

## Highlights include Global Flash PMIs, PBoC LPR, Tokyo CPI, UK Retail Sales

- **SUN:** Easter Sunday, PBoC LPR Setting
- **MON:** Easter Monday
- **TUE:** Canadian Producer Prices (Mar), US Richmond Fed (Apr)
- **WED:** EZ/UK/US Flash PMIs (Apr)
- **THU:** German Ifo Survey (Apr), US Durable Goods (Mar)
- **FRI:** PBoC MLF, Japanese Tokyo CPI (Apr), UK Retail Sales (Mar), US UoM Final (Apr)

**PBOC LPR (SUN):** There are currently no expectations as to what the PBoC may opt to do with the upcoming benchmark Loan Prime Rates (LPR) settings, particularly in the face of triple-digit levies from the US. As a reminder last month, Chinese major banks unsurprisingly maintained the benchmark Loan Prime Rates with the 1-year LPR kept at 3.10% which is the rate most new loans are based on, and with the 5-year LPR maintained at 3.60% which is the reference for mortgages. The decision to maintain the Loan Prime Rates was widely expected as there hasn't been any adjustment to the LPRs since the last cut in October, while the PBoC has also refrained from any adjustment to its main policy tool, the 7-day reverse repo, which has been left unchanged at 1.50% since September. Nonetheless, future policy action is anticipated, namely in the form of a RRR cut. According to a recent poll, more than 80% of 57 Chinese economists surveyed said to urge RRR cuts at an appropriate time to counter-tariffs, according to Securities Times.

**EZ FLASH PMI (WED):** Expectations are for April's manufacturing PMI to slip to 47.1 from 48.6, services to decline to 50.3 from 51.0, leaving the composite at 50.3 vs. prev. 50.9. As a reminder, the prior release saw the EZ-wide manufacturing print tick higher to 48.7 from 47.6, services rose to 51.0 from 50.6, leaving the composite at 50.9 vs. prev. 50.2. The accompanying report noted, "while we should not be carried away by a single data point, it is noteworthy that manufacturers expanded their output for the first time since March 2023". In terms of recent survey data, the April EZ ZEW expectations survey cratered to -18.5 from +39.8, whilst the Eurozone Sentix fell to -19.5 from -2.9 with the accompanying report noting, "the euphoria for the economy in Germany / EU from the previous month has evaporated. In particular, economic expectations for the eurozone are falling at a record pace". For the PMIs, Oxford Economics writes "what firms say about input and output prices will give us an early hint of where prices may go amid the many moving parts unleashed by the tariffs and policy uncertainty". From a policy perspective, a soft report could further cement expectations for an ECB rate cut in June which is currently priced at around 70% with policymakers seemingly focusing on the negative growth shock from the trade war.

**UK FLASH PMI (WED):** Expectations are for April's services PMI to slip to 52.0 from 52.5, manufacturing to tick higher to 45.8 from 44.9, leaving the composite at 50.8 vs. prev. 51.5. As a reminder, the prior release saw services PMI rise to 52.5 from 51.0, and manufacturing slip to 44.9 from 46.9, leaving the composite at 51.5 vs. prev. 50.5. The accompanying report noted, "the signal from the flash PMI is an economy eking out a modest expansion in March, consistent with quarterly GDP growth of just 0.1%". This time around, Oxford Economics highlights the "wide divergence between hard and soft data of late, which we attribute partly to seasonal adjustment problems with official data and partly to survey data being swayed by a series of events that have rocked sentiment". The desk thinks "the latter effect will likely drag the flash PMIs down in April given the chaos unleashed by US trade policy announcements in recent weeks and that the increase in employers' national insurance contributions has now gone into effect". Given that a BoE rate cut in May is virtually fully priced, the release will likely have little sustained impact on the immediate policy outlook. Furthermore, markets remain wary of the impending uptick in inflation with the April report set to be boosted by rising utility prices. That being said, the release will be scanned for any potential early impacts on the UK economy from the Trump administration's tariff policy.

**PBOC MLF (FRI):** Last month, the PBoC introduced a new auction-based pricing mechanism for its 1-year medium-term lending facility (MLF), allowing banks to bid at different interest rates. Desks suggest this signals a shift away from using the MLF rate as a key policy guide – something that has been in the works for months. Analysts at ANZ Bank believe that this change, alongside a surprise CNY 450bln liquidity injection at the time, suggests a more neutral monetary stance amid tariff concerns and rising market borrowing costs. The PBoC had already lessened the role of the MLF as a policy tool last year in favour of the 7-day Reverse Repo which is its main instrument for influencing short-term rates and liquidity.

**JAPANESE TOKYO CPI (FRI):** There is currently no consensus for the Tokyo CPI release, which is seen as a leading indicator to the National CPI typically released a couple of weeks later. Since the last release, further US tariffs have hit the market. BoJ Governor Ueda says higher-than-expected US tariffs raised global economic uncertainties and caused market turmoil, whilst adding that the central bank will assess US policies, wage and price trends at the next BoJ policy meeting. The governor also noted that underlying inflation is gradually approaching 2% with the labour situation being tight and inflation expectations rising modestly, but uncertainties are increasing due to US tariff policies, and they have adjusted the degree of monetary easing appropriately so far. Ueda said they will continue to make policy decisions appropriately to achieve the 2% inflation target. As a reminder, the latest BoJ meeting provided no surprises as it maintained rates at 0.50% which was widely expected. The central bank said it expects underlying inflation to converge towards a level consistent with the price target in the latter half of the three-year period projected

under the quarterly Outlook Report but noted that uncertainty surrounding Japan's economy and prices remains high. On the trade front, Japan is amongst the "priority" countries with regard to US trade negotiations. Japanese PM Ishiba said the Economy Minister reported to him that constructive talks were held with the US, while Ishiba added that of course talks will not be easy going forward and he will visit the US at an appropriate time to meet with US President Trump.

**UK RETAIL SALES (FRI):** Newswire consensus not available at the time of publication. However, the BRC survey saw confidence stabilise after a record low in February with overall personal spending lifting to 11 from 4 and retail to 0 from -5. February's retail sales release was much stronger than expected, as pre-budget uncertainty passed, driven by non-food sale volumes though supermarkets fell back after a robust start to 2025. At the time, desks generally looked for this strength to continue; however, this view and March's release could be a touch obsolete, given the most recent trade/tariff updates which have significantly changed the global growth outlook and by extension expectations for the BoE. For March, the month's PMIs lifted from the prior with S&P describing the economy as "eking out a modest expansion", though caveated that business and household confidence was slow and demand was sluggish; note, PMIs do not track the retail sector. For the BoE, Retail Sales typically don't spark a significant shift in market pricing, a narrative that is likely to remain the case for this release given the above caveats and following the cooler-than-expected inflation release for March, which saw a 25bps cut in May become essentially priced.

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