

## Highlights include FOMC, BoJ, BoE, SNB, US Retail Sales, Aussie jobs, Japan & Canada CPI

- **MON:** Chinese Activity Data (Feb), US Retail Sales (Feb)
- **TUE:** EZ Trade Balance (Jan), German ZEW Survey (Mar), Canadian CPI (Feb), Japanese Trade Balance (Feb), NVIDIA (NVDA) CEO to speak at GTC
- **WED:** FOMC Announcement, BoJ Announcement, EZ Final CPI (Feb), New Zealand GDP (Q4)
- **THU:** BoE Announcement, SNB Announcement, Riksbank Announcement, PBoC LPR Setting, Australian Jobs (Feb), UK Jobs (Jan), Japanese CPI (Feb)
- **FRI:** Quad Witching, CBR Announcement

**CHINESE ACTIVITY DATA (MON):** Chinese industrial production is forecast to dip to 5.4% Y/Y February (from 6.2%), with retail sales and fixed asset investments forecast to tick higher to 4.0% Y/Y from 3.7%, and to 3.8% Y/Y from 3.2%, respectively. The data will be followed by an NBS press conference, as usual. Analysts at ING suggest that retail sales should edge higher as "the expansion of trade-in programmes this year should support growth in the coming months," while industrial production will likely dip on weaker external demand and fixed asset investment could be dragged lower by the private sector. It's worth noting that the data also comes in the midst of US tariffs, with US President Trump imposing a 10% levy on China from February 4th, which doubled to 20% on March 4th.

**US RETAIL SALES (MON):** US retail sales are expected to rise +0.7% M/M in February (prev. -0.9%) – the annualised rate stood at 4.2% Y/Y in January; the ex-autos measure is seen rising +0.5% M/M in February (prev. -0.4%). Bank of America's consumer checkpoint data, which has been a decent predictor of retail sales performance of late, showed credit and debit card spending per household -2.3% Y/Y in February vs 1.9% Y/Y rise in January; however, the bank says that this decline reflects the impact of the extra leap day in February 2024. When seasonally adjusting the data, it points to spending rising by +0.3% M/M, suggesting some continued momentum to spending after a chilly start to the year. "Higher-income households continue to show the strongest growth in spending, this reflects an acceleration in their post-tax wages and salaries, which grew around 3.5% Y/Y, but at the same time, rising equity values have provided an additional tailwind from 'wealth effects'," it wrote. It also notes that food prices have been rising recently, presenting challenges for those with lower incomes. "If prices keep rising, it seems likely consumers will continue to deploy a range of strategies, including more targeted shopping across different stores, as well as spending more at value grocery stores," BofA said.

**NVIDIA GTC:** The Nvidia GTC is all week, but CEO Huang is due to speak on Tuesday, March 18th at 17:00GMT/13:00EDT, followed by a Q&A session with financial analysts on March 19th. Nvidia typically reserves a big chunk of the conference for GPU-related debuts, as such desks note a new, upgraded iteration of its Blackwell chip lineup seems likely. During Nvidia's most recent earnings call, CEO Huang confirmed that the upcoming Blackwell B300 series, codenamed Blackwell Ultra, is scheduled for release in H2 '25. Citi adds the B300 is expected to remain a 4NP chip, but its computing performance is projected to improve by a greater margin compared to the upgrade from H100 to H200. The other big focus for investors will be the Rubin, NVDA's next-gen GPU series, which is due out in 2026. Rubin promises to deliver what Huang has described as a "big, big, huge step up" in computing power. For reference, in NVDA's last earnings call, Huang spoke about post-Rubin products at GTC, as well. On Rubin, due to numerous factors, desks note it is anticipated to significantly outperform the inference performance of the Grace-Blackwell. As well as participants awaiting the aforementioned Blackwell Ultra and next-gen Rubin chip, Citi is looking out for NVL288 Single-Rack Product and a Rubin Ultra roadmap, a chip that may adopt a 12-layer HBM architecture to further enhance overall performance. Beyond GPUs, desks suggest that Nvidia may illustrate its approach to recent quantum computing advancements, as the Co. has scheduled a "quantum day" for GTC, during which it'll host execs from prominent companies in the space to "the path toward useful quantum applications." Elsewhere, investors are still waiting for clear signs involving the impact of AI restrictions and tariffs on GMs, and although NVDA is not yet in a position to comment on these issues, Citigroup maintains a "Buy" rating. BofA reiterates a Buy rating and PT of USD 200, telling investors that shares are trading "at a very compelling price" ahead of the GPU Tech Conference next week.

