business Climate Indicator MAR
Euro Area	HCOB Composite PMI Flash MAR
United Kingdom	S&P Global Composite PMI Flash MAR
United Kingdom	BoE Interest Rate Decision
Friday	
Japan	Inflation Rate YoY FEB
United Kingdom	Gfk Consumer Confidence MAR
United Kingdom	Retail Sales YoY FEB
Germany	Ifo Business Climate MAR

# Market Performances

<b>Interbank rates</b>	<b>Last.</b>	<b>-1W</b>	<b>-3M</b>	<b>YTD</b>	<b>-12M</b>
€STER O/N	3,91	3,91	3,91	1,91	2,40
USD SOFR O/N	5,31	5,31	5,31	4,30	4,58
JPY TONAR O/N	-0,01	-0,01	-0,01	-0,02	-0,02
GBP SONIA O/N	5,19	5,19	5,19	3,43	3,93
CHF O/N	1,62	1,60	1,66	0,80	0,80

<b>Long term sov. rates</b>	<b>Last.</b>	<b>-1W</b>	<b>-3M</b>	<b>YTD</b>	<b>-12M</b>
10Y OAT	2,79	2,78	2,71	2,98	2,69
10Y Bund	2,36	2,33	2,17	2,44	2,13
10Y BTP	3,57	3,66	3,88	4,55	4,09
10Y JGB	0,76	0,70	0,74	0,41	0,28
10Y Bonos	3,15	3,16	3,17	3,51	3,26
10Y Swiss	0,72	0,70	0,66	1,57	1,11
10Y Gilt	4,00	4,00	3,91	3,66	3,33
10Y USNote	4,19	4,11	4,04	3,88	3,51

<b>Credit &amp; EM</b>	<b>Last.</b>	<b>-1W</b>	<b>-3M</b>	<b>YTD</b>	<b>-12M</b>
EUR Corporate Aaa	3,07	3,10	2,92	3,12	3,26
EUR Corporate Baa	3,89	3,97	4,06	4,65	4,43
GBP Corporate Baa	4,57	4,67	4,65	4,59	4,46
USD Corporate Aaa	4,72	4,70	4,56	4,62	4,43
USD Corporate Baa	5,53	5,51	5,49	5,70	5,65
USD EM aggregate	7,14	7,15	7,35	7,52	7,46

<b>Commodities</b>	<b>Last.</b>	<b>-1W</b>	<b>-3M</b>	<b>YTD</b>	<b>-12M</b>
Brent, USD/BL	83,57	1,1%	12,1%	-2,8%	12,6%
Or, USD/oz	2 174	1,2%	7,3%	19,1%	13,4%
Copper, USD/metric ton	8 824	3,4%	6,3%	5,1%	3,2%
Platinum, USD/oz	935	5,3%	0,4%	-12,2%	-4,0%
Palladium, USD/oz	1 059	10,1%	8,5%	-40,8%	-28,3%
Silver, USD/oz	24,30	2,1%	6,9%	1,5%	10,0%

<b>FX rates</b>	<b>Last.</b>	<b>-1W</b>	<b>-3M</b>	<b>YTD</b>	<b>-12M</b>
EUR/USD	1,09	0,6%	1,4%	2,4%	3,7%
EUR/CHF	0,96	-0,1%	1,6%	-2,6%	-1,3%
USD/GBP	0,78	-0,4%	-2,1%	-5,9%	-6,0%
USD/JPY	147,79	-1,1%	1,8%	13,0%	11,3%
USD/BRL	4,98	0,8%	0,4%	-6,7%	-6,2%
USD/CNY	7,19	-0,1%	0,2%	4,2%	4,2%
USD/RUB	91,74	1,0%	1,8%	25,7%	20,6%

<b>Equity indices</b>	<b>-1W</b>	<b>-3M</b>	<b>YTD</b>	<b>-12M</b>
Developped markets	0,9%	7,4%	13,4%	18,0%
Euro area	1,7%	10,4%	29,7%	23,9%
Germany	1,4%	7,1%	27,7%	21,9%
France	2,3%	8,1%	23,4%	18,2%
United Kingdom	1,2%	3,0%	4,3%	5,8%
Switzerland	2,1%	5,4%	9,9%	12,1%
United States	1,2%	9,7%	34,5%	32,7%
Japan	-3,0%	12,5%	40,0%	35,1%
Brazil	-0,7%	-1,1%	20,3%	24,7%
Hong Kong	3,9%	5,3%	-13,6%	-12,6%
India	-1,8%	4,6%	19,0%	26,4%
China	0,6%	6,0%	-7,7%	-10,4%

Source : Bloomberg, au 15/03/2024. -1S = variation sur 1 semaine, -3M = variation sur 3 mois, -12M = variation sur 12 mois, Début d'année = variation depuis le début de l'année. Actions ; rendement total en devise locale. Obligations souveraines = rendement à 10 ans. Les chiffres sont arrondis.

