

# iFlow

## WEEK AHEAD

May 12, 2024

## Northern Lights

*"Some people I know are like the Northern Lights. They have their moments that are brilliant and stunning but usually, I find that they are hidden away. And trust me when I say they should be seen much more." - Philip Pullman*

*"The Northern lights painted the sky with stories we hadn't heard of yet. We leaned back, letting the colors wash over us and paint new dreams for us to follow." – Robyn Petrik*

### Summary:

The thrill of the Northern Lights captivated the weekend and sets up markets for another week where talk and opinion matter more than facts and science. The same old narrative of a US soft-landing aided by the Fed speakers still talking about easing, supported by weaker jobless claims and hampered by higher inflation expectations – all that drove last week – and unless the US CPI or Fed Chair Powell surprise, likely continues through the week ahead. The Vikings thought the Northern Lights represented the dying breaths of the brave soldiers, while the Inuit see this as dead souls playing a football game. The industrialist of the moment see this as a risk to power grids, a destroyer of satellites and a risk to communications. The solar flare behind the weekend light was 17-times the size of the earth and that alone should beget awe if not shock. Markets, however, had none of that last week as they sold volatility protection with stocks up, bonds mixed and views that we could be in for a long-dry summer of waiting for data and central bankers before any carry trades fail. The week ahead brings plenty of cloud cover for the bears as China recovery doubts are on the forefront with the weekend negative total social finance a shock, along with higher-than-expected CPI. The PBOC on Wednesday and the retail sales, property investment and industrial production Friday may beat out the US CPI and Fed Powell for market drama

## Key Themes :

- **The narrow landing for US economy – when bad news is good** – Risk on last week tracked the expectations for Fed cuts in rates. Much of this followed the data. Friday saw one worry where inflation expectations climbed and economic outlooks fell, begging the question of what the real economy does in the weeks ahead. Investors are sticking to US exceptionalism and the view of a US soft-landing as the weaker US data in weekly jobless claims and US consumer sentiment added to views that the FOMC will ease policy in September, as long as CPI and PCE core prices remain unchanged or lower. The key point is that the growth of the US stands out still vs. rest of the world and inflation is slowly declining, allowing the central bank the luxury of easing policy rather than the need to do so. The Fed speakers ahead will need to confirm the easing bias and react to CPI and other data appropriately for this to work. The balancing act of a dual mandate is in play with Fed speakers talking about jobs more than inflation one risk.
- **Politics – with focus on EU, Australia, Korea, India and US** – with Catalans voting in a regional election with chance that separatist leader Illa returns; with South Korea embattled President Yoon planning at \$7.3bn computer chip investment spending plan to win the “war” in chips; with Australian Treasurer Chalmers release of his budget plan watched for easing the inflation risks and COLA problems with focus on housing; with the ongoing India election seeing Kejriwal opposition leader given bail to continue campaigning; with US college campus protests supporting Gaza still in the news as Israel pushes into Northern Gaza and ups the pressure on Rafah despite US Biden pushback. Along side the US role in geopolitics, the push of Trump vs. Biden policies and risks for markets heating up.
- **Private Credit and the question of leverage**. The \$1.7trn private credit market was a key focus of last week’s Milken conference. The fears about rising loans given to private equity funds that are already leveraged was key. The risk of higher for longer policy hitting a limit on such leverage remains in play. Money is being raised to pay investors in these funds dividends to meet demands for payouts, the financiers said. That also enables the fund managers to ask investors for new money, generating more fee income. In some cases, the money is being used to prop up struggling portfolio companies or to invest in them for growth, and to fund new acquisitions. To be sure, some financiers said while a downturn might lead to losses and depress returns for investors, the likelihood that problems in the private credit market would lead to a broader financial crisis is low.

