

Highlights include US NFP, ISM Mfg. PMI, PCE, GDP, BoJ, EZ CPI, Aussie CPI, EZ and UK GDP

- **MON:** Canada Election
- **TUE:** NBH Announcement, German GfK Consumer Sentiment (May), Spanish Flash CPI (Apr), Swedish GDP (Q1), EZ Sentiment Survey (Apr)
- **WED:** Japanese Activity Data (Mar), Chinese Official PMI (Apr), Australian CPI (Mar), Chinese Caixin Manufacturing PMI Final (Apr), German Retail Sales and Import Prices (Mar), French Prelim CPI (Apr), Swiss KOF Indicator (Mar), German Flash GDP (Q1) and CPI (Apr), EZ Prelim GDP (Q1), US ADP (Apr), US GDP and PCE (Q1)/PCE (Mar)
- **THU:** BoJ Announcement and Outlook Report, South Korean Prelim Trade Balance (Apr), Japanese Consumer Confidence (Apr), Swiss Retail Sales (Mar), UK/US Final Manufacturing PMI (Apr), US ISM Manufacturing PMI (Apr),
- **FRI:** South Korean CPI (Apr), EZ Final Manufacturing PMI (Apr), EZ Flash CPI (Apr), US Jobs Report (Apr).

CANADA ELECTION (MON): The Canada election will take place on Monday 28th April, with the Liberals, led by PM Carney, expected to win but with a small majority, according to YouGov. The Liberals had been polling poorly with Conservatives, led by Pierre Poilievre, being the favourite party throughout 2024. However, once Trudeau resigned and Carney took the helm, polling improved for the Liberals drastically, and it currently is a close call between the Conservatives and Liberals. Since the imposition of US President Trump's tariffs, the Liberals have also seen a boost in polling. The first YouGov poll shows a Liberal majority of 21, which would see Carney win but with a "small but very workable government majority". Four main parties will contest the next election, The Liberals, Conservatives, New Democrats and Bloc Quebecois. The BBC highlights that the latest averages indicate - on a national average - slightly more than 40% of Canadians back the Liberals, while just under 40% support the Conservatives. The BBC explains how the Canadian federal election works. There are 343 federal ridings (constitutions/electoral districts), and each has a corresponding seat in the House of Commons. All the seats in the House of Commons (the lower chamber), are up for grabs. Members of the Senate (the upper chamber), are appointed and do not run for election. The candidate who gets the most votes in each riding wins that seat and becomes an MP, they do not need a majority of all the votes cast in their area. The leader of the party, with the largest number of elected MPs normally forms the government, with second place forming the opposition. If no party ends up with an overall majority of seats (172), a hung parliament is seen - which means the party with the most seats will not be able to pass legislation without the help of other parties.

QUARTERLY REFUNDING (MON/WED): The Treasury will release the upcoming financing estimates on Monday, with quarterly refunding due on Wednesday. In the Q1 refunding, the Treasury announced that during the April-June 2025 quarter, the Treasury expects to borrow USD 123bln in privately held net marketable debt, assuming an end-of-June cash balance of USD 850.3bln. This is lower than the Q1 financing estimates of USD 815bln, as is the usual case with Q2 financing as it coincides with the end of the tax year, boosting Treasury cash inflows. For the quarterly refunding, the guidance in the Q1 refunding was left unchanged to show the "Treasury anticipates maintaining nominal coupon and FRN auction sizes for at least the next several quarters." Any change to this guidance would be key. HSBC expects the Treasury to keep auction sizes unchanged for notes, bonds and FRNs, and to reiterate its view that the current issuance sizes are sufficient to fund near-term borrowing needs. The desk also expects the Treasury to continue its incremental adjustment of TIPS auction sizes, expecting minor increases of USD 1bln each for the 5yr reopening and new 10yr issuance. Treasury Secretary Bessent has previously suggested he would prefer to issue using longer-dated notes/bonds over shorter-term issuance like bills. However, this would lead to an increase in Treasury yields, something the administration does not want to see. He had also since suggested that terming out the debt was a long way off and that any change to issuance would be path-dependent. However, he noted the Fed may stop the balance sheet runoff, which would make it easier for the Treasury to extend duration when it is not competing with the Fed. The Fed still conducts quantitative tightening, just at a slower rate. The Fed lowered the monthly treasury redemption cap to USD 5bln from USD 25bln but left the Mortgage-Backed Securities run-off at USD 35bln/month.

