



Economic and Market Update

Jackie Bowie

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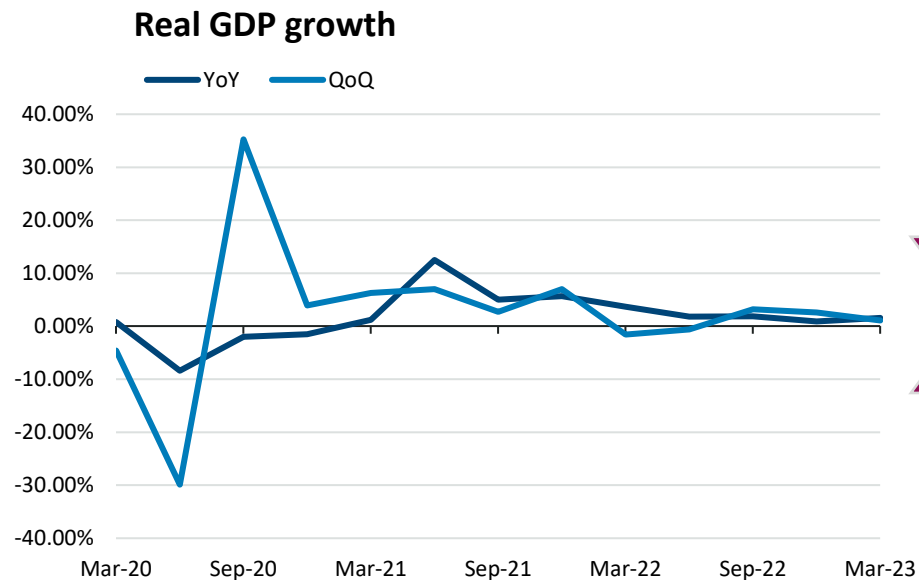
Seven global offices



600+ employees

Macroeconomic update | U.S.

Gross domestic product



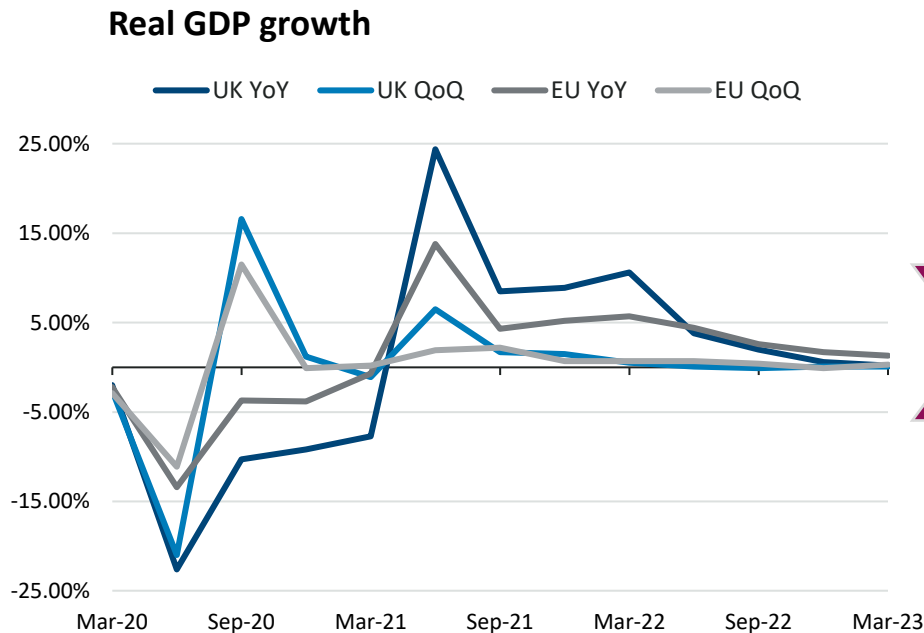
2023 real GDP forecasts, YoY

Source	Forecast
Federal Reserve	0.50%
Bank of America	1.00%
Barclays	1.30%
Citigroup	1.10%
Goldman Sachs	1.70%
JPMorgan	1.50%
Morgan Stanley	1.10%
Wells Fargo	0.60%

Source (GDP): U.S. Bureau of Labor Statistics and Economic Analysis, retrieved from FRED, Federal Reserve Bank of St. Louis
 Source (forecasts): Bloomberg
 As of May 12, 2023
 Proprietary and confidential

