27-31st July 2026

Highlights include: FOMC, BoE, BoJ, US PCE, US GDP, and EZ CPI

- **MON**: BoC Market Participants Survey (Jul), Eurogroup Economic and Financial Affairs Council (Budget), Chinese Industrial Profits (Jun), German Ifo Expectations (Jul), US Durable Goods (Jun)
- **TUE**: French Consumer Confidence (Jul), Spanish Retail Sales (Jun), US ADP Employment Change Weekly, US Goods Trade Balance Advance (Jun), Richmond Fed Manufacturing (Jul), Dallas Fed Services (Jul)
- **WED**: Fed Policy Announcement (Jul), BoC Minutes (Jul), Australian CPI (Jun), Swedish GDP (Jun), Italian Industrial Sales (May)
- **THU**: BoE Policy Announcement & MPR (Jul), CBRT Minutes (Jul), Australian Export/Import Prices (Q2), French/Spanish GDP (Q2), Spanish/German HICP (Jul), EZ GDP (Q2), Unemployment Rate (Jun), US PCE (Jun), GDP Advance (Q2), Jobless Claims
- **FRI**: BoJ Policy Announcement (Jul), Japanese Unemployment Rate (Jun), Tokyo CPI (Jul), Retail Sales (Jun), Australian PPI (Q2), Chinese NBS PMIs (Jul), German Import Prices (Jun), Swiss Retail Sales (Jun), French HICP (Jul), PPI (Jun), German Unemployment Rate (Jul), EZ CPI (Jul), Italian HICP (Jul), Canadian GDP (May), US Employment Cost (Q2), UoM Final (Jul)

WEEK AHEAD

CHINA POLITBURO MEETING (TBC): China's mid-year Politburo meeting is expected to take place next week, in line with its traditional late-July schedule, although the exact timing is not announced in advance. The meeting will review first-half economic performance and is expected to set the policy direction for the remainder of the year. Markets will watch for signals on whether Beijing will introduce additional fiscal support following the moderation in economic growth, as well as guidance on balancing support for domestic demand with its continued focus on advanced manufacturing and high-tech industries. Attention will also centre on any references to the property sector, consumption and financial stability after the PBoC's largest Medium-term Lending Facility liquidity injection in five months.

FED POLICY ANNOUNCEMENT (WED): The Fed is expected to leave rates unchanged at 3.50-3.75%, with markets assigning a 30-35% chance of a hike. A softer than expected June CPI report, weaker nonfarm payrolls and a BEA methodology change that analysts estimate will mechanically lower core inflation by about 0.2ppts (coming into effect in September) give the Committee room to wait. That would allow officials to assess how the Middle East conflict develops, particularly after the recent escalation between the US and Iran pushed energy prices higher again. Policymakers have previously cautioned against responding too quickly to what may prove to be a temporary shock. Even so, the Committee is unlikely to sound relaxed. Underlying inflation remains well above target, and the pressure extends beyond energy. Higher memory chip costs are beginning to feed through to consumer goods, while tariffs could return to the fore when the current Section 122 universal measures expire this week. For new Chair Kevin Warsh, the most likely outcome may therefore be a hawkish hold. In the June projections, nine of the 18 participants who submitted forecasts expected at least one rate rise this year. Since then, Governors Waller and Cook have indicated that they would consider tightening if disinflation stalls. Fed Presidents Logan, Hammack and Kashkari have also appeared open to moving sooner. Against that backdrop, there is scope for 2-4 possible dissents. Warsh has already shortened the Fed's policy statement considerably, so even minor wording changes will be closely scrutinised. At the press conference, he is likely to face questions about the inflationary effects of the Middle East conflict, the newly announced task forces and whether the latest data could bring forward the timetable for action. Given Warsh's distaste for forward guidance, he is unlikely to offer a clear signal. He will likely emphasise that all options remain open, and that future decisions will depend on the data.

