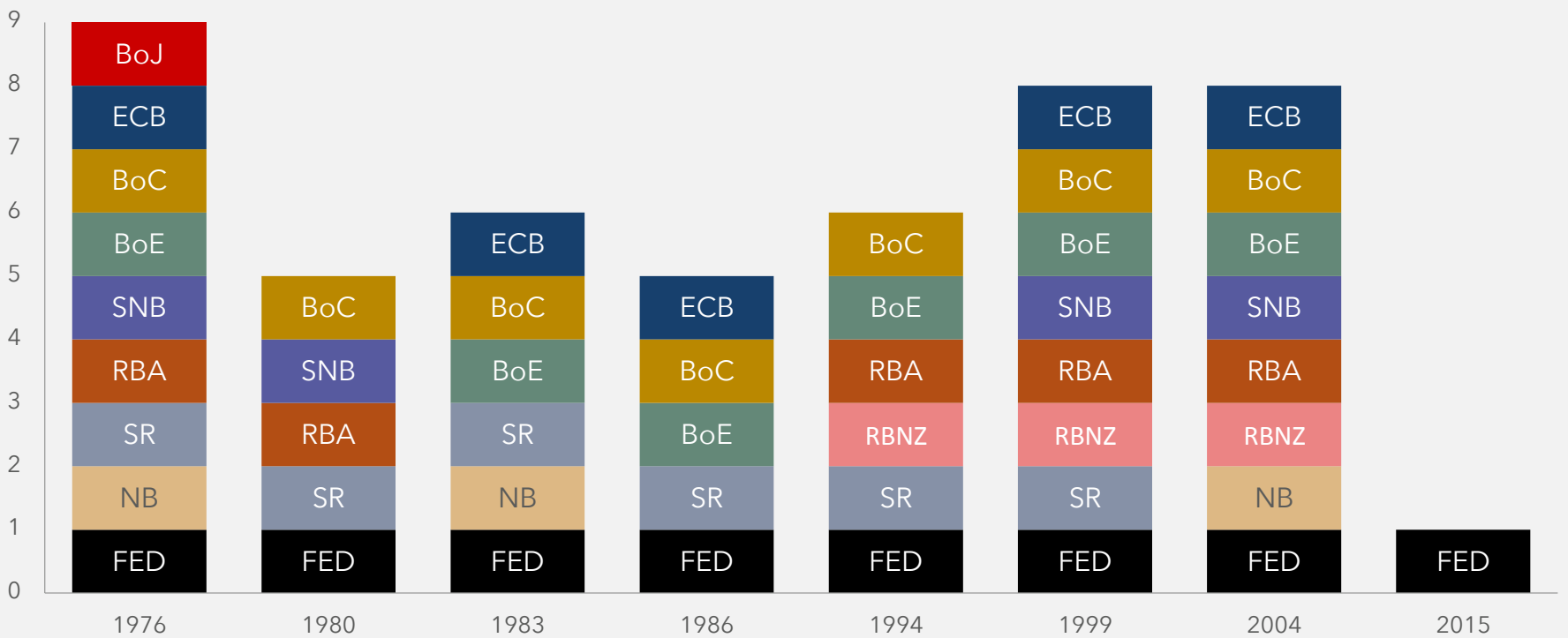


Chart of the Day

In most tightening cycles over the last 50 years, Fed tightening has been accompanied by concurrent policy shifts from numerous other G10 central banks, with one exception in particular. In 2015, the Fed was alone for the vast majority of its tightening cycle (until late 2017). According to MUFG's FX Strategist, Derek Halpenny, we have returned more closely to historical patterns with other G10 central banks concurrently pivoting policy toward tightening with the Fed in the current cycle, which in turn has implications for US rates, currencies and markets (with rate differentials and dollar strength more muted, and financial conditions therefore easier, by comparison to the Fed "on its own" in 2015).

Number of G10 central banks tightening at same time as Fed



Source: (1) Bloomberg. Data as of September 10, 2021. Bundesbank until 1992, ECB onwards. New Zealand data only available after 1988. BoJ = Bank of Japan. ECB = European Central Bank. BoC = Bank of Canada. BoE = Bank of England. SNB = Swiss National Bank. RBA = Reserve Bank of Australia. RBNZ = Reserve Bank of New Zealand. SR = Sveriges Riksbank (Sweden). NB = Norges Bank (Norway).

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