**CANADIAN CPI (TUE):** The February CPI is likely too early to capture any tariff-related impact on Canadian prices, with fentanyl-related tariffs initially pushed back to March 4th, US President Trump once again delayed them until April 2nd. The Steel and Aluminium tariffs went into effect on March 12th, but the upcoming data is for February so it will not incorporate the full impact of tariffs, although it may have started to capture firms already raising prices in anticipation of tariffs. The BoC released a publication this week on how Canadian businesses and households are reacting to the trade conflict, and it showed businesses are beginning to report that the trade conflict is leading to an increase in their costs. This is happening through several channels. 1) CAD depreciation, 2) increased tariffs and trade restrictions affecting other countries like China are working through supply chains, affecting a variety of input costs, 3) businesses are developing plans to diversify product sources to avoid tariffs and mitigate trade disruptions, with new suppliers often being costlier than existing suppliers. 4) It also found the lack of clarity around trade policy is making it difficult to negotiate price contracts, with some raising their prices in anticipation of future tariffs. It also found that around half of businesses surveyed plan to increase their prices if tariffs are imposed on their inputs of products, and of those planning price increases, around 75% expect to pass on more than half of the tariff-related cost increases to their customers. The data will

be watched by the BoC to see how close inflation remains to target, but the focus for the central bank is largely on the impact of tariffs on the Canadian economy, with policy set to be dictated by the impact of tariffs. Governor Macklem said the BoC will proceed carefully, given the need to assess both the upward pressure of inflation from higher costs and the downward pressure from weaker demand.

**FOMC ANNOUNCEMENT (WED):** The FOMC is expected to hold rates at between 4.25-4.50% at its March meeting. Money markets are pricing a negligible risk of a cut – the first fully discounted rate reduction is priced for June, with around 70bps of cuts currently priced through the end of the year, implying two fully discounted cuts, and a decent chance of a third. Traders will therefore be looking to the Fed statement, updated economic projections, and commentary from Chair Powell, amid the weaker economic activity data that has been coming out of the US of late, underpinned by fears over tariff policy. The Atlanta Fed's GDPnow model is currently tracking Q1 growth of -2.4% (this will be updated on Monday). Analysts have suggested that this may be overstating the gloom, however; the model saw a hefty downward revision after the US trade deficit rose to a record in January, driven by stockpiling ahead of potential tariffs, but this might have been a function of gold imports, which do not directly impact activity – indeed, the Atlanta Fed said that the gold-adjusted tracking estimate was at -0.4%, still in contraction, but less severe than its headline. Accordingly, traders will be looking to see whether Chair Powell reassesses his view that the central bank is in no hurry to reduce rates in the near term. In its December projections, the Fed pencilled in rate cuts that would take the Federal Funds Rate target to between 3.75-4.00% this year, with rates seen falling further over its forecast horizon to 3.00-3.25% by 2027. The updated projections will be notable, and help to reveal whether the Fed is concerned about slowing growth, or whether its focus remains on inflation, where concerns remain about the level of inflation, as well as inflation expectations, as tariffs come into play; Capital Economics does not expect any major changes to the rate projections given that dynamic.

**BOJ ANNOUNCEMENT (WED):** The Bank of Japan will likely maintain rates. A recent Reuters poll showed 61 of 62 economists surveyed look for the central bank to keep interest rates unchanged at 0.50%; money markets are that scenario with 92% certainty. The BoJ hiked by 25bps at its last meeting in January, as was widely expected, and reiterated that it will continue to raise rates if the economy and prices move in line with forecasts, adding that it will conduct monetary policy as appropriate from the perspective of sustainably and stably achieving the 2% inflation target. The central bank also stated that inflation expectations have risen moderately, and the chance of Japan's economy moving in line with the forecast is heightening. It also noted that many firms are saying they will offer solid pay hikes in the Spring wage talks. The BoJ's decision was not unanimous in January, with Nakamura dissenting to the rate hike, stating that the BoJ should decide on changing the guideline for money market operations after confirming a rise in firms' earnings power from sources, and after checking sources such as financial statements and statistics of corporations at the next monetary policy meeting. Furthermore, BoJ Governor Ueda kept options open for when the next rate move will occur; he commented at the post-meeting press conference that the timing and scope of raising rates further is dependent on the economy, financial and price conditions, as well as noted there were no preconceived ideas around the scope and timing of the next rate rise which will depend less on economic growth but more on price moves and that that they would rather proceed with caution. This suggests that it is unlikely that the central bank will be quick to hike rates again, and recent comments from officials also point to a lack of urgency for a back-to-back hike; BoJ Deputy Governor Uchida also said it does not have a preset idea in mind on the pace of future rate hikes, and it is not as if they will be raising rates at each policy meeting. Elsewhere, Governor Ueda recently suggested that the BoJ is prepared to increase bond purchases if needed, and if markets make any abnormal moves, it stands ready to respond nimbly, such as through market operations to smooth market moves. The upcoming spring wage negotiations in Japan also support the case for the BoJ to hold steady, as officials would likely want to wait for the outcome of the 'Shunto' before acting again due to the potential impact this could have on inflation, although Ueda has previously acknowledged that a growing number of firms expressed intentions to continue increasing wages steadily, while Japan's largest labour union Rengo was reportedly seeking a wage hike of 6.09% for 2025 (prev. sought 5.85% for 2024). Furthermore, a recent report noted the BoJ is seen keeping policy steady at the upcoming meeting, although three sources familiar with BoJ thinking said inflationary pressures from wage gains and prolonged food price rises could prompt officials to discuss another hike as soon as May, while another recent sourced article stated the BoJ is leaning towards holding the key rate at the March meeting, and wishes to monitor the impact of the January hike and US policies, although no there is no final decision yet for March and they see wage developments as being within expectations.

