Week in Focus:10-14th August 2026

Highlights include: US CPI, US Retail Sales, RBA, BoJ SOO, and UK GDP

- **MON**: BoJ Summary of Opinions
- **TUE**: RBA Announcement
- **WED**: German Final Inflation (Jul), IEA OMR, OPEC MOMR, US CPI (Jul)
- **THU**: Norges Bank Announcement, UK GDP (Q2), US PPI (Jul)
- **FRI**: EZ Employment (Q2) and GDP 2nd Estimate (Q2), US Retail Sales (Jul), US University of Michigan Prelim (Aug)

WEEK AHEAD

BOJ SUMMARY OF OPINIONS (MON): The BoJ will release the Summary of Opinions from its July 31st meeting, where the central bank kept rates unchanged at 1.00%, as widely expected, after raising rates at its previous meeting in June. The decision was made by an 8-1 vote, with board member Takata dissenting and proposing a 25bps hike. Attention will therefore be on the degree of support for further near-term tightening among other Board members and whether Takata's dissent was an isolated view or if other members also saw a case for raising rates sooner rather than later. The Summary will also be eyed for views on the inflation outlook and the conditions needed for another rate hike, particularly after the BoJ said it would continue to raise rates in response to economic and price developments and financial conditions, while considering the timing and pace of hikes as it assesses risks to its baseline scenario. Of particular interest will be any discussion around upside inflation risks after Governor Ueda said the next meeting would take into account the risk of inflation overshooting by more than in the past and stressed that the BoJ does not need to wait for data showing inflation has fully stabilised at 2% before making policy decisions. Participants will also look for views on risks stemming from developments in the Middle East and their potential impact on prices and the economy. As a reminder, the BoJ's updated Outlook Report slightly raised its real GDP forecasts for FY26 and FY27, while lowering its core CPI estimate for FY26 and raising it for FY27, with underlying inflation still expected to reach a level consistent with the 2% target between the second half of FY26 and FY27.

RBA ANNOUNCEMENT (TUE): The RBA is expected to keep rates unchanged at its meeting next week, with money markets pricing around a 99% probability that the Cash Rate will be maintained at the current level of 4.35%, while the central bank will also release its quarterly Statement on Monetary Policy, including its latest economic projections. As a reminder, the RBA paused at its last meeting in June, as expected, following three consecutive rate hikes at prior meetings, although the language remained hawkish as it warned of potential further rate hikes if necessary, citing persistent inflation and oil supply disruptions. The RBA also said the latest data indicated that headline and underlying inflation remained too high and that the Board would monitor incoming data and its evolving assessment of the outlook and risks to guide its decisions, while noting that short-term inflation expectations had eased but remained above levels seen earlier this year. Furthermore, it stated that monetary policy was well placed to respond to developments and that the Board was focused on its mandate to deliver price stability and full employment, while it would do what it considered necessary to achieve that outcome, including increasing the Cash Rate target further if required. RBA Governor Bullock continued to echo the hawkish tone during the press conference, stating that inflation remained too high and that the Board was still concerned about inflation, but was in a better position, while it was too early to say whether the cooling housing market would help with policy. She also revealed that the Board did not consider raising rates at the meeting, but acknowledged that risks remained to the upside and that it could not rule out having to do more on rates. Conversely, the latest key data releases from Australia suggest a lack of urgency for immediate policy adjustments, as inflation cooled in Q2, with headline CPI at 0.6% Q/Q vs Exp. 0.7% (Prev. 1.4%) and 3.9% Y/Y vs Exp. 4.1% (Prev. 4.1%). The RBA's preferred Trimmed Mean CPI was also softer than expected at 0.8% Q/Q vs Exp. 0.9% (Prev. 0.8%) and 3.6% Y/Y vs Exp. 3.7% (Prev. 3.5%), but remained above the 2-3% medium-term target, suggesting the central bank will likely maintain its hawkish tone at the upcoming meeting. Recent jobs data have been encouraging, with Employment Change in June topping forecasts at 76.3k vs Exp. 15k (Prev. 40.3k) and the Unemployment Rate steady at 4.4%, suggesting there is room to manoeuvre on policy. However, an immediate adjustment is unlikely as the Board has noted that it saw merit in using the room created by earlier hikes to assess how the economy was faring and agreed that financial conditions were now likely somewhat tight.