# AVERTISSEMENT IMPORTANT

## GENERAL INFORMATION

This document is a marketing communication issued by Société Générale Private Banking which is the business line of the Société Générale Group operating through its headquarters within Société Générale S.A. in France and its network (departments or separate legal entities (branches or subsidiaries) hereinafter the “Entities”), located on the various below-mentioned territories, acting under the brand name "Societe Generale Private Banking" and distributors of the present document.

This material has been prepared solely for informational purposes and has no contractual value.

This material does not constitute an offer of purchase, sale, or subscription in any of the asset classes presented herein, nor a solicitation of such an offer, nor is it an offer of financial services, to participate in any investment strategy. Nothing in this document should be construed as constituting investment advice or personal recommendation to any investor or its agent. Information contained herein is not intended to provide a basis on which to make an investment decision.

Any investment may have tax consequences and Société Générale Private Banking and its Entities do not provide tax advice. The level of taxation depends on individual circumstances and tax levels and bases may change. In addition, this document is not intended to provide accounting, tax or legal advice and should not be relied upon for accounting, tax, or legal purposes. Independent advice should be sought where appropriate.

The accuracy, completeness or relevance of the information provided is not guaranteed although it has been drawn from sources believed to be reliable. The information and opinions expressed in this document were produced as at the date of writing and are subject to change without notice.

This material has not been prepared regarding specific investment objectives, financial situations, or the particular needs of any specific entity or person. Investors should make their own appraisal of the risks and should seek their own financial and legal advice regarding the appropriateness of investing in any asset classes or participating in any investment strategy.

The asset classes presented herein may be subject to restrictions regarding certain persons or in certain countries under national regulations applicable to said persons or in said countries. It is the responsibility of any person in possession of this document to inform themselves and to comply with the legal and regulatory provisions of the relevant jurisdiction. This document is not intended for distribution to any person or in any jurisdiction where such distribution would be restricted or illegal. In particular, it may not be distributed in the United States, nor may it be distributed, directly or indirectly, in the United States or to any US Person.

## GENERAL RISKS

Some of the asset classes mentioned may present various risks, imply a potential loss of the entire amount invested or even an unlimited potential loss, and may therefore only be reserved for a certain category of investors, and/or only be suitable for well-informed investors who are eligible for these asset classes. In addition, these asset classes must comply with the Société Générale Group's Code of Tax Conduct.

The price and value of investments and the income derived from them may go down as well as up. Changes in inflation, interest rates and exchange rates may adversely affect the value, price and income of investments denominated in a currency other than that of the client. Any simulations and examples contained in this document are provided for illustrative purposes only. This information is subject to change because of market fluctuations, and the information and opinions contained herein may change. Société Générale Private Banking does not undertake to update or amend this document and will not assume any liability in this regard.

This document is for information purposes only and investors should make their investment decisions without relying on this document. Société Générale Private Banking and its Entities shall not be liable for any direct or indirect loss arising from any use of this document or its contents. Société Générale Private Banking and its Entities do not make any warranty, express or implied, as to the accuracy or completeness of this information or as to the profitability or performance of any asset class, country, or market.

Past performance does not predict future returns. The value of an investment is not guaranteed, and the valuation of investments may fluctuate.

Forecasts of future performance are based on assumptions which may not materialized. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and/or current market conditions and are not an exact indicator. What you will get will vary depending on how the market performs and how long you keep the investment/product. Future performance is subject to taxation which depends on the personal situation of each investor and which may change in the future.

For a more complete definition and description of the risks, please refer to the prospectus of the product or other legal information document as the case may be (as applicable) before making any final investment decisions.

This document is confidential, intended exclusively for the person to whom it is addressed, and may not be communicated or made known to third parties (except for external advisers and provided that they themselves respect confidentiality), nor reproduced in whole or in part, without the prior written agreement of Société Générale Private Banking and its Entities.

# AVERTISSEMENT IMPORTANT

## CONFLICTS OF INTEREST

The Societe Generale Group maintains an effective administrative organization that takes all necessary measures to identify, control and manage conflicts of interest. To this end, Societe Generale Private Banking and its Entities have put in place a conflict of interest policy to prevent conflicts of interest, including information Chinese walls.

This document contains the views of SGPB teams. Société Générale trading desks may trade, or have traded, as principal on the basis of the teams' views and reports. In addition, SGPB teams receive compensation based, in part, on the quality and accuracy of their analysis, client feedback, revenues of their entity of the Société Générale group and competitive factors.

As a general matter, entities within the Société Générale group may make a market or act as a principal trader in securities referred to in this report and can provide banking services to the companies mentioned in that document, and to their subsidiary. Entities within the Société Générale group may from time-to-time deal in, profit from trading on, hold on a principal basis, or act as advisers or brokers or bankers in relation to securities, or derivatives thereof, or asset class(es) mentioned in this document.

Entities within the Société Générale group may be represented on the supervisory board or on the executive board of such persons, firms or entities.

Employees of the Société Générale group, or persons/entities connected to them, may from time to time have positions in or hold any of the investment products/ asset class(es) mentioned in this document.

