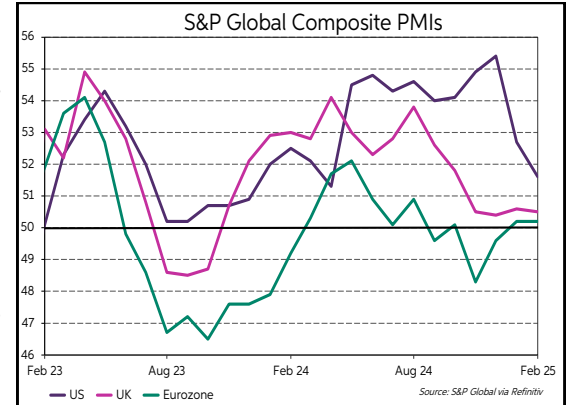


The Waiting Game

- This week's US Fed and Bank of England meetings concluded as expected with no change to rates.** For now, despite global growth risks stemming from trade tensions, reflected in a downgrade in the latest OECD macro forecasts, central banks are happy to take a 'wait and see' approach.
- Those OECD forecasts saw a downward revision in global and US growth, particularly in 2026. Global growth is now expected at 3% in 2025 and 2026, down from c.3.3% forecast in December for both years.** For the US, the OECD has revised down its near-term outlook to 2.2% in 2025 (from 2.4%) and more sharply to 1.6% in 2026 (from 2.1%), a significant slowdown compared to the near 3% rate of growth in recent years. Meanwhile, the Central Bank of Ireland revised slightly lower its Irish outlook but expects growth to remain robust. However, a tariff analysis by the ESRI/Dept of Finance highlighted the potential impact of various scenarios on Ireland, reducing Domestic Demand up to 1.8% and GDP up to 3% compared to the baseline level forecast after four years.
- The March meeting of the Open Market Committee (FOMC) saw the Fed leave policy on hold.** The target range for the Fed funds rate was maintained at 4.25-4.50%. The decision by the FOMC to leave rates unchanged was unanimous and this was the second consecutive meeting where the Fed did not alter its key interest rate. The Fed reduced rates by 100bps over the course of its final three meetings of 2024. However, it did announce a change to its quantitative tightening (QT) process though. From April, it will slow the pace of QT by reducing the monthly redemption cap on Treasuries from \$25 billion to \$5 billion. In his press conference, Chair Powell played down the tweak to QT as a technical adjustment rather than a clear policy signal, but the move provides timely market support amid the current policy uncertainty, including the looming US debt ceiling deadline.
- For the Bank of England, it left Bank rate unchanged at 4.50%.** The most recent policy change came at the previous meeting in February, when the MPC cut official rates by 25bps. So far, in its current easing cycle, which began in August last year, the BoE has cut by a total of 75bps. Once again, there was no unanimity within the MPC. Eight members voted in favour of keeping rates on hold, with one in favour of a 25bps rate cut. Attention now turns to UK fiscal policy, with Chancellor Reeves due to deliver her Spring statement on March 26th. Amid still-tight monetary policy, the Chancellor has little room to manoeuvre to provide a fiscal boost to the UK economy and may even have to announce further spending cuts to meet her new fiscal rules.
- Data-wise, the flash PMIs for March in the Eurozone, UK and US are due this week.** In the Eurozone, the manufacturing PMI has been in contraction mode since July 2022, albeit while trending slightly higher so far in 2025. In contrast, the services PMI has been in expansion territory for the past three months, although it has edged lower in the opening months of the year. The consensus is for both to improve in March, but manufacturing is set to remain well below the key 50 mark. Likewise in the UK, the manufacturing PMI has been in contraction for the last four months, while the services sector was above the 50 threshold. The forecast is for both PMIs to be broadly unchanged in February. Meanwhile, the US PMI surveys have been consistent with increasing activity levels recently. Both US surveys are expected to be little changed this month.
- Elsewhere in the US, the February reading of core-PCE inflation will be in focus.** Having edged down to a low of 2.6% in June, core-PCE rose again throughout the second half of the year, printing at 2.9% in December. It declined to 2.6% in January. However, a modest increase to 2.7% is projected in February. Meantime, a 0.5% rebound in nominal consumption is pencilled in for February, following a 0.2% contraction the previous month. The rise in consumption is expected to be supported by a 0.4% increase in personal income. In terms of more timely data, the Conference Board measure of consumer confidence is forecast to deteriorate to 94.5 in March, its lowest level since January 2021.
- In the UK, inflation data will also feature.** Headline CPI fell to a low of 1.7% in September, but rose throughout the winter, to 3.0% in January. Meanwhile, core-CPI jumped to 3.7% in January, its highest level since April'24. This was largely owing to a rebound in services inflation (a key area of concern for the BoE), to 5.0%. Inflation is set to remain elevated in February, with the headline rate staying at 3.0%, while the core and services rates are seen at 3.6% and 4.8%, respectively. Elsewhere, a 0.3% m/m fall is envisaged for retail sales in February, following a sharp 1.7% expansion in January. **Aside from the data, the aforementioned Spring Statement will garner significant attention.**
- In the Eurozone, the flash reading of HICP inflation for March in some of the large economies (France & Spain) will be released.** Meanwhile, the EC sentiment indicators are projected to show a broad-based improvement in March.



