

Highlights include US Retail Sales, China Trade & Activity Data, BoC, ECB, UK & Aussie jobs, Inflation from Canada, Japan, UK and NZ

- **MON:** Chinese Trade Balance (Mar)
- **TUE:** RBA Minutes, UK Jobs Report (Feb/Mar), EZ Industrial Production (Feb), German ZEW Survey (Apr), Canadian CPI (Mar)
- **WED:** BoC Announcement, Chinese GDP (Q1) & Activity Data (Mar), UK CPI (Mar), EZ Final CPI (Mar), US Retail Sales (Mar), New Zealand CPI (Q1)
- **THU:** ECB Announcement, CBRT Announcement, Japanese Trade Balance (Mar), Australian Jobs Report (Mar)
- **FRI:** Good Friday Market Holiday, Japanese CPI (Mar)

CHINESE TRADE BALANCE (MON): Trade data for March will likely see some front-loading ahead of US President Trump's hefty tariffs (105% levy added in April), with total tariffs on China now at 145% (20% pre-existing + 125% added this year). In terms of the prior month's data, exports rose by 2.3% Y/Y (vs exp. +5%), and imports contracted by 8.4% (exp. +1%). Analysts linked the slump to the escalating trade war with the US, marked by tit-for-tat tariffs. That being said, it's worth noting that the EU and China have struck a more sanguine tone in recent weeks against the backdrop of US protectionism.

RBA MINUTES (TUE): RBA will release the Minutes from the policy meeting which concluded on April 1st. The RBA decided to maintain the Cash Rate at 4.10% which was unanimously expected given that the central bank had just delivered a cut at the last meeting in February and voiced cautiousness regarding future cuts. The language from the central bank provided little clues on future policy adjustments as it noted that the outlook remains uncertain, underlying inflation is moderating and sustainably returning inflation to target is the priority. Furthermore, it also stated the board's assessment is that monetary policy remains restrictive. RBA also said that monetary policy is well-placed to respond to international developments if they were to have material implications for Australian activity and inflation, as well as noted the continued decline in underlying inflation is welcome, but there are nevertheless risks on both sides with the board cautious about the outlook. Furthermore, it stated the board needs to be confident that this progress will continue so that inflation returns to the midpoint of the target band on a sustainable basis but acknowledged inflation could move in either direction. RBA Governor provided very little clues on future policy during the post-meeting press conference. She noted the chance that there is more strength in the economy than seems and stated the board will continue to look at the data, while she added the board did not discuss a rate cut and has not made up its mind on a May move. Bullock also stated they are not endorsing the market path on future rate cuts and the board did not open the door to a May rate cut, as well as adding there is more economic data to come and updated forecasts for the May meeting. Nonetheless, there have been some increased expectations for a cut in May amid the recent global trade concerns owing to Trump tariffs and the US-China trade war with Australian big 4 bank NAB even calling for an oversized cut of 50bps in May and for the central bank to continue to lower the Cash Rate to 2.60% by February next year.

UK JOBS REPORT (TUE): Expectations are for the ex-bonus wage figure to tick up to 6.0% (prev. 5.9%) and the unemployment rate to once again print at 4.4%. As a reminder, the prior release saw the ILO unemployment rate hold steady at 4.4%, employment change picked up to 144k from 107k, HMRC payrolls change remained at 21k. Capital Economics described the labour market as "cooling rather than collapsing and wage growth stuck in the 5.5-6.0% range". This time around, Pantheon Macroeconomics expects the data to "to show payroll jobs falling, unemployment ticking up, but wage gains staying strong". The desk adds that "March brought signs of actual labour-market loosening, as opposed to potentially sentiment-driven weakness in surveys. Drilling down on wages, Pantheon "assume a 0.3% month-to-month gain in the major measures of AWE, both including and excluding bonuses", adding that wage growth is slowing and will continue to do so but "it remains far too high to bring inflation down to the 2% target". From a policy perspective, around 20bps of cuts are priced for May. However, the release will likely fail to have a durable impact on market pricing given the volatility in global markets on account of the trade war.

CANADIAN CPI (TUE): The CPI for March will be viewed to see if some of the tariffs imposed during March on Canada, including the 25% on non-USMCA compliant goods, the 10% on energy and potash, and 25% on steel and aluminium have an impact on Canadian prices already. Auto tariffs on vehicle imports and auto parts (for non-USMCA-compliant goods) will face tariffs from April 3rd and May 3rd, respectively. CPI had been ticking up in Canada over recent months, but it remains within the 1-3% target range, and the BoC did not appear too concerned. Their focus is the impact on the economy in response to Trump's trade policy, therefore the data will be closely eyed to see what impact the tariffs implemented during March will have on Canadian inflation. Note, that the BoC will release their latest rate decision and MPR on Wednesday, the day after the CPI. Some analysts suggest tariff action may not show up in inflation reports for a couple of months while businesses work through their current inventory.