US CPI (WED): The consensus looks for headline CPI to rise by 0.1% M/M in July (prev. -0.4%), and the core rate to rise by 0.2% M/M (prev. 0.0%). Pantheon Macroeconomics argues that this will be enough to keep the FOMC in wait-and-see mode. The consultancy says core goods prices are expected to rise by 0.18%, which would be the largest monthly gain since September, driven partly by Apple’s (AAPL) decision to raise prices on most of its hardware by between 15-30% from 25th June. This is expected to be partly offset by declines in services components, with airline fares expected to fall by 1.5%, accommodation prices to fall by 1%, and auto insurance premiums also expected to continue the recent downside trend. Pantheon looks for CPI energy goods prices falling by 2.6% in July, which it says should trim 11bps from the headline, while food-at-home prices are forecast to rise a modest 0.2%. the consultancy cautions that the range of plausible outcomes is unusually wide in July, and adds that August’s inflation data is more likely to have a greater bearing on the FOMC’s September decision, where markets currently price a 53% chance of a 25bps rate rise.

NORGES BANK ANNOUNCEMENT (THU):Policymakers at Norges Bank are expected to leave rates unchanged at 4.25% at their policy meeting on 13th August. At June's meeting, the statement said that "it will likely be necessary to raise rates further at one of the forthcoming meetings". This was reflected in the policy rate path model in the MPR, which showed the policy rate peaking at 4.50% by the end of 2026. Nordea argues for a hold in August after June's core inflation came in at 2.7% Y/Y, significantly below Norges Bank's projection of 3.3%. The Bank will also receive the July inflation report, on the Monday. July's CPI-ATE, the core inflation measure preferred by Norges Bank, is expected to tick up to 2.8% Y/Y from 2.7%, but remain below Norges Bank's forecast of 3.3% Y/Y. SEB highlights the decline in food inflation in June, which cooled more than expected for a second consecutive month, potentially indicating that food inflation is finally slowing. Despite the expected uptick in core inflation, Nordea states that this should not have much impact on the Board's decision at Thursday's policy meeting, with inflation below the Bank's forecast. Looking ahead, Nordea expects a rate hike in the autumn as it is not convinced that underlying inflation is as weak as recent reports suggest.

UK GDP (THU): The June and Q2 read is expected to show growth, but is seen pulling back from prior levels. In May, the series was propped up entirely by the Services sector. For June, the expected loss of momentum was, according to the PMI commentary, driven by "Strong cost pressures, lacklustre demand and business uncertainties arising from the Middle East conflict...". For Q2, the preliminary Q/Q is seen at 0.4% (prev. 0.6%), given June's expected -0.1% M/M (prev. 0.1%), and 1.2% Y/Y (prev. 1.3%) outturn. The BoE will, of course, be attentive to the series, though the primary focus in the near-term remains on inflation, and particularly any signs of second-round effects. However, if the recent reporting around Middle East progress develops into a lasting ceasefire, then a soft print today could fan the dovish impulses we saw at the last BoE.

US RETAIL SALES (FRI): The consensus expects US retail sales to rise by 0.2% M/M in June (prev. 0.2%), the core measure rising 0.2% M/M (prev. -0.2%), and the control group rising 0.3% M/M (prev. 0.5%). The Chicago Fed's July advance retail trade summary sees retail and food services sales ex. autos rising +0.1% M/M seasonally adjusted, and unchanged when adjusted for inflation.