Macroeconomic update | EU and UK

Gross domestic product

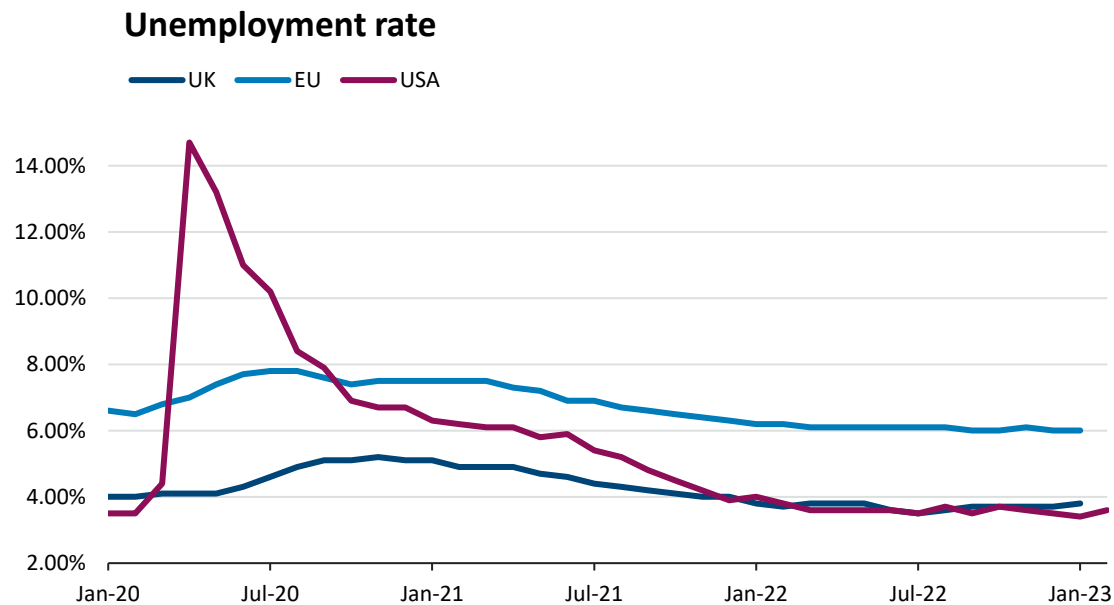


2023 real GDP forecasts, YoY

Source	UK	Eurozone
Central Bank	0.30%	1.00%
Bank of America	-0.10%	0.60%
Barclays	0.00%	0.50%
Citigroup	-0.30%	1.30%
Goldman Sachs	0.00%	0.70%
JPMorgan	0.70%	1.10%
Morgan Stanley	-0.10%	0.80%
Wells Fargo	-0.20%	0.30%

Macroeconomic update

Jobs and unemployment

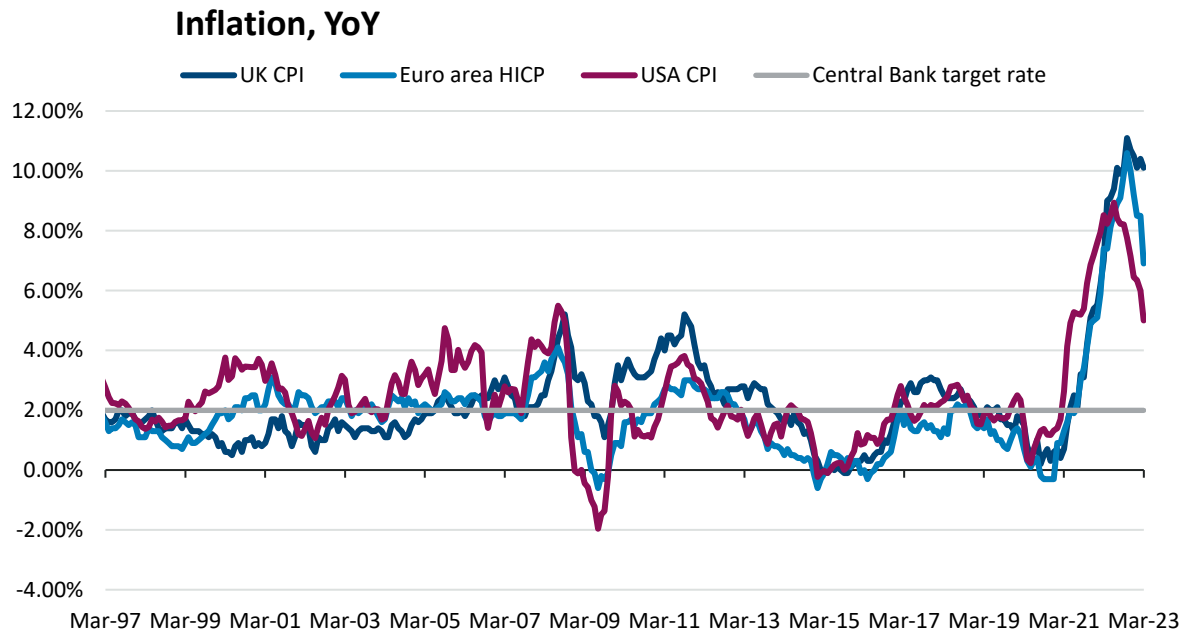


Source: ONS, Eurostat, Bloomberg, U.S. Bureau of Labor Statistics and Economic Analysis
As of May 12, 2023