CHINESE OFFICIAL PMI (WED): China will release its official Manufacturing and Non-Manufacturing PMI data on Wednesday, marking the first major activity indicators since the latest escalation in US-Sino trade tensions. Markets will be closely watching the figures for signs of trade-related weakness, particularly in the export-driven manufacturing sector. Last month, the Manufacturing PMI printed just above the 50.0 expansion line, and any downside surprise could reinforce expectations for more targeted easing measures. Desks note that weaker-than-expected prints would likely support the case for further stimulus, especially as the Politburo recently emphasized flexibility in monetary and fiscal policy tools. The Caixin PMI, which focuses more on small and medium-sized enterprises, will also be released on the same day and is seen as a useful complement to the official reading.

AUSTRALIAN CPI (WED): Australia will release Q1 CPI data on Wednesday, with desks expecting a moderate rebound from the subdued Q4 print. Westpac forecasts headline CPI at 0.7% Q/Q and 2.2% Y/Y, slightly below the market median of 0.8% Q/Q, and down from 2.4% YoY in Q4. The prior quarter was heavily influenced by cost-of-living measures, particularly energy rebates, which shaved an estimated 0.3ppt from the Q4 figure. For Q1, Westpac does not anticipate a material impact from these subsidies. On core inflation, the Trimmed Mean is expected to print at 0.6% Q/Q, with the annual pace easing to 2.8% Y/Y from 3.2%, and the six-month annualised pace falling to 2.3% — suggesting underlying momentum continues to soften. Desks note both headline and trimmed mean readings remain well-contained within the RBA's 2-3% target band, reinforcing the view that policy is likely to remain

on hold near-term. Westpac highlights upside risks to both prints, noting that estimates are rounded down and may slightly understate actual price pressures.

EZ PRELIM GDP (WED): EZ Prelim GDP for Q1 is expected at 0.2% Q/Q (prev. 0.2% in Q4 2024) and 1.0% Y/Y (prev. 1.2%). As a reminder, the prior release saw Q4 Q/Q growth print at 0.2% vs. the Q3 outturn of 0.4%. At the time, ING wrote "Consumers still seem to be reeling from the inflation shock, as redeemed purchasing power is not yet translating into a strong consumption recovery. Investment remains under pressure from high inventories in manufacturing, economic uncertainty and high interest rates". This time around, markets have grappled with the tariffs set by the US in April, including tariffs of 10% (initially 20% but reduced for 90 days until July 8th) on all EU goods, 25% on auto imports, with the 25% on auto parts imports set to kick in on May 3rd. That being said, the EU has struck a more sanguine relationship with China amidst the unpredictability of the Trump administration. From a policy perspective, ECB rhetoric continues to lean on the growth-negative narrative around tariffs, whilst President Lagarde noted the net inflation impact remains unclear. Knot flagged that a 25% US tariff could shave 0.3ppts off EZ growth, with further downside risk if retaliation follows, while also warning of near-term downside risks to inflation and potential medium-term supply chain pressures. Rehn echoed the inflation-dampening view and didn't rule out larger cuts if risks materialise, and Nagel noted the inflation impact is likely to be more acute in the US, while the Eurozone—particularly Germany—faces a more significant growth drag. All-in-all, commentary since the April ECB meeting supports a cautious but flexible stance, with a clear bias toward viewing tariffs as a growth negative.

US GDP (WED): The first estimate of Q1 25 GDP is due on Wednesday at 13:30 BST/08:30 EDT. Growth is widely expected to slow from the 2.4% pace seen in Q4 25, although Fed trackers are currently mixed. The Atlanta Fed GDPNow is currently at -2.5%, with the gold-adjusted model at -0.4%. Meanwhile, the NY Fed currently tracks growth for Q1 at around 2.6%. Currently, the analyst consensus looks for growth of 0.4% (matching the Atlanta Fed gold adj. model), but forecasts range between -1.5% and +1.1%. We will also see the Q1 estimate of Core PCE at 13:30 BST/08:30 EDT, ahead of the monthly March PCE due at 15:00 BST/10:00 EDT. Inflation has been easing in 2025 but there are concerns ahead given the expected inflationary impact from US President Trump's tariffs, which are also expected to weigh on economic growth, putting the Fed in a difficult position. However, the tariff impact is not expected to start having a full impact until Q2, although the uncertainty aspect had already been weighing on the consumer.

