



## GBP

It's a quiet data week for GBP ahead of the Early May Bank Holiday weekend, with services industry data serving as the most notable on Friday. Markets will be preparing for next week's Bank of England (BOE) meeting on Thursday which, based on current market expectations, will result in a sixth consecutive hold of the BOE's base rate, at 5.25%.

A poll by City A.M. has revealed 57% of 21 economists surveyed estimate the BOE will start cutting rates in August, while 38% expect the first reduction in June. Given the lack of data releases in the UK, any changes in rate expectations before the central bank's meeting on 9th May may be driven by the Fed's actions at their meeting this Wednesday.

Away from economic releases, London Mayoral and local elections across 107 local authorities in England will take place on Thursday 2nd May.

## EUR

Today, we've already had the release of the German Consumer Price Index (CPI). For April, Germany's consumer price inflation was confirmed at 2.2%, the same reading as March but a dip from 2.5% in February, sticking at the lowest rate since May 2021.

This data carries significant importance for the Eurozone's overall inflation. Germany holds a pivotal position within the EU as its largest economy. Therefore, fluctuations in the German CPI can heavily influence monetary policy decisions made by the ECB.

Last month, inflation across the Eurozone decreased to 2.4%, edging closer to the ECB's 2.0% target rate. Data released from Bloomberg on Friday inferred a possible stall in the slowdown of inflation for the first time this year.

On Tuesday, we have an array of economic data released from France, Germany, Spain, and Italy which could significantly influence the ECB's next interest rate decision in June. The Gross Domestic Product (GDP) estimates for these key European economies are particularly noteworthy as they carry considerable significance for the broader economic landscape of the Eurozone, aiming to alleviate constraints on the Eurozone economy. Last Thursday, Fabio Panetta, head of Italy's central bank, acknowledged that a 'Hold' decision by the Fed would be "likely to reinforce the case for a rate cut [by the ECB] rather than weakening it".

In addition to the ECB's meeting, the 6th June is also highly notable as it's the start of the European Parliament elections.

## Currency headlines



**GBP: Will the BOE hold rates as expected next week?**



**EUR: GDP estimates could signal the ECB's next move**



**USD: Fed expected to hold rates on Wednesday**



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