MONDAY MARKETS MAIL

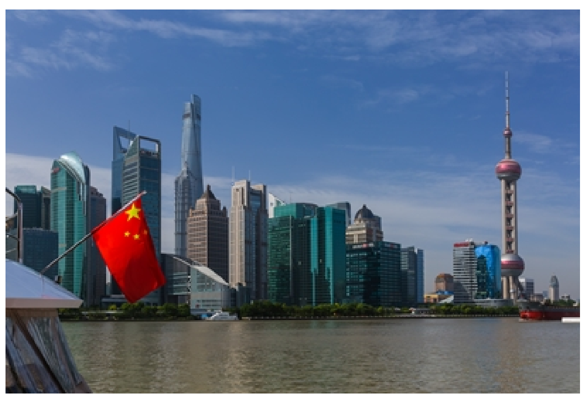
Key topics at a glance.

ECB ends bond purchases - Interest rate to be raised by 0.25 points in July

Amsterdam (APA/Reuters/dpa) - The European Central Bank (ECB) will end its multi-billion net bond purchases on July 1, paving the way for the first interest rate hike in the euro area in eleven years. This was decided by the ECB Governing Council on Thursday at its external meeting in Amsterdam, as announced by the central bank in Frankfurt. This is considered a preliminary stage of an interest rate increase, which should then follow from July.

The key interest rate is currently at 0.0 per cent, the deposit rate for banks at minus 0.5 per cent. An increase of 0.25 points is expected in July. This should be followed by an increase in September.

US inflation rate rises to 8.6 per cent



China's producer inflation fell to 14-month low in May

Washington/Frankfurt am Main (APA/Reuters) - Inflation in the US is surprisingly picking up again, climbing to its highest level since December 1981. The inflation rate for goods and services rose from 8.3 to 8.6 percent in May, the Labour Department said in Washington on Friday. Experts, on the other hand, had expected stagnation. Material bottlenecks and increased energy costs, also as a result of the Ukraine war, are keeping price pressure high.

The euro lost ground against the dollar after the data and Germany's DAX stock index extended its losses. "This should be the inflation peak," said analyst Bastian Hepperle of private bank Hauck Aufhäuser Lampe. But he added that the inflation rate would remain very high for the time being. "It should fall towards 5.0 per cent by the end of 2022 and a three in front of the decimal point should show up from spring 2023."

The US Federal Reserve took its biggest interest rate step in 22 years in early May, raising the key rate by half a point to the new range of 0.75 to 1.0 per cent.

Fed President Jerome Powell has signalled similarly large increases for both the June and July meetings.

Beijing (APA/Reuters) - Inflation in China cooled to its lowest level in 14 months in May. That was according to official government data on Friday. This was partly due to weak demand for steel, aluminium and other key industrial commodities after China imposed strict lockdown rules. The National Bureau of Statistics (NBS) said the producer price index (PPI) rose only 6.4 per cent year-on-year.

This was in line with the forecasts of surveyed analysts. It was the weakest reading since March 2021. The consumer price index (CPI) rose 2.1 per cent year-on-year in May, in line with April's growth. Experts had expected an increase of 2.2 per cent.

The world's second-largest economy has slowed significantly in recent months due to strict lockdown measures that disrupt supply chains and limit production and consumption. China's cabinet announced a package of 33 fiscal, financial, investment and industrial policy measures at the end of May to revive the Chinese economy.

About us

Kathrein Privatbank AG, headquartered in Vienna's first district, was founded by Carl Kathrein in 1924 and is one of the leading private banks in the German-speaking countries. Our core competence lies in the management of private, corporate and institutional assets as well as the assets of private foundations. As a subsidiary of Raiffeisen Bank International AG, Privatbank offers the advantages of a flexible, independent as well as service-oriented institution and the security of a stable, international banking group.

NEWSLETTER ABBESTELLEN

Contact

Adress:
Wipplingerstraβe 25
1010 Vienna, Austria

+43 1 53451-0
privatbank@kathrein.at

Disclaimer

This document is for your information only and is therefore not subject to the provisions of the WAG 2018, which are intended for the dissemination of financial analyses. The content of this document represents the in-house opinion of Kathrein Privatbank Aktiengesellschaft, it is not legally binding and does not constitute a recommendation to act or an offer to buy or sell securities or other financial instruments.
An investment decision regarding any securities or other financial instruments should only be made on the basis of a consultation and not solely on the basis of this communication.

Although we believe that the third-party sources relied upon for this communication are reliable, we cannot assume any liability for the completeness, accuracy or timeliness of the information reproduced herein.
The analyses and conclusions are of a general nature and therefore do not take into account the individual needs of investors in terms of return objectives and risk tolerance.