BOC ANNOUNCEMENT (WED): The prior BoC meeting saw the bank cut rates by 25bps to 2.75%, taking the target for the overnight rate to the centre of the neutral rate estimate, as according to Governor Macklem and the midpoint of the neutral rate estimate (2.25-3.25%). The BoC dropped forward guidance earlier in the year due to the uncertainties ahead. However, since Trump's tariff announcements - Canada is not subject to reciprocal tariffs, but the economy is still subject to 25% tariffs in relation to the inflow of fentanyl into the US. These tariffs are only implemented on goods that are non-USMCA compliant, although energy and potash are still subject to 10% tariffs under the fentanyl and immigration tariffs. Trump has also said the 25% tariffs would drop to 12% if there

were improvements in the flow of fentanyl. Tariffs on autos, steel, and aluminium do remain, while the US is planning to hike existing duties on Canadian lumber to 34% from 14.4%. Trump has since announced a 90-day pause for reciprocal tariffs, but given Canada was not subject to the reciprocal tariffs, the tariffs have not changed (according to a US official). Although the global risk-off tone has tempered following the pause, there is still uncertainty ahead, which could perhaps argue for a pause in the bank rate with the BoC now at the neutral rate. However, the latest labour market report was one of concern, while the BoC will be seeing the March inflation report on Tuesday, the day before the rate decision. However, the market focus is still largely on increasing trade barriers from the US. Money markets currently price in 17bps of easing for the meeting next week, with 76bps priced for the remainder of the year. This implies a 68% probability of a rate cut next week (32% for no change), with three 25bp rate cuts fully priced through year-end. This meeting will be accompanied by the Monetary Policy Report, which will incorporate the latest growth and inflation forecasts from the BoC, and its latest estimate of the output gap and neutral rate.

CHINESE GDP AND ACTIVITY DATA (WED): GDP YTD is forecast at 5.2% (prev. 5.0%) with the Q/Q metric seen at 1.5% (prev. 1.6%). The Q1 release of the data will likely be stale and largely overlooked given the scale of the escalation in tariffs in Q2 between the world's two largest economies, which the upcoming data will not encapsulate. To recap, in April, US President Trump imposed a cumulative 105% levy on China, including 25% global auto tariffs. Following the updates, Goldman Sachs revised China's GDP growth forecast to 4.0% for 2025 (prev. forecast 4.5%), and 3.5% for 2026 (prev. forecast 4.0%). GS cited the downward revision to the impact of sharply increased US tariffs. Goldman Sachs warned the new tariffs would weigh heavily on China's economy and job market, while the marginal impact of future tariff hikes may diminish, this significant increase is still expected to have a major negative effect. Goldman predicts further monetary easing by the Chinese government, and now expects 60bps of policy rate cuts, up from 40bps seen previously, albeit, the desk warned that policy easing may not fully offset tariff damage. It's also worth noting that following the US' April 2nd tariffs, Fitch downgraded China's long-term rating to "A" from "A+" on April 3rd.

UK CPI (WED): Expectations are for the headline Y/Y to moderate to 2.7% (prev. 2.8%) while the core Y/Y rate is forecast to remain at 3.5%. As a reminder, the prior release saw headline Y/Y CPI decline to 2.8% from 2.9%, core slip to 3.5% from 3.7% and services hold steady at 5.0% (vs. MPC forecast of 5.1%). Analysts at Pantheon Macroeconomics attributed the decline in headline inflation to a sharp drop in core goods prices, which offset stubborn services price pressures. This time around, the consultancy expects another decline in the headline rate to 2.7% from 2.8% "as motor fuel prices drop and distortions from last year's early Easter reduce services inflation by 10bp". Looking beyond the upcoming release, Pantheon has made minimal changes to its near-term inflation forecasts in lieu of the recent imposition of tariffs by the US administration. PM expects "CPI inflation to jump to 3.6% year-over-year in April, matching the MPC's forecast, with services inflation 0.2pp higher than rate-setters expect". Looking further out, the desk sees year-end inflation at 3.6%. From a policy perspective, market pricing surrounding the BoE has been particularly choppy on account of the ongoing trade war. However, at the time of writing, around 20bps of loosening is priced for the May meeting with a total of 85bps seen by year-end.