**NEW ZEALAND GDP (WED):** New Zealand's Q4 GDP is expected to rise by 0.4% Q/Q (prev. -1.0%). Analysts at Westpac forecast a rise of 0.5% Y/Y, but caveat that the increase is attributed to seasonal adjustment factors, rather than genuine economic expansion, as their sector-by-sector analysis suggests minimal underlying growth. Additionally, potential revisions to prior data mean that the Q4 figures should be interpreted with caution, Westpac adds.

**BOE ANNOUNCEMENT (THU):** Expectations are unanimous that the BoE will stand pat on the Base Rate at 4.5% with markets assigning a 92% chance of such an outcome. Since the prior meeting, UK Y/Y CPI has risen to 3.0% from 2.5%, core picked up to 3.7% from 3.2% and services jumped to 5.0% from 4.4%, albeit this was below the MPC forecast of 5.2%. Jobs data is due on the morning of the announcement, however, recent data has been characterised by ongoing upside in the unemployment rate, stubborn wage growth and declining vacancies. From a growth perspective, M/M GDP for January unexpectedly contracted (-0.1% vs. Exp. 0.1%) and slowed from the prior print of 0.4%; it's worth noting that monthly growth data is viewed as volatile. More timely survey data from S&P Global has shown the services metric advanced to 51.0 in February from 50.8 to 51.0, manufacturing slipped to 46.9 from 48.3, leaving the composite at 50.5 vs. prev. 50.6. As such, the economic landscape can be viewed as a stagflationary one. The MPC is expected to lean towards focussing on its inflation mandate in a potential 7-2 vote split with Dhingra and Mann to remain the lone dissenters (unclear what magnitude they will back). Albeit, there are a range of views in the market with Morgan Stanley expecting Taylor to join the dissenters, whilst Pantheon Macro thinks Mann will return to the unchanged camp after backing a 50bps move last month. In terms of the accompanying statement, policymakers are likely to reaffirm their "gradual and careful" approach to rate cuts (vs. prev. stated "gradual" approach) and that policy will be "restrictive for sufficiently long". Looking beyond the upcoming meeting, the next 25bps cut is not fully priced until June with a total of 54bps of loosening seen by year-end.

**SNB ANNOUNCEMENT (THU):** Market pricing currently implies around a 70% chance of a 25bps cut taking place. A 25bps cut would take the policy rate to 0.25% and would increase focus on the zero-lower-bound and negative rates. Recent commentary has been a little light but Chairman Schlegel has made clear that a return to negative rates, while not something they want, cannot be excluded. Inflation prints were in line and hotter than the market expected for January and February respectively, at 0.4% Y/Y and 0.3% Y/Y. Metrics which are in totality marginally hotter than the SNB's Q1 projection of 0.3% Y/Y, though more pertinently the SNB looks for inflation to moderate further to 0.2% Y/Y in Q2 before picking up modestly into end-2025. Internal metrics in February

were a little sticky, with rental measures only easing marginally though this should moderate later in the year after a drop in the reference rate while goods inflation kept the core figure at a 0.9% rate. Overall, the February release justifies the SNB's relatively aggressive approach to easing thus far. However, for March's meeting, the sticky core could argue for the SNB to hold fire at this point and save some powder for Q2/Q3 if inflation moderates further as expected; a point which is particularly of note given the proximity to the zero-lower-bound and negative rates. For the CHF Rabobank highlights that, in the context of better EZ growth expectations following German stimulus announcements, such projections tend to soften the Franc which will be a relief for the SNB and increases the likelihood that rates will not need to go to 0.0% or negative.

