

## Euro zone inflation picks up but core unexpectedly slows

FRANKFURT, May 2 (Reuters) - Euro zone inflation accelerated last month but underlying price growth eased unexpectedly, adding to arguments for a smaller interest rate hike at the European Central Bank's regular policy meeting on Thursday.

Inflation has slowed sharply from double-digit readings late last year but remains far too high, making another rate hike a necessity and leaving only its size up for debate, with ECB policymakers split between a 25 and a 50 basis point move.

Overall price growth in the 20 nations sharing the euro currency picked up to 7.0% in April from 6.9% a month earlier, Eurostat said on Tuesday, in line with expectations in a Reuters poll of economists.

But the focus in recent months has been squarely on underlying or core inflation, a surprising rise in which has suggested that price pressures are mounting and that the ECB lacks a firm understanding of where inflation could be heading.

Excluding volatile food and -

fuel prices, core inflation slowed to 7.3% from 7.5%, while an even narrower measure, which excludes alcohol and tobacco, slowed to 5.6% from 5.7%, coming below forecasts for 5.7% for its first decline since last June.

In a hopeful development for the ECB, processed food, alcohol and tobacco inflation slowed a full percentage point to 14.7%, suggesting that a long-awaited turnaround in food prices may now be happening.

The small core inflation surprise comes..... [SOURCE](#)



## Lloyds profits swell by nearly 50 per cent as bank boosted by interest rate rises but guidance remains unchanged

Lloyds first quarter profits rose 46 per cent as the bank became the latest UK lender to see its bottom line boosted by a hike in interest rates.

The lender's pre-tax profits came in at £2.3bn compared to £1.5bn the same quarter last year.

Charlie Nunn, chief executive of Lloyds Banking Group said: "The group has delivered a solid financial performance in the first quarter of 2023, with strong net income and capital generation, alongside resilient observed asset quality...." [SOURCE](#)

## Fed Will Decide Next Rate Move After Bank Jitters

WASHINGTON — Federal Reserve officials are widely expected to lift borrowing costs by a quarter of a percentage point on Wednesday, the 10th consecutive rate increase since March 2022. But investors and economists think that this could be the central bank's last move before it pauses.

Fed officials face a complicated backdrop going into this week's meeting: Risks to the financial system loom large, but inflation also remains stubborn.

The banking system has been in turmoil since the collapse of Silicon Valley Bank on March 10. Government officials spent this past weekend racing to find a buyer for First Republic, which had..... [SOURCE](#)