WEEK IN REVIEW

OPEC JMMC REVIEW: The OPEC-7 agreed to raise output by a nominal 188k BPD in September, as expected, completing the rollback of the voluntary cuts introduced in 2023. The group maintained a cautious tone on the supply outlook, expressing concern over recent attacks on energy infrastructure and disruptions to international shipping lanes amid heightened geopolitical tensions, while noting the associated risks to energy security and market stability. Focus also remained on compliance and compensation cuts, with overproducing members expected to offset excess production by December 2026. The broader layer of roughly 2mln BPD of OPEC+ cuts remains in place through year-end. Looking ahead, the seven producers are due to meet again on 6th September, while the next JMMC meeting is scheduled for 4th October. The official statement made no reference to Q4 supply policy for October-December, making the next meeting notable amid expectations for a pause in output hikes.

CHINESE RATINGDOG PMIS REVIEW : Chinese RatingDog PMIs pointed to a notable loss of momentum in July, although both manufacturing and services remained marginally in expansionary territory. Manufacturing PMI fell to 50.9 from 51.7 (exp. 51.5), marking a four-month low, although new orders continued to rise and new export orders returned to expansion. Meanwhile, Services PMI fell sharply to 50.4 from 54.1, marking the slowest pace of growth since September 2024, with softer domestic demand weighing on new business and 12-month business confidence falling to its lowest since February 2020. As a result, the Composite PMI declined to 50.8 from 53.6. The RatingDog surveys were somewhat more resilient than the official NBS PMIs, which fell into contraction in both manufacturing and non-manufacturing, although the broader message remained one of weakening Chinese economic momentum and soft domestic demand. Overall, the data added to evidence of a slowdown in activity heading into H2 and kept focus on whether Beijing will provide further policy support to underpin domestic demand.

QUARTERLY REFUNDING REVIEW: The Treasury maintained next quarter's coupon auction sizes, in line with expectations and its prior guidance. Forward guidance was also left unchanged, with the Treasury continuing to anticipate "maintaining nominal coupon and FRN auction sizes for at least the next several quarters". In the TBAC Minutes, dealers generally expect nominal coupon auction sizes to increase sometime in 2027 (prev. early 2027), while also anticipating that the Treasury will adjust its forward guidance several quarters ahead of any such move. The Committee similarly continues to believe higher coupon issuance could be warranted during FY2027 and discussed potential changes to the Treasury's forward guidance for future consideration. Regarding TIPS, auction sizes were left unchanged, with the 30-year reopening in August at USD 8bln, the 10-year reopening in September at USD 19bln and the new 5-year issue in October at USD 26bln. FRN auction sizes were also maintained. Next week, the Treasury will offer USD 125bln of coupon securities to refund approximately USD 96.3bln of privately held notes and bonds maturing on 15th August, raising USD 28.7bln in new cash. The refunding will consist of USD 58bln of 3-year notes on Tuesday, USD 42bln of 10-year notes on Wednesday and USD 25bln of 30-year bonds on Thursday. Regarding bills, the Treasury expects to maintain current benchmark bill auction sizes over the coming weeks and anticipates potentially issuing a short-dated Cash Management Bill (CMB) around the end of August to help meet cash management needs. It then expects to reduce short-dated bill auction sizes in September before increasing auction sizes across the bill curve in October to accommodate seasonal fiscal outflows. The Treasury reiterated that it will continue to evaluate near-term borrowing needs and adjust bill auction sizes as appropriate. The Treasury continues to assume a USD 950bln cash balance at the end of September but now expects the Treasury General Account (TGA) to peak at around USD 1.05tln (+/-USD 50bln) in late October, compared with the previous estimate of USD 1.0tln. Finally, the Treasury left its quarterly buyback caps unchanged, maintaining limits of up to USD 38bln for liquidity support and USD 25bln in the one-month to two-year bucket for cash management.

RBI REVIEW: The RBI kept the Repurchase Rate unchanged at 5.25%, as expected, in a unanimous decision, while maintaining its neutral policy stance. RBI Governor Malhotra said growth continues to be supported by domestic demand and that greater clarity on inflation is needed before taking policy action. In terms of forecasts, the RBI sees FY27 real GDP growth at 6.7% (prev. 6.6%) and FY27 CPI at 5.0% (prev. 5.1%). Furthermore, Malhotra said the RBI will ensure sufficient liquidity in the banking system and continue to curb excess volatility and check speculation in the foreign exchange market, while noting that additional measures will be announced. The central bank's language stressed uncertainty and pointed to a lack of urgency to adjust rates immediately, placing the emphasis on upcoming data to gauge how inflation develops.