BOC MINUTES (WED): The upcoming BoC minutes from the July meeting, at which the governing council kept rates unchanged at 2.25% as widely expected, are unlikely to differ materially from the accompanying statement given the high level of uncertainty surrounding the Middle East. Policymakers are therefore likely to reiterate their nimble approach, acknowledging that the situation could change rapidly and that further policy action may be needed if inflation remains persistent. However, following the strong rebound in crude prices, members may be less inclined to maintain the view that the initial inflationary impact of higher oil prices can be looked through, amid concerns that broader price pressures are becoming more likely.

AUSTRALIAN CPI (WED): The consensus expects headline CPI to rise 0.7% Q/Q in Q2 (prev. 1.4%), lowering the annual rate to 4.0% Y/Y, while trimmed mean CPI, the RBA's preferred core inflation measure, is seen rising 0.9% Q/Q (prev. 0.8%), lifting the annual rate to 3.7% from 3.5%. Westpac also expects June monthly CPI and trimmed mean inflation to rise 0.4% M/M, taking the annual rates to 4.2% and 3.7%, respectively. Westpac said the temporary halving of the fuel excise was expected to weigh on headline inflation during the quarter, while softer-than-expected holiday travel prices should offset some upside risks. However, it added that spillovers from the Middle East conflict were beginning to emerge in categories including new dwelling purchase costs, repairs and maintenance, and meals out and takeaway.

BOE POLICY ANNOUNCEMENT (THU): In short, the on hold for the foreseeable narrative remains in play, though the relatively robust economy and inflation still being sticky above target means that a hike cannot be ruled out, particularly as energy prices continue to climb. However, the uncertainty around the Middle East situation, US tariffs, domestic political uncertainty and relative policy space means a hold remains the base case, as the trade-off Governor Bailey described in June continues. Nonetheless, the vote split may be more hawkish than the 7-2 we saw last time, with activist Mann the most likely contender to also vote for a hike. Further, the updated MPR will be scoured for any hawkish signal given the energy price re-acceleration. Overall, the MPC majority will likely continue to wait for more clarity on the geopolitical situation and data on the energy impact of the shock seen thus far before moving towards a hike, with markets pricing in two 25bps this year in November and December respectively. For reference, there is currently less than a 20% implied chance of a July hike.

EZ GDP (THU): The first release for Q2 is, according to the PMIs, expected to show a “largely stagnant” outturn for Q2. As a reminder, the June ECB forecast points to growth of 0.8% for 2026 under the baseline and milder scenarios, and then falling to 0.7% and 0.5% under the adverse and severe respectively. Based on the energy component alone, Q2 was less impacted by energy than both the baseline and milder projections assumed, as Brent averaged around USD 97/bbl vs assumptions of USD 112/bbl and USD 88/bbl, respectively. A point that may be reflected by better than expected growth in the period. However, any such strength may well prove fleeting given the rebound in energy seen in recent sessions on renewed Middle East activity. Furthermore, the fast moving geopolitical and by extension energy backdrop mean the Q2 read is already somewhat stale.

US PCE (THU): With the June CPI and PPI reports in hand, analysts expect core PCE — the Fed's preferred inflation gauge — to rise by 0.17-0.19% M/M; that would leave the annual rate at 3.3% Y/Y, down by one-tenth. Headline PCE is expected to slow to 3.7% Y/Y (from 4.1%), marking the first easing since the start of the US-Iran conflict. Core CPI was broadly flat in June, while lower energy prices pulled the headline rate down. The energy drag is likely to be less pronounced in PCE than in CPI or PPI given that energy carries a smaller weight in the PCE basket. Even so, declines in motor fuel and fuel oil should still help lower the headline reading. Core PCE is likely to run somewhat hotter than core CPI, however; software prices have a larger weight in the PCE basket, while portfolio management fees may add further upward pressure. Cheaper apparel, softer rents and the fading effect of World Cup-related hotel prices should provide some offset, but probably not enough to outweigh those pressures.