Société Générale may acquire or liquidate from time-to-time positions in the securities and/or underlying assets (including derivatives thereof) referred to herein, if any, or in any other asset, and therefore any return to prospective investor(s) may directly or indirectly be affected.

Entities within the Société Générale group are under no obligation to disclose or consider this document when advising or dealing with or on behalf of customers.

In addition, Société Générale may issue other reports that are inconsistent with and reach different conclusions from the information presented in this report and is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

Société Générale group maintains and operates effective organisational and administrative arrangements taking all reasonable steps to identify, monitor and manage conflicts of interest. Société Générale Private Banking has put in place a management of conflicts of interest policy designed to prevent conflicts of interest giving rise to a material risk of damage to the interests of its clients. For further information, please refer to the management of conflicts of interest's policy, which was provided.

## SPECIFIC INFORMATION PER JURISDICTION

**France :** Unless expressly stated otherwise, this document is published and distributed by Société Générale, a credit institution providing investment services authorised by and under the prudential supervision of the European Central Bank ("ECB") (located at ECB Tower, Sonnemannstraße 20, 60314 Frankfurt am Main, Germany) within the Single Supervisory Mechanism and supervised by the Autorité de Contrôle Prudentiel et de Résolution (located at 4, Place de Budapest, CS 92459, 75436 Paris Cedex 09) and the Autorité des Marchés Financiers ("AMF") (located at 17 Pl. de la Bourse, 75002 Paris). Société Générale is also registered with the ORIAS as an insurance intermediary under the number 07 022 493 orias.fr.

Société Générale is a French public limited company with a capital of EUR 1.003.724.927,50 as of November 17, 2023, whose registered office is located at 29 boulevard Haussmann, 75009 Paris, and whose unique identification number is 552 120 222 R.C.S. Paris, and its ADEME number is FR231725\_01YSGB. Further details are available on request or at [www.privatebanking.societegenerale.com](http://www.privatebanking.societegenerale.com).

**Luxembourg:** This document is distributed in Luxembourg by Societe Generale Luxembourg, a credit institution which is authorized and regulated by the Commission de Surveillance du Secteur Financier ("CSSF") under the prudential supervision of the European Central Bank- ECB, and whose head office is located at 11, avenue Emile Reuter – L 2420 Luxembourg. Further details are available on request or can be found at <https://www.societegenerale.lu/>. No investment decision whatsoever may result from solely reading this document. Societe Generale Luxembourg accepts no responsibility for the accuracy or otherwise of information contained in this document. Societe Generale Luxembourg accepts no liability or otherwise in respect of actions taken by recipients on the basis of this document only and Societe Generale Luxembourg does not hold itself out as providing any advice, particularly in relation to investment services. The opinions, views and forecasts expressed in this document (including any attachments thereto) reflect the personal views of the author(s) and do not reflect the views of any other person or Societe Generale Luxembourg unless otherwise mentioned. Societe Generale Luxembourg has neither verified nor independently analyzed the information contained in this document. The Commission de Surveillance du Secteur Financier has neither verified nor independently analysed the information contained in this document.

**Monaco:** The present document is distributed in Monaco by Societe Generale Private Banking (Monaco) S.A.M., located 11 avenue de Grande Bretagne, 98000 Monaco, Principality of Monaco, governed by the 'Autorité de Contrôle Prudentiel et de Résolution' and the 'Commission de Contrôle des Activités Financières'. The financial products marketed in Monaco can be reserved

# AVERTISSEMENT IMPORTANT

---

for qualified investors in accordance with the Law No. 1339 of 07/09/2007 and Sovereign Ordinance No 1.285 of 10/09/2007. Further details are available upon request or on [www.privatebanking.societegenerale.com](http://www.privatebanking.societegenerale.com).

**Switzerland:** This document is an advertising according to the Financial Services Act (“FinSA”). It is distributed in Switzerland by Societe Generale Private Banking (Suisse) SA (“SGPBS”), whose head office is located rue du Rhône 8, CH-1204 Geneva. SGPBS is a bank authorized by the Swiss Financial Market Supervisory Authority (“FINMA”). Nothing contained herein shall constitute, or shall be deemed to constitute, investment advice or a recommendation by SGPBS. Users are advised to seek professional advice before applying any information contained in this document to their own particular circumstances. SGPBS accepts no responsibility for the accuracy or otherwise of information contained in this document. The financial products, including collective investment schemes and structured products referred to in this document can only be offered in compliance with the FinSA. Further details are available on request or can be found at [www.privatebanking.societegenerale.com](http://www.privatebanking.societegenerale.com).

**This document is not distributed neither by SG Kleinwort Hambros Bank Limited in the United Kingdom, nor by its branches in Jersey, Guernsey and Gibraltar** together operating through the brand name “SG Kleinwort Hambros”. Consequently, the information and potential offers, activities and financial information contained in this document do not apply to these entities and may neither be authorized by these entities or adapted on these territories. Further information on the activities of the private banking entities of Société Générale located in the territories of the United Kingdom, the Channel Islands and Gibraltar, including additional legal and regulatory details can be found at: [www.kleinworthambros.com](http://www.kleinworthambros.com).”

