



BLUE PORTAL INSIGHT

Date: June 15th, 2023
Daily Market Update

- The European Central Bank (ECB) is set to release its interest rates decision later today (14:15 Central European Time). European equities moved generally lower before the announcement.
- The Chinese central bank (People's Bank of China – PBoC) cut its interest rate by 10 basis points yesterday after the release of underwhelming economic data.
- The Chinese Yuan (renminbi) depreciated against the Euro and U.S. Dollar on the day. Year-to-date the renminbi has depreciated against the Euro and U.S. Dollar by 3.91% and 4.93%, respectively.

ECB Interest Rate Decision to be released later today

The European Central Bank is set to release its decision today on its interest rates. The decision comes amidst yesterday's 'pause' in the FED's rate hiking and the Chinese central bank's decision to cut its rate by 10 basis points. These are the first signs of major central banks changing their stances towards interest rate hiking and it could be the beginning of a global shift towards looser monetary policy.

European Equities

European equity indices moved generally lower ahead of the ECB's rate decision. At the time of this report, the best performing index on the day, PSI 20 (Portuguese Index), moved higher by 21 basis points while the worst performing index, the CAC 40 (French Index), moved lower by 62 basis points. The DAX (German index) is down by 39 basis points.

China Interest Rate Decision announced yesterday.

The People's Bank of China (PBoC) released its decision yesterday to cut its medium-term lending facility by 10 basis points from 2.75% to 2.65% - its first reduction in 10 months.

The decision comes after month-on-month weakening in economic data. The National Bureau of Statistics of China reported:

- (I) Year-on-year increase in the Index of Services Production by 11.7%, 1.8 percentage points lower than that of the previous month.
- (II) Year-on-year increase in Industrial Production by 3.5%, 2.1 percentage points lower than that of the previous month.
- (III) Year-on-year increase in total retail sales by 12.7%, a significant slowdown from last month's recorded figure of 18.4%.

Foreign Exchange

At the time of the opening bell of European markets, the Renminbi (Chinese Yuan) depreciated against the US Dollar from 7.14 CNY to 7.18 CNY per USD. Year-to-date, the renminbi has depreciated against the U.S. Dollar and the Euro by 3.91% and 4.93%, respectively. With the U.S. and the Europe accounting for



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43.4% of China's total exports¹, the move can be used to the advantage of exporting Chinese producers and thus potentially spur economic growth in China.

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¹ OEC – as of year end 2021.