## Exponential growth

Private credit assets under management have increased rapidly in recent years



Note: AUM in \$ bln, through September 2023

Source: Preqin

### What are we watching: Fed Speakers, US CPI and retail sales, China PBOC and retail sales, UK jobs, Japan and EU GDP

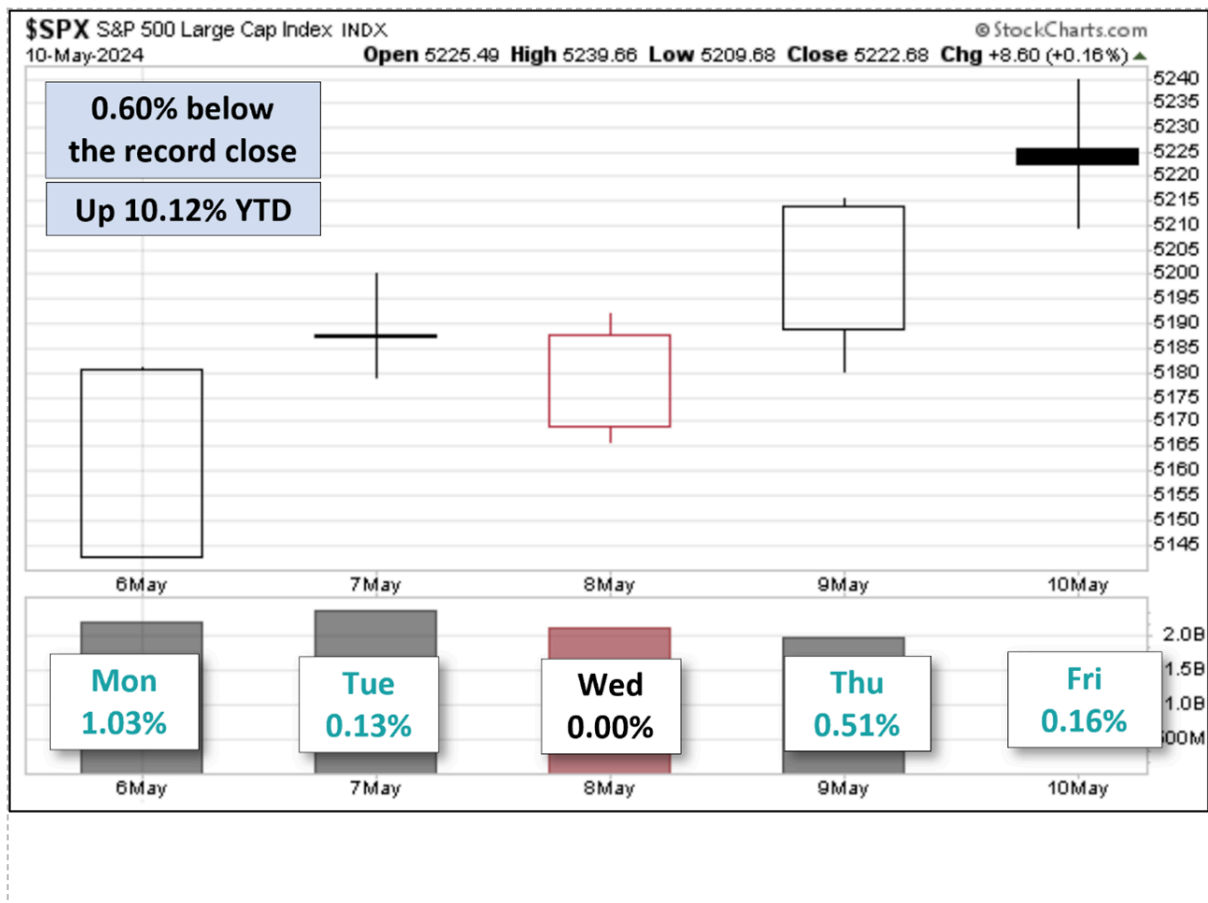
- **Economic Releases: Monday** – Australia Business Confidence **Tuesday** – UK jobs, German ZEW, US PPI; **Wednesday** – Eurozone GDP and ind. Production, US CPI, US retail sales; **Thursday** – Japan GDP, Australia jobs, US weekly jobless claims; industrial production, Philadelphia Fed business outlook; **Friday** – China retail sales, industrial production, Eurozone CPI, US LEI
- **Central Banks: Monday** – Romania rate decision, Poland NBP minutes, Fed Mester/Jefferson, SNB Jordan; **Tuesday** – EcoFin meeting, FOMC Powell, ECB Knot, BOE Pill; **Wednesday** – China PBOC rate decision, Former Fed Bernanke in UK testimony, Fed Kashkari, ECB Villeroy; **Thursday** - Philippines BSP rate decision, ECB Fin Stability Report, Fed Harker, Bostic, Mester, ECB Panetta and de Cos, BOE Greene; **Friday**: BOE Mann, RBA Hunter, ECB Guindos and Vujcic
- **US Issuance**: No coupon supply but IG \$30bn in issues expected post \$55bn last week. US Treasury weekly cash flow is \$90bn positive with \$125bn issuance against \$60.3bn coupons and \$154.8bn redemptions. **Monday** – \$70bn in 3M and \$70bn in 6M bills; **Tuesday** - \$46bn in 1Y and \$75bn in 42-day CMB; **Wednesday** – 4M Bills; **Thursday** – 1M and 2M Bills
- **EU Issuance**: The week ahead expected E26.5bn issuance from Germany, Netherland, France and Spain, with cashflow net E23.8bn positive with

E16.5bn in issuance against coupons and redemptions of \$40.3bn with E15.4bn from Italy. **Tuesday** – Dutch 5Y DLS E2bn, German 2Y Schatz E5bn; **Wednesday** – German 30Y Bunds E2bn; **Thursday** – French 3Y, 5Y and 7Y OATs for E10.5bn; Spain 3Y SPGB and 18Y Green for E5.5bn