US MONTHLY PCE (WED): The Fed's preferred gauge of inflation, PCE (March), is released next Wednesday, April 30th. As always, the data is closely watched by participants given the importance the Fed puts on the metrics, and also given it will be viewed to see whether any of the tariff impacts are filtering into hard data as of yet. However, it is likely too early given broader reciprocal tariffs did not come into effect until April. Regarding expectations, on April 16th Fed Chair Powell said that inflation is a bit above the Fed's 2% goal, but it has come down a great deal, and he estimates that PCE prices likely rose 2.3% Y/Y in March, while core PCE is seen at 2.6%. On Powell's recent remarks, desks noted they show he is continuing to toe the line that the Fed is well-positioned to wait for greater clarity before considering altering its policy stance. As a result, the key takeaway for the time being is that the Chair believes the Fed is in a good position and sticking to this wait-and-see approach. Other influential officials, such as Governor Waller, have leant dovish while there is also significant pressure from US President Trump for the Fed to lower rates with him constantly stating the Fed is moving too slow. Recent data out of the US has been favourable to the central bank, with US CPI and PPI both cooler than expected in addition to a strong jobs report whereby the headline topped consensus. However, given the current tariff uncertainty, the data could change ahead with most participants focusing on trade updates, rather than data. Ahead of the PCE data, on April 14th, WSJ's Timiraos said "Based on the CPI and PPI readings for March, forecasters who do the math expect a very mild core PCE reading for March. The median forecast is 0.08%." Overall, the Fed will be watching ahead to see if the softer survey data starts to transmit into the harder data after the impact of tariffs. On which, Fed's Barkin was making the point that the tariffs may not start to show up in inflation data for a couple of months while firms work their way through their current inventory. Moreover, Oxford Economics quipped that the inflation news in the Beige Book, was troubling but not surprising, which saw prices increase either modestly or moderately in all districts and most expected further increases in input costs due to tariffs. As such, the consultancy added that most firms are opting to pass these higher costs on to customers, although some are absorbing costs in their profit margins, particularly "consumer-facing" firms. As a result, OxEco expects tariffs to push the Y/Y increase in the core PCE deflator well above 4% in the current quarter.

BOJ ANNOUNCEMENT AND OUTLOOK REPORT (THU): The Bank of Japan will conduct a two-day policy meeting next week where the central bank is widely expected to maintain its interest rate at 0.50% as a recent Reuters poll showed 84% of economists surveyed expect the BoJ to keep its key interest rate at the current level through to end-June. The central bank will also release its latest Outlook Report containing Board Members' median forecasts for Real GDP and Core CPI. As a reminder, the BoJ provided no surprises at the last meeting in March where it maintained rates at the 0.50% level which was widely expected, given that the central bank just hiked at the meeting before in January, while the decision on rates was made unanimously and the central bank refrained from providing any major clues on policy as it noted that Japan's economy is recovering moderately, albeit with some weak signs, and that consumption is increasing moderately as a trend and inflation expectations are also heightening moderately. The BoJ also stated that they must be vigilant to the impact of financial and FX market moves on Japan's economy but added that Japan's economy is likely to continue growing above potential, while 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. Furthermore, it acknowledged that risks include the trade policy of each country and its impact on overseas economies and prices. As such, the central bank is anticipated to continue to refrain from making any adjustments given the highly uncertain global trade environment and recent global market volatility triggered by US President Trump's tariffs and occasional backtracking on policies. The recent rhetoric from officials continues to point to a lack of urgency to immediately raise rates as BoJ Governor Ueda said that Japan's economy is recovering moderately albeit with some weak signs, and that Japan's economy and prices are moving roughly in line with their forecasts but they must be vigilant to heightening uncertainty including from each country's trade policy. Ueda also stated that Japan's real interest rates remain very low and that the BoJ is expected to keep raising interest rates if the economy and prices move in line with projections made in the quarterly report. In addition, sources recently noted that the BoJ is likely to keep its rate-hike signal intact at the meeting next week despite Trump tariff risks, while sources also noted the BoJ is said to cut its 2025 growth forecast in the quarterly report, although this wouldn't be much of a surprise given the global economic risks from US tariffs and the Sino-US trade war.

