## Global Economy

In the US, consumer prices moderated in May as an uptick in food prices was offset by cheaper gasoline prices. Data from the Labour Department showed that the consumer price index (CPI) ticked up 0.1% m-o-m in May. This follows a 0.3% gain in April. On an annual basis, inflation moderated 1.1%, down from a 1.8% increase in April. Core CPI, which controls for volatile food and energy components, edged up 0.1% m-o-m for the fourth consecutive month. The annual core inflation rate came in at 2%, after a 1.4% increase in the month. Inflation is expected to remain low in the months to come. When CPI inflation was revised down, existing declines in rent and energy components counter the upward effects of food prices.

## Money Market

The average bond yields continued to tick higher across most segments in the week ended June 14th, 2019, as bargain hunting was observed on some select instruments. Yields on the seven-, ten- and twenty-year debt instruments closed higher at 14.73%, 14.66% and 14.53%, respectively. The Federal Reserve increased rates by 0.25%, as expected, for the fourth consecutive meeting, and extended its earlier pledge to hold rates at current levels until at least the end of 2019. The bank also made a change to its statement relating to the federal funds rate, which now indicates a “longer period” of USD 1.75% rate. In the European Central Bank (ECB), President Mario Draghi reiterated that the bank would react to any deterioration in the economy, placing the resumption of the quantitative easing programme back on the table. The ECB also announced the pricing of the new series of Targeted Long-Term Refinancing Operations (TLTRO III), which was initially announced at the March policy meeting. The long-term loans to banks will start in September and initially be priced at the main refinancing rate, which currently stands at 0%, plus 10 basis points (bps). The long-term refinancing operations (TLTRO III) are expected to help improve the financing conditions for small and medium-sized enterprises.

## Commodity Markets

The crude oil price moderated in May as a result of market uncertainties, with higher prices observed on some select instruments. Yields on the ten-year US Treasury note closed higher at 14.73%, increasing 2.1% in April. Core CPI, which controls for volatile food and energy components, edged up 0.1% m-o-m for the fourth consecutive month. The annual core inflation rate came in at 2%, after a 1.4% increase in the month. Inflation is expected to remain low in the months to come.

### Stock Market Analysis and Outlook: June 14– June 21, 2019

### Bond Market

Average bond yields further ticked upwards across most segments in the week ended June 14th, 2019, as bargain hunting was observed on some select instruments. Yields on the seven-, ten- and twenty-year debt instruments closed higher at 14.73%, 14.66% and 14.53%, respectively. The Federal Reserve increased rates by 0.25%, as expected, for the fourth consecutive meeting, and extended its earlier pledge to hold rates at current levels until at least the end of 2019. The bank also made a change to its statement relating to the federal funds rate, which now indicates a “longer period” of USD 1.75% rate. In the European Central Bank (ECB), President Mario Draghi reiterated that the bank would react to any deterioration in the economy, placing the resumption of the quantitative easing programme back on the table. The ECB also announced the pricing of the new series of Targeted Long-Term Refinancing Operations (TLTRO III), which was initially announced at the March policy meeting. The long-term loans to banks will start in September and initially be priced at the main refinancing rate, which currently stands at 0%, plus 10 basis points (bps).

### Foreign Exchange Market

The local currency closed higher at 14.73%, 14.66% and 14.53%, respectively. The Federal Reserve increased rates by 0.25%, as expected, for the fourth consecutive meeting, and extended its earlier pledge to hold rates at current levels until at least the end of 2019. The bank also made a change to its statement relating to the federal funds rate, which now indicates a “longer period” of USD 1.75% rate. In the European Central Bank (ECB), President Mario Draghi reiterated that the bank would react to any deterioration in the economy, placing the resumption of the quantitative easing programme back on the table. The ECB also announced the pricing of the new series of Targeted Long-Term Refinancing Operations (TLTRO III), which was initially announced at the March policy meeting. The long-term loans to banks will start in September and initially be priced at the main refinancing rate, which currently stands at 0%, plus 10 basis points (bps).

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### Fixed Income

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