#### What changed last week:

- **US Treasury will sell Pandemic Airline warrants and raise near \$500bn for May 24 bidding** - many of the airline warrants are priced below the current trading prices of the carriers' stocks. The airlines involved received support from \$25bn loan and \$58bn in equity – with \$14bn paid back - American Airline received \$12.6 billion in government assistance, followed by Delta Air Lines at \$11.9 billion, United Airlines at \$10.9 billion, and Southwest Airlines at \$7.2 billion. Seven other airlines received smaller awards, including \$2.2 billion for Alaska Airlines.
- **US May preliminary University of Michigan consumer sentiment drops** to 67.4 from 77.2 – **worst in 6 months**. Current conditions fell to 68.8 from 79.0 while expectations fell to 66.5 from 76.0. The consumer turn was notable in western states. They expressed worries that inflation, unemployment and interest rates may all be moving in an unfavorable direction in the year ahead. Year-ahead inflation expectations rose from 3.2% last month to 3.5% this month while long-run was up 0.1pp to 3.1%.
- **US weekly jobless claims rose to 231,000 up 22,000 – the highest in 8-months**. Continuing claims rose 17,000 to 1.785mn but previous week was revised lower by 6,000. The 4-week moving average is 1.781mn off 6,250. In unadjusted terms claims rose 19,690 up 10.4% when seasonal factors expected -626. In comparison to 2023, the same week was 203,898.
- **In Equities, the US S&P500 rose for the 3<sup>rd</sup> week** gaining 1.85% leaving the index up 10.12% ytd and just 0.6% below the record close. The DJIA rose 2.16% on the week while the NASDAQ rose 1.14%. The best gains were in Europe with EuroStoxx 50 up 3.32%, German DAX up 4.28% and Sweden OMX up 4.07%. The worst performing bourses were Brazil Bovespa off 0.71% and Japan Nikkei off 0.12%.

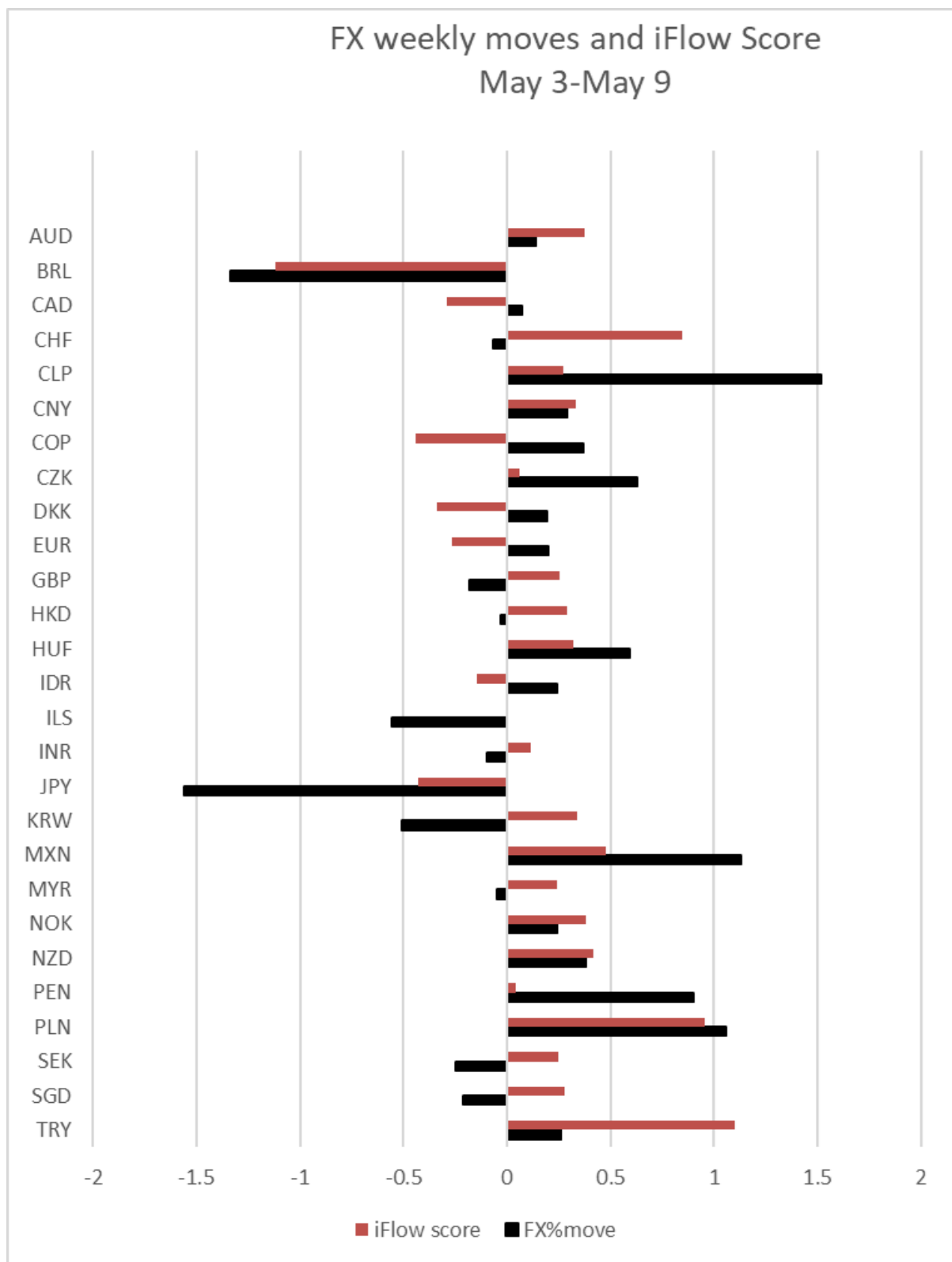
**US markets up again on rate cut hopes**



Source: Bloomberg, BNY Mellon

- **In FX, the USD rose 0.25% on the week** with JPY the ongoing focus in G10 and MXN the biggest winner in EM. The flows were uneven and the CLP, MXN, PLN all gained over 1% vs the dollar while JPY, BRL both fell over 1%. The biggest divergence in flows between price and iFlow were in COP, KRW and SEK.