BCB REVIEW : The Brazilian Central Bank cut its Selic rate by 25bps to 14%, in line with analyst expectations. The decision was unanimous. The central bank noted that economic indicators suggest a gradual moderation in economic activity, albeit at a resilient level, with mixed signals across sectors and a tight labour market. It noted that headline inflation had decelerated, although it remained above the upper limit of the target, while measures of underlying inflation had eased to a level slightly below the upper limit. It noted that "the risks to inflation, both to the upside and to the downside, remain higher than usual, with an upward asymmetry". The central bank will continue to monitor how developments in domestic fiscal policy affect monetary policy and financial assets, reinforcing its cautious stance amid heightened uncertainty. It also acknowledged that recent economic activity remains consistent with a trajectory of deceleration for the 2026 FY. Importantly, it is also closely monitoring a further deanchoring of longer-term inflation expectations. The BCB noted that the current scenario of high uncertainty and deanchored expectations, with elevated risks, requires serenity and caution in the conduct of monetary policy. Summarising the report, Pantheon Macroeconomics noted that the hurdle for faster easing remains high.

US ISM MANUFACTURING PMI REVIEW: US manufacturing activity accelerated in July, with the ISM Manufacturing PMI rising to 55.6 from 53.3 (exp. 54.0), its highest level since May 2022. The report pointed to broad-based strength as production surged to 58.5 (prev. 52.2), new orders rose to 56.7 (prev. 56.0), employment returned to expansion at 52.8 (prev. 49.7) for the first time in 33 months, while order backlogs (55.0 vs. prev. 50.5) and export orders (53.0 vs. prev. 48.5) also strengthened. Price pressures remained elevated despite easing slightly, with the Prices Paid Index at 71.1 (exp. 70.3, prev. 73.0), while supplier deliveries slowed further and customers' inventories remained in "too low" territory, pointing to continued supply constraints. ISM noted manufacturing expanded at its fastest pace in more than four years, with the survey implying annualised real GDP growth of around 2.8%. Respondents continued to cite robust demand from AI-related semiconductor, data centre and defence spending, although many also highlighted rising input costs, longer lead times and supply shortages, with steel, aluminium, tariffs and the renewed Middle East conflict keeping upward pressure on prices. Oxford Economics said the sector has shifted into a higher gear with solid underlying momentum, expecting defence and semiconductor-related machinery demand to remain the key growth drivers, but warned that supply bottlenecks and persistent cost pressures are likely to keep manufacturing inflation sticky.

US ISM SERVICES PMI REVIEW: The ISM Services PMI was little changed at 54.1 in July (exp. 54.5, prev. 54.0), remaining firmly in expansion territory for a 25th consecutive month, although beneath expectations. Under the hood, the report was mixed. Business Activity jumped to 59.1 from 55.4, its second-highest reading since May 2024, while New Orders accelerated to 57.2 from 55.1, suggesting demand remained robust. However, the Employment Index fell back into contraction at 47.4 from 51.2, marking the 12th contractionary reading in the last 18 months and reinforcing signs of a largely jobless expansion. Meanwhile, the Prices Paid Index climbed to 70.3 from 67.7, topping 70 for the fourth time in five months and highlighting persistent cost pressures, although supplier deliveries continued to ease and order backlogs slowed, indicating few broader supply chain strains. Respondents noted tariff impacts and Middle East tensions were mentioned less frequently than in prior months, while concerns remained around inflation, mortgage rates and higher petroleum costs. ISM noted the survey is historically consistent with annualised real GDP growth of around 1.9% in Q3, while Oxford Economics said the report reinforces its view that the economy remains on a solid footing at the start of Q3, with a weighted average of the manufacturing and services ISMs pointing to GDP growth of just above 2% annualised.