US ISM MANUFACTURING PMI (THU): Currently, the consensus for the ISM manufacturing PMI amongst analysts is for a further decline into contractionary territory to 47.9 from 49.0 (note: this estimate will likely be revised into next week). Serving as a baseline, this week's S&P Global Flash PMI (Apr) showed the manufacturing print unexpectedly rise to 50.7 (exp. 49.1) alongside a

jump in the manufacturing output index to 50.2 (prev. 48.6). Output growth hit a 16-month low with services activity dropping to 51.4 (exp. 52.5) from 54.5, leaving the composite lower at 51.2 (prev. 53.5). Sentiment about the future was relatively more resilient in manufacturing than services, as factories often reported hopes of positive impacts from government policies such as recent trade protectionism measures. Overall, employment rose slightly in April, and average prices charged for goods and services rose at the sharpest rate for 13 months, whereby higher charges were attributed to rising costs, linked widely in turn to tariffs, rising import prices, and increased labour costs. Chief Business Economist at S&P Global Market Intelligence said "Output rose in April at its slowest pace since December 2023, indicating that the US economy is growing at a modest annualized rate of just 1.0%". He added that the services economy is slowing amid weakened demand growth, notably in "terms of exports such as travel and tourism".

EZ FLASH CPI (FRI): EZ Flash CPI Y/Y for April is seen at 2.0% (prev. 2.2%), with the super core metric seen at 2.5% (prev. 2.4%). As a reminder, the prior release saw HICP Y/Y inflation decline to 2.2% from 2.3%, super core slipped to 2.4% from 2.5% and services fell to 3.4% from 3.7%. At the time, ING noted "weak services inflation is in part due to an Easter effect as the holiday falls late this year. That usually results in softer services inflation in March and a bounce back in April". This time around, markets have grappled with the tariffs set by the US in April, including tariffs of 10% (initially 20% but reduced for 90 days until July 8th) on all EU goods, 25% on auto imports, with the 25% on auto parts imports set to kick in on May 3rd. That being said, the EU has struck a more sanguine relationship with China amidst the unpredictability of the Trump administration. From a policy perspective, ECB rhetoric leans on an initial disinflationary narrative around tariffs, with Lagarde calling them a negative demand shock and noting the net inflation impact remains unclear. Knot flagged that a 25% US tariff could shave 0.3ppts off EZ growth, with further downside risk if retaliation follows, while also warning of near-term downside risks to inflation and potential medium-term supply chain pressures. Rehn echoed the inflation-dampening view and didn't rule out larger cuts if risks materialise, and Nagel noted the inflation impact is likely to be more acute in the US, while the Eurozone—particularly Germany—faces a more significant growth drag. All-in-all, commentary since the April ECB meeting supports a cautious but flexible stance, with a clear bias toward viewing tariffs as a growth negative.

US JOBS REPORT (FRI): Currently, Headline NFP is expected to show 130k jobs added, down from March's 228k, although expectations range between 60-181k. The unemployment rate is expected to be unchanged at 4.2% and is below the 2025 median Fed forecast of 4.4%. The April labour market report will be gauged to see whether the implementation of tariffs has started to take effect on the US labour market with reciprocal tariffs taking place from April 2nd, with the reduced rates announced from April 9th. Fed's Waller (Dove) has stated that rate cuts could come from rising unemployment while noting he is willing to look through price increases. Others on the Fed, including Chair Powell, have been calling for more patience, given the expected impact of tariffs (growth slowdown, inflation increase) puts the Fed in a difficult position, and they want to wait and see how the new administration's policies impact the hard data. However, Waller has suggested this risks the Fed acting too late. The latest Fed's Beige book (based on info collected on or before April 14th) found that employment was little changed to up slightly in most districts, one district reported a modest increase, four reported a slight increase, four reported no change, and three reported a slight decline. A slight deterioration from the prior report (based on info on or before Feb. 24th). It found hiring was generally slower for consumer-facing firms than for business-to-business firms, and the most notable declines in headcount were in government roles due to DOGE actions. Looking ahead, the beige book found that several districts are taking a wait-and-see approach to employment, pausing or slowing hiring until there is more clarity on economic conditions.

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