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Macroeconomic update

Inflation



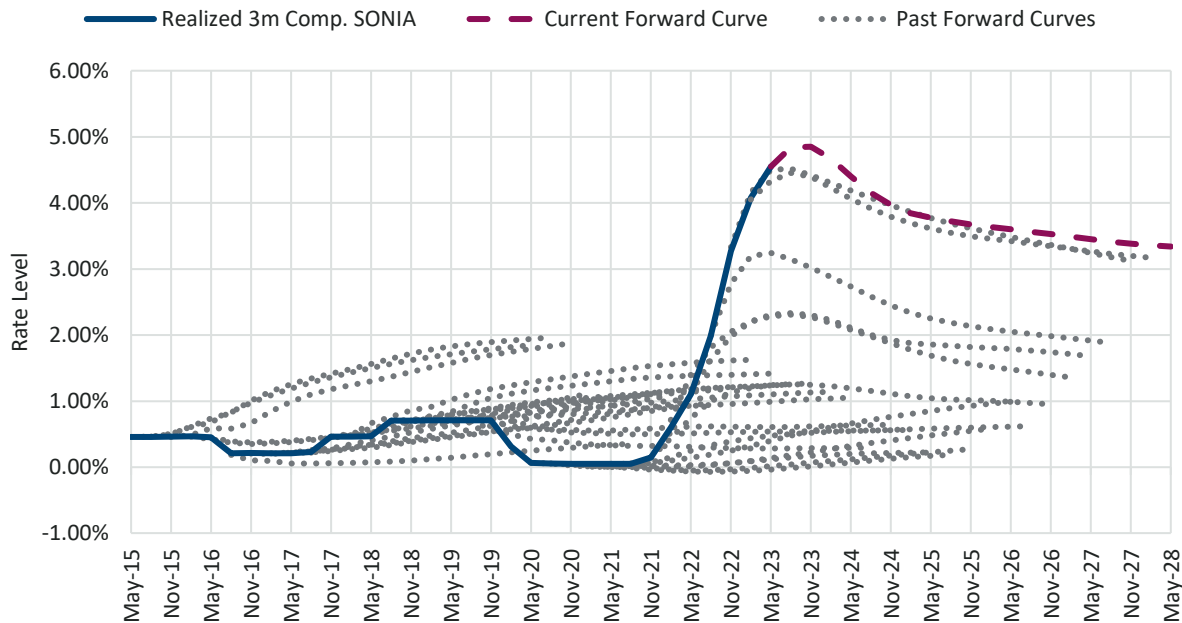
Source: ONS, Eurostat, U.S. Bureau of Economic Analysis
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Historical Forward Curve

Hairy Chart

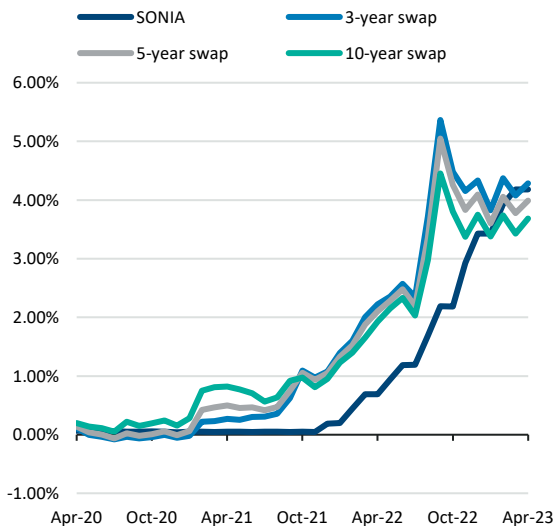
Realized 3m Comp. SONIA vs Forward Curves