	Interest Rate Forecasts			
	Current	End Q1	End Q2	End Q3
		2025	2025	2025
Fed Funds	4.375	4.375	4.375	4.125
ECB Deposit	2.50	2.50	2.25	2.00
BoE Repo	4.50	4.50	4.25	4.00
BoJ OCR	0.50	0.50	0.75	0.75

Current Rates Reuters, Forecasts AIB's ERU

	Exchange Rate Forecasts (Mid-Point of Range)			
	Current	End Q1	End Q2	End Q3
		2025	2025	2025
EUR/USD	1.0842	1.08	1.09	1.10
EUR/GBP	0.8375	0.83	0.83	0.84
EUR/JPY	161.37	161	162	162
GBP/USD	1.2938	1.30	1.31	1.31
USD/JPY	148.84	149	149	147

Current Rates Reuters, Forecasts AIB's ERU

<i>Date</i>	<i>UK & Irish Time</i>	<i>Release</i>	<i>Previous</i>	<i>Forecast</i>	
This Week:	ECB Speakers:	Cipollone (Wed); de Guindos, Schnabel (Thu)			
	BoE Speakers:				
	Fed Speakers:	Williams (Tue); Musalem (Wed); Barkin (Thu); Bostic (Fri)			
		UK Spring Statement (Wednesday 26th)			
Mon 24th	JPN:	00:30	Flash Jibun Composite PMI (March)	52.0	
	FRA:	08:15	Flash HCOB Composite PMI (March)	45.1	46.5
	GER:	08:30	Flash HCOB Composite PMI (March)	50.4	51.0
	EU-20:	09:00	Flash HCOB Composite PMI (March)	50.2	50.7
			- Manufacturing / Services	47.6 / 50.6	48.2 / 51.0
	UK:	09:30	Flash Composite PMI (March)	50.5	50.3
			- Manufacturing / Services	46.9 / 51.0	46.4 / 50.9
	US:	13:45	Flash S&P Composite PMI (March)	51.6	51.0
			- Manufacturing / Services	52.7 / 51.0	51.8 / 50.8
Tue 25th	GER:	09:00	Ifo Business Climate (March)	85.2	86.6
	UK:	11:00	CBI Distributive Trades (March)	-23.0	
	US:	13:00	Case-Shiller House Prices (January)	-0.1% (+4.5%)	
	US:	14:00	Conference Consumer Confidence (March)	98.3	94.5
	US:	14:00	New Home Sales (February)	0.66m / -10.5%	0.68m / +2.7%
Wed 26th	UK:	07:00	CPI Inflation (February)	-0.1% (+3.0%)	+0.6% (+3.0%)
			- Core-CPI	-0.4% (+3.7%)	+0.5% (+3.6%)
			- Services CPI	-0.2% (+5.0%)	(+4.8%)
	UK:	07:00	PPI Output Prices (February)	+0.5% (+0.3%)	
			- PPI Input Prices	+0.8% (-0.1%)	
	FRA:	07:45	INSEE Consumer Confidence (March)	93.0	94.0
	SPA:	08:00	GDP (Q4: Final Reading)	+0.8% (+3.5%)	+0.8% (+3.5%)
	US:	12:30	Durable Goods (February)	+3.2%	-0.3%
			- Ex-Transport	+0.0%	+0.3%
			- Ex-Defence	+3.5%	
Thu 27th	EU-20:	09:00	M3 Annual Money Growth (February)	(+3.6%)	(+3.8%)
			- Loans to Households	(+1.3%)	
	US:	12:30	GDP (Q4: Final Reading)	+2.3% S.a.a.r.	+2.3% S.a.a.r.
	US:	12:30	PCE Prices (Q4: Final Reading)	+2.4% S.a.a.r.	+2.4% S.a.a.r.
			- Core-PCE Prices	+2.7% S.a.a.r.	+2.7% S.a.a.r.
	US:	12:30	Initial Jobless Claims (w/e 17th March)	+223,000	+225,000
	US:	14:00	Pending Home Sales (February)	-4.6%	
Fri 28th	GER:	07:00	Gfk Consumer Sentiment (April)	-24.7	-22.8
	UK:	07:00	GDP (Q4: Final Reading)	+0.1% (+1.4%)	+0.1% (+1.4%)
	UK:	07:00	Goods Trade Balance (January)	-£17.5bn	-£16.8bn
			- Non-EU Trade Balance	-£6.1bn	
	UK:	07:00	Retail Sales (February)	+1.7% (+1.0%)	-0.3%
			- Ex-Fuel	+2.1% (+1.2%)	-0.5%
	FRA:	07:45	Flash HICP Inflation (March)	+0.1% (+0.9%)	+0.4% (+1.1%)
	GER:	07:55	Unemployment Rate (March)	6.2%	6.2%
	SPA:	08:00	Flash HICP Inflation (March)	+0.4% (+3.0%)	
	ITA:	09:00	ISTAT Business Confidence (March)	87.0	
	ITA:	09:00	ISTAT Consumer Confidence (March)	98.8	
	EU-20:	10:00	EC Economic Sentiment (March)	96.3	97.0
	EU-20:	10:00	Consumer Confidence / Industrial / Services	-13.6 / -11.4 / 6.2	-14.5 / -10.5 / 6.8
	US:	12:30	Personal Income / Consumption (February)	+0.9% / -0.2%	+0.4% / +0.5%
	US:	12:30	PCE Price Index (February)	+0.3% (+2.5%)	+0.3% (+2.5%)
			- Core-PCE Index	+0.3% (+2.6%)	+0.3% (+2.7%)
	US:	14:00	Final Uni. Michigan Consumer Sentiment (Mar)	57.9	57.9

◆ Month-on-month changes (year-on-year shown in brackets)

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