**FX focus is on JPY and Carry Trade return**



Source: Bloomberg, iFlow, BNY Mellon

- In Fixed Income, US bonds saw a modest curve flattening** with markets pricing in 49% chance of a September easing. The focus on the week was Rikbank cutting rates 25bps diverging from the US while US data was mixed with higher inflation expectations from the University of Michigan survey offsetting higher US jobless claims. The supply from the auction saw a successful 3Y and 30Y and a softer 10Y result all 3 were out of the money Friday. Markets also saw \$55bn in new IG supply far outstripping the \$35bn

expected. The rest of the world was focused on data and guidance with UK BOE sounding dovish, RBA hawkish, Mexico hawkish, Brazil cut 25bps rather than 50bps. Bonds were mostly sold outside the US with only Australia -6bps to 4.32% 10Y and New Zealand -4bps to 4.715% and the UK Gilts off 5.5bps to 4.165%. Notable that Italy BTP rose 7bps to 3.85% and Bunds rose 5bps to 2.515%. The biggest iFlow movers were in buying in Mexico, Thailand and Indonesia vs. ongoing Argentina selling. G10 bond flows were modestly positive and in contrast to the price action.

<b>US Bond</b>	<b>High</b>	<b>Low</b>	<b>Current</b>	<b>% from Low</b>	<b>1W change</b>
30Y	5.35	0.99	4.64	3.72	-0.02
20Y	5.44	0.87	4.74	3.97	-0.02
10Y	5.26	0.52	4.5	4.1	-0.01
5Y	5.18	0.19	4.51	4.48	0.01
2Y	5.22	0.09	4.87	4.9	0.05
3M	5.63	0	5.25	5.37	-0.13
FFR	5.41	0.04	5.32	5.28	0.00
<b>The Yields and Fed Funds Rate data from January 2007</b>					

Source: Bloomberg, iFlow, BNY Mellon

## **News Agenda and Weekly Themes – US CPI, UK Jobs, China IP and retail sales, USD in EM**

In the US, investors will closely monitor key economic indicators, including inflation, producer price, and retail sales data, alongside speeches by several Fed officials. Significant releases also include data on industrial production, import and export prices, as well as housing starts and building permits. Additionally, attention will be on earnings reports from major corporations such as Home Depot, Cisco, Walmart, Deere & Company, and Applied Materials. Meanwhile, China's economic performance will be in focus with the release of data on industrial production, retail sales, fixed asset investments, the house price index, and the unemployment rate for April. Global attention will also be on the Q1 GDP growth rates for Japan, the Netherlands, Thailand, Poland, and Russia, along with inflation rates in India and Russia. Finally, Germany will release ZEW Economic Sentiment, Australia's NAB Business Confidence, and the UK's unemployment rate.

**1. US CPI will this keep soft-landing hope alive?** The Wednesday, May 15 US economic release for CPI will be watched for more evidence of stubborn inflation,

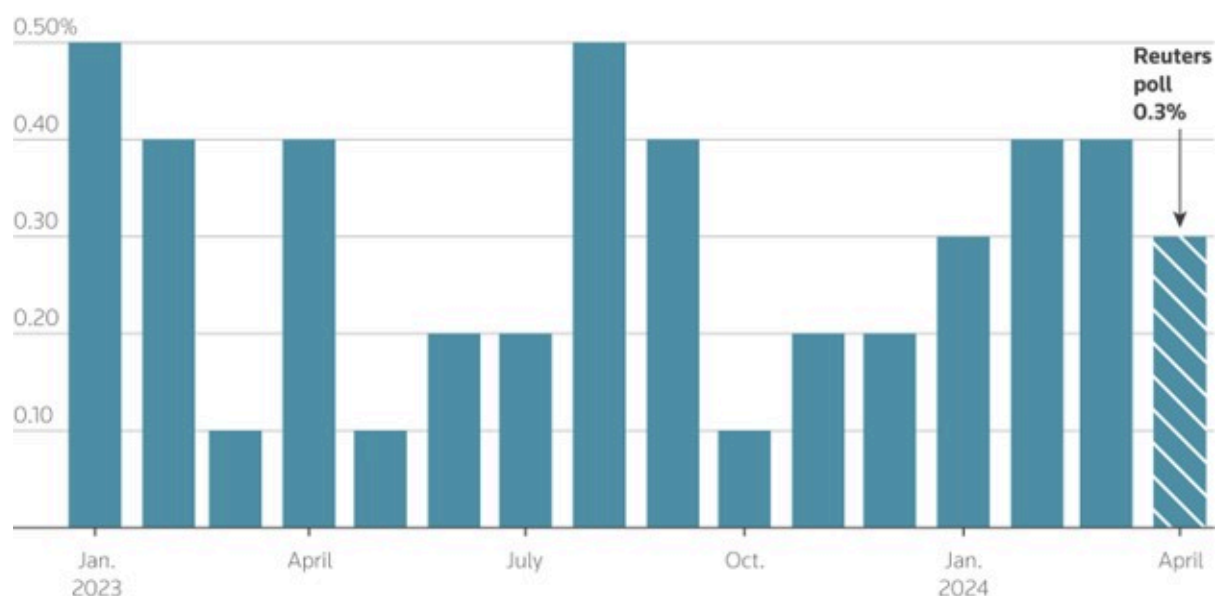
which could derail the recent FOMC rate cut hopes. Consensus is for 0.3% m/m CPI gain which may not be sufficient to put the fear of a high for longer Fed back. For months, the balance of resilient growth and easing inflation that some investors dub the "Goldilocks scenario" helped support risk markets - until it was upended by a series of US data showing the economy was more robust than expected – 1Q GDP was over 3% when expectations were 2-2.5%. The growth coupled with sticky inflation mattered to pushing out rate cuts and led to no landing talk. Some relief came earlier this month, when the Federal Reserve Chair Powell assured markets it was still looking to eventually cut rates and after the US employment report showed signs of cooling. The last Thursday weekly jobless claims added to the support. The next key risk will be core PCE which comes at the end of the month.