US GDP ADVANCE (THU): The Atlanta Fed GDPnow tracker is currently modelling growth of 1.7% in Q2, showing an economy that remains in expansion, though clearly decelerating from Q1's 2.1% pace. Net trade will be a headwind, with the goods deficit widening sharply in May. Analysts at Oxford Economics say this will subtract more than 2ppts from headline growth, driven by surging capital goods imports tied to AI infrastructure spending and weakness in industrial supplies exports. Offsetting factors include solid business investment and inventory accumulation. May's durable goods data also suggests that defence spending will provide support, with shipments of defence capital goods rising sharply Y/Y.

BOJ POLICY ANNOUNCEMENT (THU): The Bank of Japan is widely anticipated to keep rates unchanged at its meeting next week, with money markets currently pricing around a 96% probability rates will be kept at the current level of 1.00%, which follows the central bank's decision to hike at the last meeting, while it will also be releasing the latest Outlook Report containing board members' median forecasts for Real GDP and Core CPI. As a reminder, the BoJ raised the policy rate by 25bps to 1.00% at the last meeting on June 15th-16th, which was as expected and represents the highest level in 31 years. The decision was made by a 7-1 vote in which board member Asada dissented, while the central bank decided to pause its tapering of monthly bond purchases, which will be kept at around JPY 2tln from April 2027, but left its existing JGB tapering plan unchanged through to Q1 2027. There was also dissent on the bond-buying decision as board member Tamura proposed continuing reductions of JPY 200bln per quarter beyond April 2027, although this was rejected by a majority vote. Nonetheless, the BoJ retained a tightening bias, signalling scope for additional rate hikes depending on economic, inflation and financial developments, while reserving the option to adjust bond-buying plans if needed. Furthermore, Deputy Governor Uchida, who stood in for hospitalised Governor Ueda at the press conference, said the economy is recovering moderately, financial conditions have been accommodative, and that there is a risk of underlying inflation deviating upward to a level above the price target, while he also noted that economic risks have eased since April. Given the proximity of the last rate hike, it is very unlikely that the central bank will be so quick to hike again, with a prior Bloomberg source report noting that the BoJ sees little need for consecutive rate rises, but is likely to raise its growth forecast for this year from the current 0.5% view, and officials may revise their downside-risk assessment as AI-related demand supports exports, profits and incomes, while faster cost increases pass-through keeps underlying inflation risks elevated above the 2% target. A more recent source report also noted that the BoJ was widely expected to leave rates unchanged in July following its June hike and was approaching a stage where inflation expectations were becoming anchored. Officials were also said to be open to raising rates more frequently than every six months, while some believed it was important to scrutinise upside inflation risks and saw evidence that companies were passing higher costs on to consumers more quickly than in the past.

JAPAN TOKYO CPI (FRI): Tokyo CPI, seen as a leading indicator for nationwide inflation, is expected to accelerate in July, with headline CPI forecast at 2.0% Y/Y (prev. 1.7%), core CPI excluding fresh food at 1.8% Y/Y (prev. 1.6%) and the core-core measure excluding fresh food and energy at 2.0% Y/Y (prev. 1.9%). The data are due just hours before the BoJ's policy decision, at which the central bank is widely expected to leave rates unchanged at 1.0% following June's increase.

CHINESE NBS PMI (FRI): China will release its official July PMI data on Friday, with the market expecting the manufacturing PMI to remain at 50.3 and the non-manufacturing PMI to edge down to 50.2 from 50.3 in June. ING expects a slightly weaker outcome, forecasting the manufacturing PMI at 50.1 and the non-manufacturing PMI at 50.0. ING said manufacturing activity should remain broadly resilient despite the expected modest cooling, after June industrial data surprised to the upside and industrial profits continued to recover, supported by hi-tech and export-facing sectors.

