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USA OUTLOOK

Weekly newsletter

July 11 to July 15

Photo: Daitoryo-movie.

The euro and the dollar are under half a penny away from parity for the first time in 20 years

For the first time in 20 years, the exchange rate between the euro (EUU) and the US dollar is nearly the same - the two currencies are less than one cent away from parity. The euro hovered around $1.004 on Monday afternoon, down 12% since the start of the year.

Fears of recession on the continent abound, stoked by high inflation and energy supply uncertainty caused by Russia’s invasion of Ukraine. A series of aggressive interest rate hikes by central banks, including the Fed, coupled with slowing economic growth will keep pressure on the euro while sending investors toward the US dollar as a haven, say analysts.

The US Federal Reserve is well ahead of Europe on tightening, having hiked interest rates by 75 basis points while indicating that more rate increases will come this month.

Source:

https://www.cbsnews.com/news/euro-dollar-parity-first-time-in-20-years/

Omicron subvariants threaten COVID-19 resurgence across US

BA.5 is estimated to account for more than half of new COVID cases in US. Health officials are once again raising the alarm about the threat of a resurgence of COVID-19 infections across the country, as concerns grow about the new omicron subvariant, BA.5, which is now the dominant viral strain in the U.S.

The BA.5 variant, first detected in South Africa earlier this year, is currently estimated to account for more than half - 53.6% - of all new COVID-19 cases in the states, according to the Centers for Disease Control and Prevention. Nationally, the country is currently reporting an average of more than 100,000 new cases each day. However, health officials say that the total is likely significantly undercounted.

The concerns over BA.5 come amid the nation's continued push to get people vaccinated. Although the U.S. is set to roll out new bivalent vaccines in the fall, which will address omicron, millions of eligible Americans are still without their additional shots.

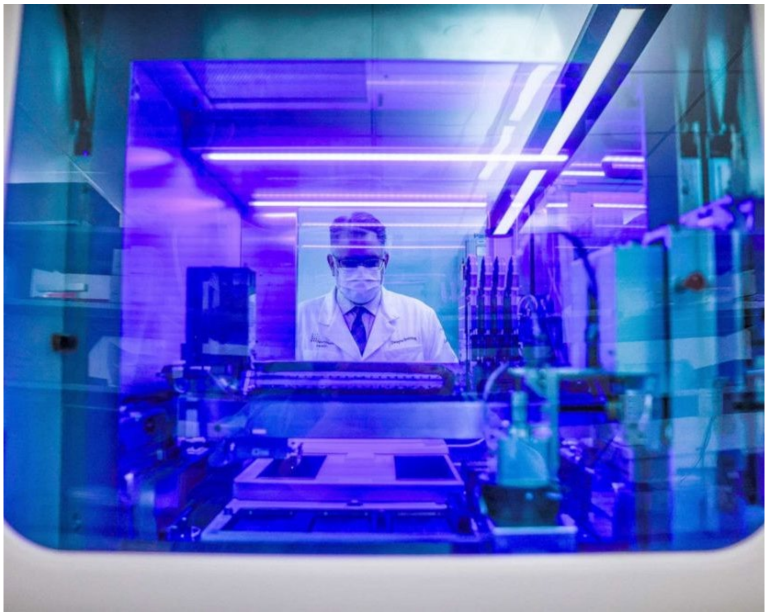

Photo: Newsday via Getty Images, FILE.

Source:

https://abcnews.go.com/Health/omicron-subvariants-threaten-covid-19-resurgence-us/story?id=86611325

July 13, 2022

Photo: Nam Y. Huh/AP

June inflation soared 9.1%, a new 40-year high, amid high gas prices

Prices soared by 9.1 percent in June, compared with a year ago, a new peak with inflation remaining at 40-year highs, driven in large part by higher energy prices.

The inflation report, released Wednesday morning by the Bureau of Labor Statistics, showed June prices rose 1.3 percent, compared with prices the month before, which were also considered high, reflecting how Americans continue to stretch budgets to keep roofs over their heads, fill gas tanks and buy groceries.

Inflation is showing few signs of letting up, compounding the pressure on the Federal Reserve and White House to ratchet up their response — and convince the American public that they can significantly slow the economy without causing a recession.

Gasoline was up 11.2 percent in June, underscoring the economic toll Russia's invasion of Ukraine has had on global energy markets. There's hope that upcoming inflation data will ease down a bit, as energy and gas prices have fallen consistently in the past month.

Source:
https://www.washingtonpost.com/business/2022/07/13/inflation-june-cpi/

July 14, 2022

Mortgage rates rise to 5.5% as volatility continues.

The 30-year fixed-rate mortgage averaged 5.51% in the week ending July 14, up from 5.3% the week before, according to Freddie Mac. That is significantly higher than this time last year when it was 2.88%.

Rates rose sharply at the start of the year, hitting a high of 5.81% in mid-June. But since then, economic concerns have pushed them lower, with rates last week notching the biggest one-week dip since 2008. To tame inflation, the Federal Reserve has been raising interest rates. At its last meeting, it hiked rates by 75 basis points. Last month's inflation report indicates a similar or even larger increase is on the table at the central bank's next meeting later this month.

Generally, the summer real estate market is absorbing the impact of rising consumer prices and higher interest rates, but now buyers are being forced to make different calculations on what and where they can buy.

Photo: cnn.com

Source:
https://edition.cnn.com/2022/07/14/homes/mortgage-rates-july-14/index.html

Photo: AP Photo/Ross D. Franklin

Long lines are back at US food banks as inflation hits high.

Long lines are back at food banks around the U.S. as working Americans overwhelmed by inflation turn to handouts to help feed their families. With gas prices soaring along with grocery costs, many people are seeking charitable food for the first time, and more are arriving on foot.

The food banks, which had started to see some relief as people returned to work after pandemic shutdowns, are struggling to meet the latest need even as federal programs provide less food to distribute, grocery store donations wane and cash gifts don't go nearly as far.

Inflation in the U.S. is at a 40-year high and gas prices have been surging since April 2020, with the average cost nationwide briefly hitting $5 a gallon in June. Rapidly rising rents and an end to federal COVID-19 relief have also taken a financial toll.

The surge in food prices comes after state governments ended COVID-19 disaster declarations that temporarily allowed increased benefits under SNAP, the federal food stamp program covering some 40 million Americans.

Source:
https://abcnews.go.com/US/wireStory/long-lines-back-us-food-banks-inflation-hits-86817760