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### Will the CPI continue to drop?

#### US CPI gains expected to have slowed in April

Economists polled by Reuters project CPI gaining 0.3% in April from previous month, its slowest pace in three months.



Sources: Reuters polling, LSEG Datastream

Prinz Magtulis • May 7, 2024 | REUTERS

Source: Reuters, BNY Mellon

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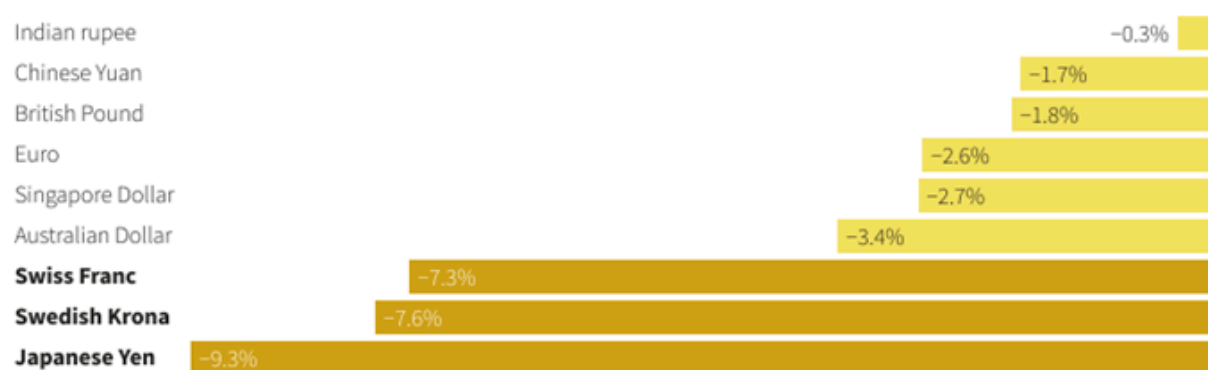
**2. USD strength and the lack of alternatives.** The divergence of monetary policy in G10 countries stands out in 2024 vs. 2023. The risk for many central bankers remains in sticky inflation and the role of FX. The last week brought the expected Riksbank rate cut as Sweden joins Switzerland in easing policy despite the reluctance of the US FOMC. The US high for longer policy remains a problem for many nations. Speculators are net long USD according to futures positioning – the IMM has the largest long USD holdings in 5-years. The net long position in the dollar



against other G10 currencies is worth around \$33 billion. In January, when markets anticipated at least five U.S. rate cuts in 2024, investors held roughly \$7.23 billion in bets against the dollar. In contrast to the futures, the iFlow data show USD shorts for hedging, but even those have been cut back since January. Investors still hope for a USD turning point but the question of what the right alternative to the dollar is remains. The JPY, CHF and SEK are clearly the anchors of ongoing “carry” trades against the likes of MXN, ZAR and TRY. The role of USD in APAC and the nascent recovery hopes there is clearly linked as well. The risk of reversals into the end of May hasn’t yet been part of the discussion, but another round of Japan MOF intervention or further weakness in US data will matter.

## Performance of select currencies against US dollar

### Year-to-date change in major currencies against US dollar



Note: Data till May 8, 2024.