EZ CPI (FRI): Data will be scoured for any signs that the rebound in energy seen during July, and particularly so in the second half of the month, is already visible in the July data. With particular attention on whether the ex-energy components are impacted. The month's final PMIs were indicative of a cooling in cost pressures, however, the survey window running to the 22nd means respondents missed out on between USD 6-10/bbl of further Brent upside, and as such the cooling is potentially premature. The data will aid the discussion around September, after ECB President Lagarde kept the door open to a September move in July's meeting, though equally she did not explicitly flag a hike, instead sticking to the data-dependent narrative. Note, while the series will prove pertinent, the recent energy resurgence is unlikely to be seen in the series, and as such the next data set before the September meeting will draw greater attention; though, the direction of travel is already clearly towards a September move, as evidenced by the post-meeting sources.

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WEEK IN REVIEW

CHINESE LPR (MON): The PBoC maintained its benchmark Loan Prime Rates at current levels for the 14th consecutive month, with the 1yr LPR at 3.00% and the 5yr LPR at 3.5%. This was expected, given the central bank is seen as preferring to make adjustments through its daily liquidity operations and debuted overnight reverse repo operations late last month, seeking to improve the efficiency of interest rate transmission. Recent key data from China have been mixed, supporting a wait-and-see approach. Q2 GDP growth slowed to 4.3% Y/Y (exp. 4.4%, prev. 5.0%), below China's official 4.5%-5.0% growth target for 2026, although activity data were more encouraging, with both Industrial Production and Retail Sales topping forecasts in June. The latest Chinese trade data were also better than expected, with all components surpassing estimates, providing room for policymakers to maintain the status quo.

NEW ZEALAND INFLATION (MON): New Zealand's annual inflation rate accelerated to 4.1% Y/Y in Q2 from 3.1%, exceeding the market consensus of 4.0% and the RBNZ's 3.9% forecast, and reaching its highest level in about two-and-a-half years. The upside surprise was driven mainly by higher fuel prices following the Middle East conflict, with petrol up 27.5% and diesel rising 71.1% over the year, while electricity prices increased 12.0%, council rates climbed 8.8% and new housing construction costs rose 2.7%. Statistics New Zealand said more than 80% of CPI basket items recorded annual price increases, highlighting broad-based inflationary pressures. The stronger-than-expected data reinforced expectations that the RBNZ will continue tightening policy after delivering its first OCR increase in three years earlier this month.

CANADIAN CPI (MON): Canadian inflation was broadly softer than expected in June. Helped by lower gasoline prices, headline CPI slowed to 2.8% Y/Y (exp. 2.9%, prev. 3.2%), while M/M fell 0.4% (exp. -0.2%, prev. 1.0%). Median CPI eased to 1.9% (exp. and prev. 2.1%), while Trimmed CPI slowed to 1.8% from the expected and previous 2.0%. Common CPI was stickier than expected at 2.6% (exp. 2.5%, prev. 2.7%). Taken together, the BoC's preferred core inflation measures averaged 2.1%, down from 2.27%. However, the sharp rebound in crude prices during July has significantly reduced the relevance of the May and June inflation reports unless a lasting resolution to the Middle East conflict is reached soon. Oxford Economics expects slower food inflation to prove temporary, saying the "lagged impact of higher oil and fertiliser prices will likely push food inflation to the mid-4% range by the end of 2026".

UK JOBS REPORT (TUE): Overall, the jobs report is unlikely to shift the BoE into July's meeting. The unemployment rate held steady at 4.9% (in line/slightly below some expectations of 5%), while employment change exceeded forecasts at 147k (exp. 85k). The data suggest the labour market remained relatively stable in May, although the ONS cautioned that "some measures continue to suggest softening". Wage growth excluding bonuses held steady at 3.4%, while average earnings including bonuses slowed to 4.3% (prev. 4.4%). More notable was public sector wage growth, a metric previously flagged by Governor Bailey, who said the Bank was closely monitoring public sector pay as a potential source of inflation pressure. In its June report, the ONS said "public sector wage growth remains elevated, affected by the timing of recent NHS pay awards". Money markets were little changed after the report. Pantheon Macroeconomics said other measures of pay growth point to stronger wage gains. As a result, while the firm expects rates to remain on hold for an extended period, it sees risks skewed to the upside. Note: The report was subject to operational issues at the ONS, though the impact was minimal.