**RIKSBANK ANNOUNCEMENT (THU):** The Riksbank is expected to keep rates unchanged at 2.25%; the focus for this meeting will be on any indication of the Bank's view on the terminal rate and on the accompanying rate path. It is interesting to note that whilst analysts at Nordea stick with their forecast for a hold at this meeting, some see the possibility of the Bank keeping the door open for a hike in the future, citing recent inflation developments. As a reminder, the Riksbank delivered a 25bps cut at the last meeting and steered clear from explicitly sending strong signals regarding the next rate cut at the Bank; it did highlight that an economic rebound is on the way but remains weak. The Minutes of that meeting highlighted the variety of views held by members at the Bank; Governor Thedeen suggested that rates are sufficiently restrictive; the likes of Bunge and Bremen kept the door open for more cuts in March or May – though recent inflation developments may have muddled that view. Headline CPIF Y/Y came in hot, printing at 2.9% (exp. 2.7%, prev. 2.2%, Riksbank view 2.4%); the core figure also printed above expectations – as such, analysts at SEB changed their view and expect the Bank to be on pause at the next two meetings (prev. saw a cut in May). Finally, the SEK is well off worst levels and as such has fallen out of the Riksbank's main focus over the past couple of meetings. For reference, the SEK has strengthened around 5% since the last meeting, amid the hawkish repricing, relatively decent European stock performance and Ukraine-Russia peace optimism.

**PBOC LPR (THU):** China's central bank will likely maintain its Loan Prime Rates at current levels (1-year LPR at 3.10%, 5-year LPR at 3.60%). As a reminder, the LPR, are the reference rate for which most new loans and mortgages are based, and have been kept at their current levels since October; the central bank has also kept 7-dat reverse repo rates unchanged for the last six months, which is its main policy tool to control liquidity and influence rates in the banking system. It all suggests that there is a lack of urgency for any near-term policy tweaks. Furthermore, the numerous support efforts and planned spending increases outlined in the recent government Work Report also provide scope for the PBoC to bide its time, while Governor Pan noted during the NPC that they will study and establish new structural policy tools, as well as cut interest rates and banks' RRR at the appropriate time. China also faces uncertainty around US President Trump's tariffs, and its own subsequent retaliations, as well as the recent mixed bag of Chinese data releases, including better-than-expected PMIs, deflationary CPI figures, and the miss on Exports and Imports – analysts say this all favours a patient approach.

**AUSTRALIAN JOBS (THU):** Australian employment is expected to rise by 30k in February (prev. +44k). Westpac suggests that January's upside surprise pushed three-month annual employment growth back to 3.0%, matching the pace seen in December 2023. The bank notes that the non-market sector—healthcare, education, and public administration—dominated 2024's employment gains, though there were signs of improvement in the market sector, albeit with mixed results. The unemployment rate meanwhile is expected to remain at 4.1%. January's seasonal distortions contributed to the higher print, as a large number of people were temporarily classified as "unemployed" despite having jobs lined up for February. With those workers re-entering employment, and labour supply expected to grow at a slower pace, the participation rate is forecast to ease to 67.2% (prev. 67.3%), the desk said.

**JAPANESE CPI (THU):** The inflation metrics will follow the BoJ's confab on Wednesday and thus will not directly impact the March policy decision. ING expects the annual measure to ease to 3.5% Y/Y (from 4.0%), as the government's energy subsidy programme resumes, and fresh food prices stabilised. The bank suggests that these factors will contribute to the softer inflation reading, despite lingering tariff uncertainties. For reference, Tokyo's CPI (seen as a leading indicator of the mainland's metrics) was below expectations in February at (2.9% Y/Y vs an expected 3.2%). The BoJ places focus on the trend of inflation and wages, thus the metric will not be overlooked by the central bank. On that note, Japan's largest labour union Rengo on Friday said first-round data shows an average wage hike of 5.46% in FY25 (vs its demands for 6.09%), and the initial wage hike is set to exceed 5% for the second straight year.

**UK JOBS (THU):** In terms of consensus' available at the time of writing, expectations are for the unemployment rate in the 3 months to January to hold steady at 4.4% with weekly earnings (ex-bonus) set to remain at 5.9% on a 3M/YY basis. As a reminder, the prior release saw the unemployment rate unchanged from the prior, an acceleration in employment change, wage growth advanced and vacancies broadly flat. All of which was viewed at the time as the jobs market holding up better than expected. This time around, economists at Pantheon Macro expect "a 28K month-to-month fall in February payrolls, which will eventually be revised up", whilst the "unemployment rate should hold at 4.4% in January, although it could easily round up to 4.5%". On wages, the consultancy notes that "pay growth is proving stubborn; we expect January private ex-bonus AWE to rise 0.4% month-to-month". From a policy perspective, the release will take place just a few hours before the BoE rate decision in which it is widely expected to stand pat on rates at 4.5%. As such, the release will have little sway on the immediate policy outlook with the next 25bps cut not fully priced until June.

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