Source: LSEG Workspace | Reuters, May 9, 2024 | By Vineet Sachdev

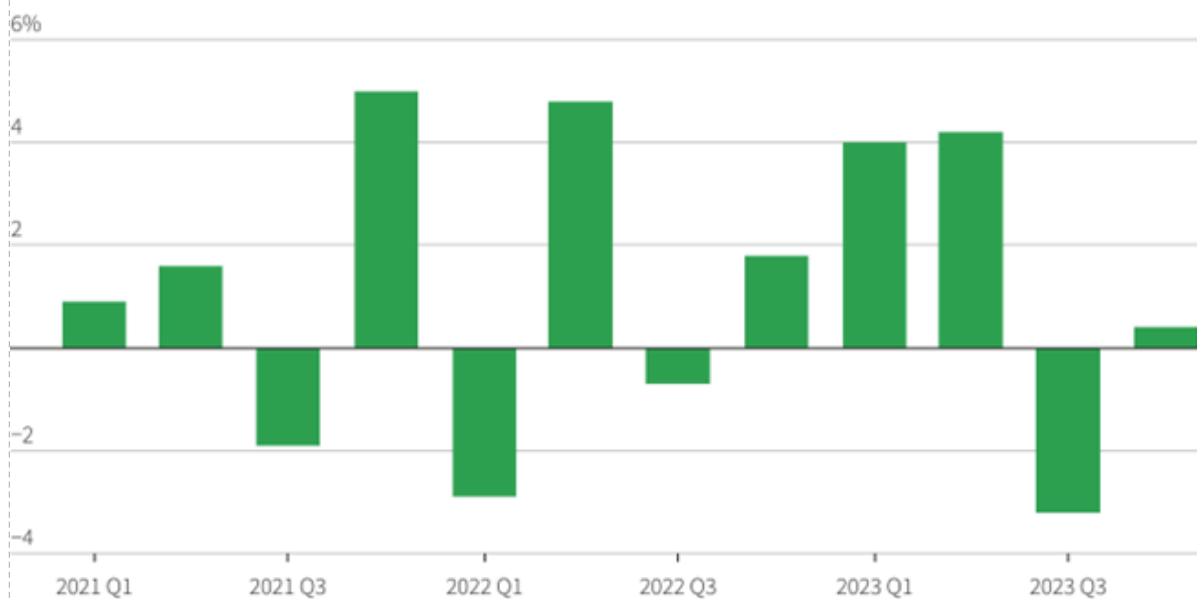
Source: Reuters, BNY Mellon

**3. Japan and the 1Q GDP – no recession and no urgency?** Thursday May 16, the Japan 1Q GDP will reveal whether the Japanese economy began 2024 on a strong footing, especially since the Bank of Japan (BOJ) in March made a landmark exit from negative interest rates - kickstarting a tentative virtuous cycle of rising wages and prices. The nation narrowly avoided a recession in 4Q but fears of crawling along the bottom rung for growth remain as they do for the entire APAC region. Blame is put to demographics with aging population and weak domestic demand – linked to the JPY troubles. The role of the MOF intervention and what it means for growth isn’t likely to show up in the report this week but remains a key part of the story ahead.

### Does the GDP matter to BOJ hikes?

## Japan's Q1 2024 GDP figures to be closely watched

Japan narrowly avoided a technical recession in the fourth quarter of 2023, but the narrative over longer-term growth outlook remains uncertain.



Source: LSEG Datastream | Reuters, May 9, 2024 | By Sumanta Sen

Source: Reuters, BNY Mellon

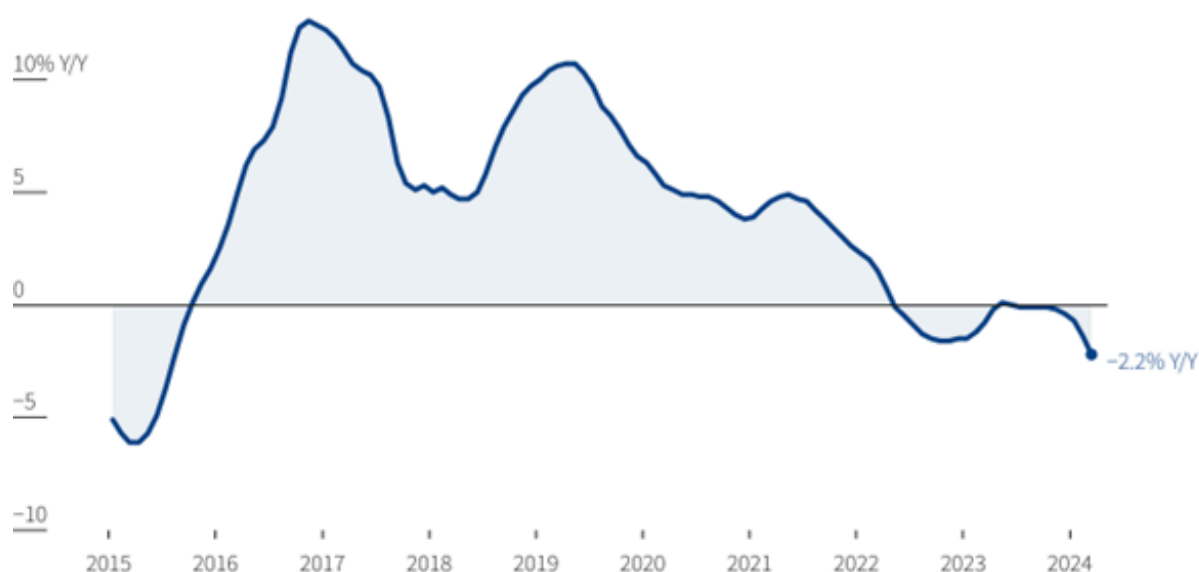
**4. China April economic data and the hope for more.** April home price data on May 17 will be the next barometer of health for the beleaguered sector which has been engulfed by a debt crisis for about three years now, leaving property developers on the brink of collapse. The release comes alongside China's retail sales and urban unemployment rate figures due the same day, and on the heels of disappointing May Day spending data. Comments from policymakers at April's Politburo meeting have primed investors for a wave of stimulus measures from Beijing to boost economic recovery, keeping the market mood buoyant for now. Chinese stocks have edged away from their February lows, while the yuan seems to have found a floor.

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**Does the China data force more stimulus?**

## China's new home prices decline at fastest pace since 2015

New home prices in China fell at their fastest pace in more than eight years in March as the debt woes of major property developers continued to drag on demand and the economic outlook.