UK INFLATION (WED): Headline CPI cooled more than expected in June, printing at 2.6% (expected 2.7%, previous 2.8%), below the BoE's June view of 3.1%. Elsewhere, a 2% fall in PPI Input M/M and cooling services inflation play in favour of the more dovish members of the MPC. However, Core CPI remained sticky at 2.6% (expected 2.5%), indicating that domestic inflationary pressures persisted. Somewhat driven by the sizable personal device component, which itself is likely a function of recent price increases in the tech space, particularly with reference to Apple. Within the series, policymakers are likely to welcome food inflation slowing to its lowest level since August 2024, 1.1ppts below the BoE's forecast. ING said the report weakened the case for rate hikes this year and expects rates to remain on hold throughout 2026. In contrast, money markets fully price in a 25bps hike by November.

AUSTRALIAN JOBS REPORT (THU): Australia's labour market strengthened markedly in June, with employment rising by 76.3k, well above the consensus forecast for a 15.0k increase, while the unemployment rate held steady at 4.4%. The Australian Bureau of Statistics said the gain comprised 29.3k full-time and 47.0k part-time jobs, while the participation rate rose to 67.0% from 66.7% as more people entered the labour force. Analysts noted that stronger-than-expected employment growth and resilient participation underscored the labour market's continued strength despite restrictive monetary policy, with the steady unemployment rate reflecting increased labour supply rather than weaker hiring. Following the release, investors raised expectations for further RBA policy tightening, with attention now turning to next week's Q2 CPI data for further guidance on the inflation outlook and the central bank's policy path.

ECB POLICY ANNOUNCEMENT (THU): As expected, the ECB held rates at the non-forecast meeting. The opening statement was near-enough a reiteration of the approach from June, with no forward guidance or pre-commitment provided and the data-dependent and meeting-by-meeting conditionality kept. The lack of hawkish-tilt in the statement spurred a modest dovish reaction, though this unwound as Brent surpassed USD 100/bbl. Further, in the press conference, while President Lagarde declined to give forward guidance she did concede that they were giving a 'framework', with reference to the above conditionality. Additionally, the decision to hold was a unanimous one, but some members did question whether a hike should have taken place. Finally, post-meeting sources confirmed that a September hike will be under consideration. Overall, the narrative remains a data-dependent one, and given that the recent energy resurgence means that headline inflation is likely to tick up once more and be reflected in the September forecasts, a September hike is increasingly likely; markets currently price in over a 70% chance of a move.

CBRT POLICY ANNOUNCEMENT (THU): CBRT kept its key policy rate at 37.0%, with the interest rate corridor unchanged at 450bps and the upper and lower bands at 40% and 35.5%, respectively. Consensus had expected the MPC to leave rates unchanged, with most banks pushing back expectations for easing after the recent resurgence in energy prices. However, some had noted the possibility that it could adjust its funding policy by lowering the average funding cost for commercial banks without formally changing the policy rate, although this was not mentioned in the statement. With the accompanying release largely a copy of the June meeting statement, market focus now shifts to geopolitical developments and their potential impact on the disinflation process. Most banks still forecast year-end inflation above the CBRT's 26% target, including GS and MUFG at 30% and Oxford Economics at 29%, particularly after the recent resurgence in Gulf tensions. Looking ahead, the rate path will depend on the inflation outlook. Oxford Economics expects the bank to resume easing in Q4, taking the policy rate to 35% by year-end, while BBVA expects the bank to begin cutting rates by September, with the policy rate ending the year at 36%.

