# ECB and OpenAI Developments; NatWest IT Issue Resolved and UK Retail Sales Rebound



### ECB Poised for June Rate Cut Amid Falling Inflation

The European Central Bank (ECB) is expected to cut interest rates in its upcoming June meeting. Chief economist Philip Lane indicated in a recent speech in Dublin that if the updated inflation assessment shows continued alignment toward the ECB's 2% target, a reduction in the current monetary policy restrictions would be appropriate. Lane emphasized that the discussion about a rate cut does not imply a final victory over inflation.

Additionally, French central bank chief François Villeroy de Galhau affirmed that a rate cut in June is likely unless there is an unforeseen economic shock. He noted the importance of maintaining flexibility regarding future rate adjustments. Currently, the ECB's deposit facility rate stands at a record high of 4%, and the main refinancing operations rate is at 4.5%. Euro area annual inflation decreased to 2.4% in April 2024, significantly down from 7% the previous year.

### OpenAI Establishes Safety and Security Committee

OpenAI, the developer of the ChatGPT chatbot, has formed a Safety and Security Committee to oversee critical safety and security decisions for all its projects. The committee, led by Bret Taylor, Sam Altman, Adam D'Angelo, and Nicole Seligman, will evaluate and develop OpenAI's safety processes over the next 90 days before making recommendations to the board.

### NatWest Resolves IT Issues Affecting Online and Mobile Banking

NatWest has resolved IT issues that disrupted its online and mobile banking services earlier today. Customers had faced difficulties accessing their accounts, especially problematic as it coincided with payday for many. NatWest confirmed that the mobile app and online banking services are now functioning normally and apologized for the inconvenience caused.

### UK Water Companies' Shares Fall Amid Regulatory Price Cap

UK water company shares fell after reports that regulator Ofwat is set to block significant increases in consumer bills. Thames Water faces nationalization unless it secures substantial fresh capital. The company's request for a 59% bill increase was rejected based on its current business and turnaround plans.

### CBI Reports UK Retail Sales Rebound in May

The Confederation of British Industry (CBI) reported a rebound in UK retail sales for May, with a net balance of +8% of retailers noting an increase in sales volumes year-on-year. However, retailers expect sales to decline in June. The survey also revealed a notable reduction in retailers’ investment intentions for the coming year, alongside eased selling price inflation to its lowest since August 2020.