Source: LSEG Datastream | Reuters, May 9, 2024 | By Kripa Jayaram

Source: Reuters, BNY Mellon

### Economic Data and Events Calendar May 13-17:

#### Central Bank Decisions

- **Philippines BSP (Thursday, May 16)** - BSP is likely to maintain status quo at 6.5%. Upside inflation risks might see BSP revised higher its risk-adjusted forecasts, which set at 4.0% in 2024. We do not see BSP to hike rates as a defence mechanism against FX depreciation. BSP is likely to look towards government measures to contained food inflation. We will also be looking for a potential less-dovish shift, to avoid talking about rate cut. We see no merit to prepare market for easing when conditions are far from ideal. Since the April policy decision, headline inflation has drifted higher to 3.8% but core inflation has eased to 3.2% - the slowest rate since June 2022.

Date	BST	EDT	Country	Event	Period	Cons.	Prior
05/11/24	02:30	21:30*	CH	PPI YoY	Apr	-2.30%	-2.80%
05/11/24	02:30	21:30*	CH	CPI YoY	Apr	0.20%	0.10%
05/12/24	23:45	18:45	NZ	Food Prices MoM	Apr	--	-0.50%
05/13/24	08:00	03:00	CZ	CPI MoM	Apr	0.20%	0.10%
05/13/24	08:00	03:00	CZ	CPI YoY	Apr	2.40%	2.00%
05/13/24	08:00	03:00	TU	Current Account Balance	Mar	-3.90b	-3.27b
05/14/24	00:50	19:50*	JN	PPI YoY	Apr	0.80%	0.80%
05/14/24	07:00	02:00	GE	CPI YoY	Apr F	2.20%	2.20%
05/14/24	07:00	02:00	GE	CPI MoM	Apr F	0.50%	0.50%
05/14/24	07:00	02:00	UK	ILO Unemployment Rate 3Mths	Mar	4.30%	4.20%
05/14/24	07:00	02:00	UK	Jobless Claims Change	Apr	--	10.9k
05/14/24	10:00	05:00	GE	ZEW Survey Expectations	May	45	42.9
05/14/24	10:00	05:00	GE	ZEW Survey Current Situation	May	-74.8	-79.2
05/14/24	13:30	08:30	US	PPI Final Demand MoM	Apr	0.30%	0.20%
05/15/24	07:00	02:00	SW	CPI MoM	Apr	0.40%	0.10%
05/15/24	07:00	02:00	SW	CPI YoY	Apr	3.90%	4.10%
05/15/24	07:00	02:00	SW	CPI Level	Apr	416.11	414.26
05/15/24	09:00	04:00	PD	CPI YoY	Apr F	--	2.40%
05/15/24	10:00	05:00	EC	GDP SA QoQ	1Q P	0.30%	0.30%
05/15/24	10:00	05:00	EC	GDP SA YoY	1Q P	0.40%	0.40%
05/15/24	12:00	07:00	SA	Retail Sales Constant YoY	Mar	-0.60%	-0.80%
05/15/24	12:00	07:00	US	MBA Mortgage Applications	May-10	--	2.60%
05/15/24	13:30	08:30	US	CPI MoM	Apr	0.40%	0.40%
05/15/24	13:30	08:30	US	CPI YoY	Apr	3.40%	3.50%
05/15/24	13:30	08:30	US	Retail Sales Advance MoM	Apr	0.40%	0.70%
05/16/24	00:50	19:50*	JN	GDP Annualized SA QoQ	1Q P	-1.40%	0.40%
05/16/24	00:50	19:50*	JN	GDP SA QoQ	1Q P	-0.40%	0.10%
05/16/24	00:50	19:50*	JN	GDP Deflator YoY	1Q P	3.30%	3.90%
05/16/24	02:30	21:30*	AU	Unemployment Rate	Apr	3.90%	3.80%
05/16/24	02:30	21:30*	AU	Employment Change	Apr	23.7k	-6.6k
05/16/24	05:30	00:30	JN	Industrial Production MoM	Mar F	--	3.80%
<b>05/16/24</b>	<b>08:00</b>	<b>03:00</b>	<b>PH</b>	<b>BSP Overnight Borrowing Rate</b>	<b>May-16</b>	<b>6.50%</b>	<b>6.50%</b>
05/16/24	13:30	08:30	US	Initial Jobless Claims	May-11	--	231k
05/16/24	13:30	08:30	US	Housing Starts	Apr	1435k	1321k
05/16/24	14:15	09:15	US	Industrial Production MoM	Apr	0.20%	0.40%
05/17/24	03:00	22:00*	CH	Industrial Production YoY	Apr	5.50%	4.50%
05/17/24	03:00	22:00*	CH	Retail Sales YoY	Apr	3.70%	3.10%
05/17/24	10:00	05:00	EC	CPI YoY	Apr F	2.40%	2.40%
05/17/24	10:00	05:00	EC	CPI MoM	Apr F	0.60%	0.60%