SWEDISH INFLATION REVIEW: Swedish inflation was hotter than expected compared with both consensus and the Riksbank's forecast, sufficient to spark a small SEK bid. CPIF fell to 0.7% Y/Y, above expectations of 0.6%, while the monthly figure showed shallower deflation than expected at -0.3% M/M. While hotter than the Riksbank had forecast, the data likely endorses, rather than changes, the current path for rates, with markets fully pricing a 25bps hike by year-end. ING and Nordea maintained their year-end views for unchanged rates and one hike, respectively.

BANXICO REVIEW: Banxico left rates unchanged at 6.50%, as expected, in a unanimous decision. The central bank also maintained its forward guidance, signalling that rates will remain on hold for the foreseeable future. "Looking ahead, the Governing Board estimates that it will be appropriate to maintain the reference rate at its current level." Banxico shifted to this language in May, signalling that its easing cycle had concluded. Regarding inflation, it said the balance of risks for the inflation trajectory over the forecast horizon remains biased to the upside. It also stated that both headline and core inflation are still expected to decline throughout the forecast horizon, albeit more gradually than previously anticipated. Banxico expects headline inflation to converge to the target in Q4 2027, compared with its previous forecast of Q2 2027.

CHINESE TRADE DATA REVIEW: Chinese trade data was firmer than expected in July, with the trade surplus widening to USD 112.5bln (exp. 107.0bln), albeit easing from USD 125.62bln in June. Exports rose 23.9% Y/Y (exp. 22.2%), supported by continued strength in global technology demand. Meanwhile, imports rose 27.5% Y/Y (exp. 27.9%), cooling from the 36.0% increase seen in June but remaining robust. Export strength was also supported by continued front-loading of shipments ahead of potential Western tariffs and other protectionist measures.

CANADIAN JOBS REVIEW: Canadian employment data was strong in July, contrasting with the softer US jobs report. Employment rose by 75k, well above the expected 12.5k and accelerating from the prior 18.2k increase. The composition was also healthy, with 38.6k full-time and 36.6k part-time jobs added. The unemployment rate unexpectedly ticked down to 6.4% from 6.5% (exp. 6.5%), despite the participation rate rising to 65.1% from 65.0%, adding to the strength of the report. The robust labour market data should support the BoC's patient approach to monetary policy. With rates currently around the lower end of estimates of neutral, the Bank has been taking time to assess the outlook amid competing risks from Middle East-driven inflation pressures and downside risks to growth stemming from US-Canada trade uncertainty. A labour market report of this strength reduces the urgency for the BoC to provide additional support to the economy and allows policymakers to continue assessing incoming data while these uncertainties evolve. However, Oxford Economics suggest the "surprisingly strong July job growth is unlikely to be sustained".

US JOBS REPORT REVIEW: US jobs data disappointed expectations in July, with headline payrolls falling by 23k (exp. 91k), while two-month net revisions totalled a massive -103k. Ahead of the data, analysts were expecting large revisions because June's payroll figure was based on around half the usual number of survey responses, with the BLS relying on modelling rather than reported data. Still, the internal sector figures were stark: government payrolls fell by 53k (Pantheon Macro said a one-time decline in education payrolls at the end of the school year was the primary driver), while leisure and hospitality fell by 40k, potentially unwinding some of the recent strength. Private payrolls also missed, rising by 30k (exp. 78k); the ADP private payrolls data released earlier in the week had flagged this possibility after also missing expectations. Elsewhere, the jobless rate slipped to 4.1% (exp. 4.2%), though this was likely a function of the participation rate falling by one-tenth to 61.4%. Wage figures also softened, with average hourly earnings rising by just 0.1% M/M (exp. 0.3%), dragging the annual rate down to 3.2% Y/Y (exp. 3.5%). In terms of the implications for Fed policy, money markets' implied probability of rate hikes tilted dovishly after the data, pricing a 44% probability of a September rate hike, versus around 55% ahead of the release. Still, FOMC participants have recently flagged a generally stable jobs market, instead stating that their focus is on bringing inflation back to target. As such, next week's US CPI and PPI data may play a greater role in shaping expectations for the September meeting, alongside PCE inflation data due on 26th August, the Fed's preferred gauge.

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