SARB POLICY ANNOUNCEMENT (THU): South Africa's central bank unexpectedly cut rates by 25bps to 7.00% in a 4-2 vote, saying its policy was restrictive enough to return inflation to target within two years. The unexpected decision immediately weighed on the ZAR, given the recent rise in oil prices and the resulting inflationary impact on South Africa. In its statement, the SARB said its various measures of underlying inflation pointed to stronger price pressures and upside risks to inflation. It also introduced an updated adverse scenario in which oil averages USD 100/bbl in 2026, inflation remains persistently above target and requires an additional rate hike this year. Brent reached that level after the rate decision. In its forecasts, the central bank lowered its 2026 CPI projection but raised its 2027 forecast. It also raised its 2026 GDP growth outlook, left its 2027 forecast unchanged and said it saw downside risks to growth.

UK FLASH PMI (FRI): The UK's flash PMIs beat expectations across the board, with manufacturing rising to 52.8 (exp. 52.1), services to 51.8 (exp. 49.4) and the composite index to 52.1 (exp. 49.7). S&P Global said hospitality activity was supported by favourable weather, the FIFA World Cup and stronger domestic holidays, while manufacturing outperformed on stronger exports, although precautionary stockbuilding linked to Middle East supply disruptions could prove temporary. It added that lower oil prices in the first half of July helped ease price pressures, though inflationary risks remained elevated. The survey was conducted between 9th-22nd July and therefore did not capture the recent escalation in the Middle East, which pushed Brent crude back above USD 100/bbl.

EZ FLASH PMI (FRI): The Eurozone's flash PMIs topped expectations across the board, with manufacturing rising to 52.0 (exp. 51.3), services to 51.6 (exp. 49.8) and the composite index to 51.9 (exp. 50.3). S&P Global said the improvement reflected a rebound in demand after a stagnant second quarter and was consistent with GDP growth of around 0.3% Q/Q. It added that cost pressures fell to their lowest level since the Middle East conflict began, easing pressure on the ECB to deliver further near-term rate increases, but cautioned that the outlook would depend on developments in the region. The survey was conducted between 9th-22nd July and therefore did not capture the latest escalation, which pushed Brent crude back above USD 100/bbl.

UK RETAIL SALES (FRI): June’s series was much stronger than expected. Rising 1.0% M/M in June (exp. 0.2%), while the ex-fuel measure increased 1.1% (exp -0.4%). Annual retail sales growth rose to 4.2% Y/Y from 3.2%. Markets showed little follow-through as the data was influenced by weather and sport related purchases, which are likely to prove temporary and as such caveat the headline. Pantheon Macroeconomics still expects consumer spending growth to ease to 0.1% Q/Q across H2, with a reversal in the aforementioned components likely to factor in the near term. For the BoE, the data is welcome but the impact is limited given the mentioned caveats. Nonetheless, it provides credence to those on the hawkish side of the MPC that the economy could absorb tightening to deal with, primarily, energy related price pressures.

JAPANESE CPI (FRI): Japanese inflation was broadly in line with expectations in June, with headline CPI rising 1.7% Y/Y (exp. 1.7%, prev. 1.5%) and core CPI increasing 1.6% (exp. 1.6%, prev. 1.4%). The acceleration was largely driven by a smaller decline in energy prices, including gasoline and electricity, rather than a broad strengthening in domestic inflation. Food inflation also moderated, with prices excluding fresh food rising 3.1%, down from 3.5% in May. Meanwhile, core-core CPI, which excludes fresh food and energy, eased to 1.7% (exp. 2.0%, prev. 1.8%), extending its slowdown and indicating that underlying price pressures remained subdued. Overall, the data support expectations that the BoJ will keep policy unchanged at its July meeting while continuing to assess whether stronger wages can generate more durable inflation.

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