

## Weakening Retail Sales and a Surprising Hawkish ECB Announcement

This morning as expected, the European Central Bank (ECB) followed the Fed's lead with a 50 bp rate hike, and raised eyebrows with a much higher inflation outlook and significantly hawkish forward guidance. Like the U.S. Central Bank, the ECB clearly believes it has more work to do. In a sense, this aggressive stance helps the Fed by clamping down on global demand, which should put additional downward pressure on overall prices.

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