US RETAIL SALES (WED): The consensus looks for headline US retail sales growth of +1.3% M/M in March (prev. +0.2%), while the ex-autos measure is seen rising +0.2% M/M (prev. +0.3%). According to Bank of America's April Consumer Checkpoint, consumers continued spending in March, but tariffs, slowing wage growth and inflation may pose headwinds ahead, it said. The bank's data showed March card spending per household was up 1.1% Y/Y, with seasonally-adjusted card spending +0.2% M/M. BofA said higher-income households showed stronger spending growth, driven by higher after-tax wages, while tax refunds are slightly higher than last year, with a bias towards lower- and middle-income households. On tariffs, the report notes that the import content of consumer goods and services is substantial, raising the risk of price rises from higher tariffs. In its data, BofA said it finds some evidence that consumers were buying durables ahead of the introduction of tariffs, and the evidence is strongest in auto sales. "Services spending has been the mainstay of the strong overall consumer spending story in recent years," it writes, "however, Bank of America card data indicates that 'nice-to-have' discretionary services spending eased in March, while more inflation-driven spending on necessities such as insurance, rent and utilities continues to rise."

NEW ZEALAND CPI (WED): There are currently no expectations for the CPI, but the prior Q/Q printed at 0.5% whilst the prior Y/Y was at 2.2%. Analysts at Westpac forecast the Q/Q at 0.7% (vs RBNZ forecast of 0.8%), and Y/Y at 2.3%. The desks suggest a rise in food and petrol prices boosted quarterly inflation. Westpac says a small undershoot of the RBNZ forecast is not expected to materially impact monetary policy, and Inflation is still within the 1%-3% target band, though expected to stay above 2% for some time. It's also worth noting that the Q1 data will not encapsulate the latest trade developments.

ECB ANNOUNCEMENT (THU): Expectations are for the ECB to cut the deposit rate by 25bps to 2.25%, according to 61/71 economists surveyed by Reuters (note, some of these forecasts may be considered out of date given the fluidity of the trade war). Financial markets have greater conviction over a 25bps rate cut and price such an outcome at 95%. The backdrop to the meeting has been dominated by US President Trump's trade agenda. At the time of writing, US President Trump announced a 90-day pause in tariff actions and cut reciprocals to 10% for nations that asked for talks. Reports suggest that the EU is considering pausing its countermeasures on the US (due April 15th) for 90 days. Overall, the outlook for trade has improved over the past few sessions, however, it remains highly uncertain and therefore continues to suppress the growth outlook for the region. Accordingly, policymakers are set to take action by loosening monetary policy further. Note, an outsized move of 50bps is unlikely with ECB's Simkus stating that he sees no need to talk about such an increment. The statement is likely to reiterate that monetary policy is becoming meaningfully less restrictive and the GC will follow a data-dependent and meeting-by-meeting approach. It remains to be seen whether the Bank will insert any additional language in lieu of the ongoing trade war. The upcoming meeting will not be accompanied by macro forecasts. Thereafter, market pricing has been particularly choppy given the volatility in markets. However, the next 25bps reduction is fully priced by July with 80bps of easing implied by year-end.

CBRT ANNOUNCEMENT (THU): The CBRT is expected to hold rates in its April meeting after recent political events encouraged selling in the TRY, leading to an ADHOC lift in the overnight rate. Since the last scheduled meeting, the Central Bank hosted an interim Monetary Policy Committee meeting where it pledged to limit depreciation pressure on the TRY, hiking the overnight lending rate from 44% to 46%. The accompanying commentary implied they will tighten monetary policy in case a significant and persistent deterioration in inflation is foreseen. This brings us to the recent CBRT survey, where the Bank revised its end-of-year CPI forecast higher, from 29.98% (prev. forecast 28.04%), along with a higher than previously forecast 12-month Repo Rate, seen at 29.37% (prev. 27.60%). Looking ahead, UniCredit says the bank could resume the rate-cutting cycle in June, should the depreciation pressure moderate as seasonal effects, including tourism revenues, will turn more supportive and lower its policy rate to 34% by the end of the year. They also attribute upside risks related to political tension, which might call for a higher real rate, while

downside risks could be amplified in the event of a significant slowdown in economic activity.

AUSTRALIAN JOBS REPORT (THU): Australian Employment Change for March is expected at +40k (prev. -52.8k), with the Unemployment Rate expected at 4.2% (prev. 4.1%). Desks highlight that the February drop in employment was well below forecasts, but unemployment also fell — likely due to a temporary drop in labour force participation, not actual job losses. Westpac views the February data as statistical noise rather than a true economic signal. The desk expects March to see a rebound, with: Employment rising +50k, the Participation rate increasing from 66.8% to 67.0%, and a slight uptick in the unemployment rate to 4.2%.

JAPANESE CPI (FRI): There are currently no expectations for Japanese March CPI, which saw the prior Y/Y CPI at 3.7%, M/M at -0.1%, and Core Y/Y at 3.0%. Consumer prices are expected to accelerate in March, mainly due to higher services costs, and earlier fresh food price increases feeding through to eating-out and processed food, according to ING. From a BoJ perspective, the central bank will likely closely monitor the economic impact of US tariff policy before making further moves, likely standing pat on rates until further clarity.

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