#### Key speeches/events

Date	BST	EDT	Country	Event
05/13/24	13:00	08:00	PD	National Bank of Poland Publishes Minutes of Rate Meeting
05/13/24	14:00	09:00	US	Fed's Mester, Jefferson Discuss Central Bank Communications
05/13/24	17:45	12:45	SZ	SNB's Jordan and IMF's Georgieva Speak in Zurich
05/14/24	08:30	03:30	UK	BOE Chief Economist Huw Pill speaks
05/14/24	09:00	04:00	FI	Bank of Finland Press Conference on Financial System Stability
05/14/24	15:00	10:00	EC	Fed Chair Powell, ECB's Knot Speak
05/15/24	08:30	03:30	SW	Riksbank minutes from May 7 meeting published
05/15/24	09:00	04:00	FI	ECB's Rehn Speaks at Bank of Finland Payments Forum
05/15/24	10:00	05:00	EC	ECB's Villeroy speaks
05/15/24	15:05	10:05	UK	Fed's Ben Bernanke testifies on BOE
05/15/24	17:00	12:00	US	Fed's Kashkari Speaks in Fireside Chat
05/16/24	00:40	19:40*	AU	RBA's Hunter-Speech
05/16/24	09:00	04:00	NO	Norges Bank 2Q Expectations Survey
05/16/24	10:00	05:00	IT	ECB's Panetta speaks in Rome
05/16/24	10:15	05:15	EC	ECB's De Cos Speaks
05/16/24	12:00	07:00	UK	BOE's Megan Greene speaks
05/16/24	12:30	07:30	EC	ECB's Nagel Speaks
05/16/24	13:15	08:15	EC	ECB's Villeroy speaks in Paris
05/16/24	15:30	10:30	US	Fed's Harker Speaks on Higher Education, Healthcare
05/16/24	17:00	12:00	US	Fed's Mester Gives Remarks on Economic Outlook
05/16/24	20:50	15:50	US	Fed's Bostic Speaks in Moderated Chat on Economy
05/16/24			EC	ECB Publishes Financial Stability Review
05/17/24	08:00	03:00	EC	ECB's Vasle Speaks
05/17/24	08:20	03:20	EC	ECB's Guindos Speaks
05/17/24	08:30	03:30	EC	ECB's Vujcic Speaks
05/17/24	09:00	04:00	UK	BOE's Catherine Mann speaks
05/17/24	13:30	08:30	EC	ECB's Vasle, Holzmann, Kazaks Speak

## **Conclusions: Are we at peak earnings?**

Investors should be happy, stocks are higher, bonds are modestly lower, USD is bid but there is hope for a turn and the rest of the world has central bankers easing or planning on doing so. The 1Q US S&P500 earnings at 5.4% are the best since 2Q 2022, and support some of the euphoria as we shift the narrative away from the FOMC policy mistake risks and global recessions and geopolitical conflagration back to soft-landing and just right returns from carry and relative value machination. The 1Q US earnings are not evenly distributed and that is the concern as the winners are the usual “fab 5” high tech names – if not for them the S&P500 would be down 2.4% on the quarter. The largest losers are in health care. [As Factset notes](#) if Bristol Myers Squibb, Gilead Sciences, and Pfizer were excluded, the blended earnings growth rate for the S&P 500 would improve to 9.7% from 5.4%.

The 2Q outlook for shares is robust. The end of April EPS outlook for companies into 2Q is higher by 0.7% - the first time this has happened since 4Q 2021. Stock analysts usually cut expectations for growth in a quarter does not raise it. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 1.8%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 1.5%.

When you mix the US 2Q outlook from equities with the new found shift in Fed language supporting cuts and the data so far for 2Q, you get a GDPnow that is 4.2% up from 3.3% last week. All this good news is tempered by slowing labor market data and risks of inflation with CPI next week critical to making this work. How important the US Fed easing plans play into the market is now confused by the divergence plans of the rest of the world. The underappreciated risk for the week ahead maybe in how the UK data drive BOE expectations. [The Bank of England](#) is expected to cut interest rates this year after inflation eased, but remains on alert for pay rises refueling price pressures ahead of fresh labour market data due on May 14. Investors see a good chance rates will fall in June. But the central bank might need more time and data to be sure that Britain has escaped a wage and price spiral. Annual [pay growth](#) is still running hot, while labour supply is stagnating, with more than a fifth of working-age adults not seeking employment and the number of people registered as long-term sick having hit 2.83 million, the highest since records began in 1993.

**Bottom Line:** The GBP/JPY focus in FX is worth watching into the week ahead as carry trades and rate policy collide, the surge of support for MXN over the last 3

weeks matches that for US shares and also merits watching. The barometers of yield curves spelling trouble for economics is not dead yet and how the bill supply in the US is absorbed against concerns about the US CPI and Fed policy is not going away either. All this leaves the nagging risk for markets in unwinding US exceptionalism early, ahead of bigger evidence that good times are almost over.

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## Are UK wages like US ones, key for policy?

### Inflationary heat persists in Britain's labour market

Regular wages in the UK grew by 6% in the December to February period, only slightly slower than the 6.1% growth in the previous three month period. Inflation adjusted pay, however, rose by the fastest since mid-2021.



Source: ONS, UK | Reuters, May 9, 2024 | By Sumanta Sen

Source: Reuters, BNY Mellon

Disclaimers and Disclosures

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Please direct questions or comments to: [iFlow@BNYMellon.com](mailto:iFlow@BNYMellon.com)



**Bob Savage**  
HEAD OF MARKETS STRATEGY  
AND INSIGHTS

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