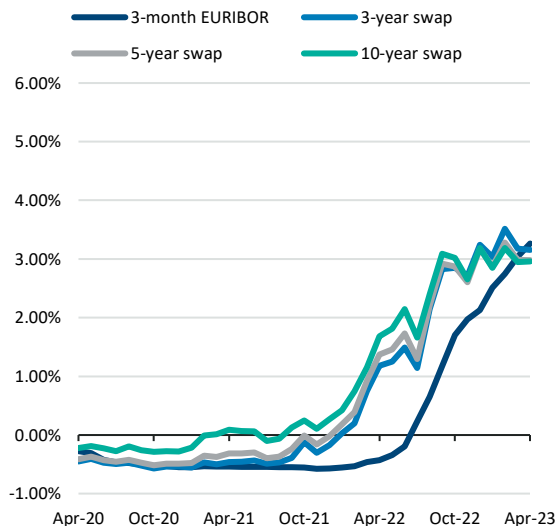
Hedging considerations and strategy

Swaps

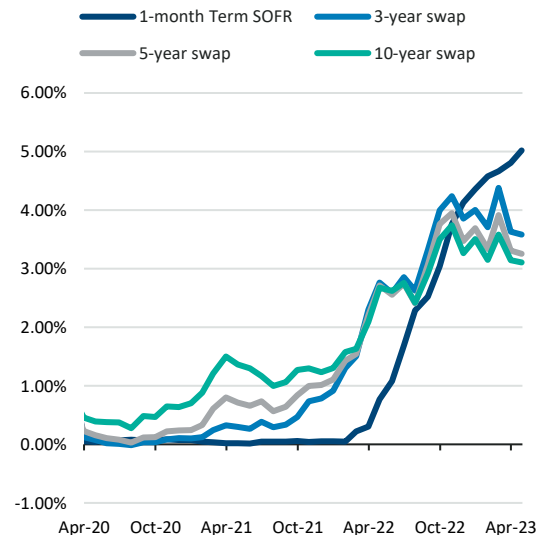
Compounded SONIA and swap rates



3-month EURIBOR and swap rates



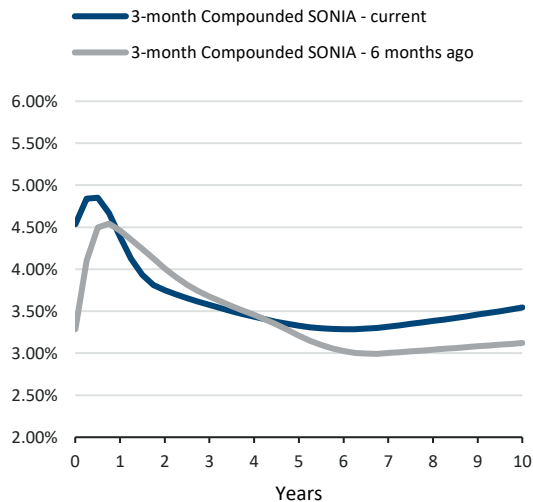
1-month Term SOFR and swap rates



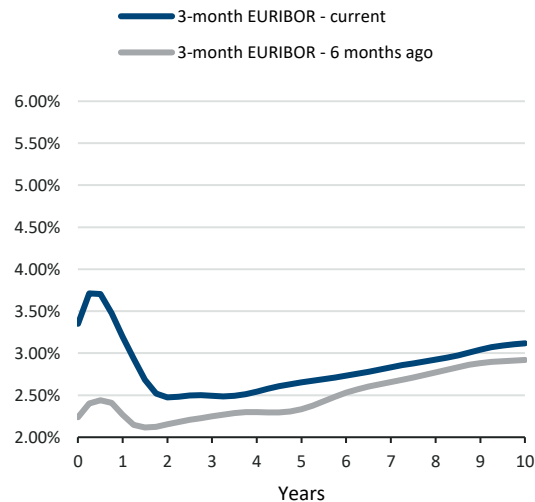
Macroeconomic update

Interest rates: Forward curves

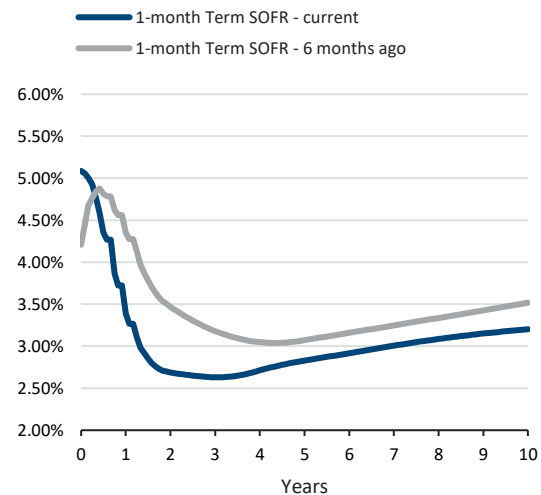
UK



EU



USA



Takeaways -

- Low to no growth becoming consensus – and away from recession
- Inflation continues to print higher than expectations
- Central banks continue to be tightening monetary policy, with the market pricing in a loosening – who will be right?
- Don't forget about the lever of QT for monetary policy tightening
- Financial/banking crisis in the US is also tightening credit – likely to continue for the rest of this year
- Politics will be next market worry/influencer of instability

Chatham locations worldwide



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