

Highlights include US & China CPI; US retail sales; UK & Aus jobs data, Japan & UK GDP; Banxico policy announcement

- **SAT:** Chinese inflation (Apr).
- **MON:** CBR Minutes, Eurogroup Meeting, Chinese FDI (Apr).
- **TUE:** BoJ SOO (May), UK Unemployment Rate/Earnings (Mar) & Claimant Count (Apr), German ZEW (May), US NFIB (Apr), CPI (Apr).
- **WED:** Riksbank Minutes (May), OPEC MOMR, Australian Wage Price Index (Q1), US MBA (w/e 5th May).
- **THU:** Banxico Policy Announcement, IEA OMR, Australian Unemployment (Apr), German WPI (Apr), UK GDP Estimate (Mar) & GDP Prelim. (Q1), Norwegian GDP (Q1), EZ Flash-Estimate GDP (Q1), US NY Fed (May), Initial Jobless Claims (w/e 10th May), Philadelphia Fed (May), PPI (Apr), Retail Sales (Apr), Industrial Production (Apr), NAHB (May).
- **FRI:** BoC SLOS, European Political Community Meeting, Japanese GDP (Q1), New Zealand Inflation Forecasts (Q2), EZ Trade Balance (Mar), US Building Permits/Housing Starts (Apr), Uni. of Michigan Prelim. (May), Export/Import Prices (Apr).

US-CHINA TRADE TALKS (SAT): US and China will hold high-level trade talks in Geneva on Saturday, marking the first formal negotiations since April's escalation in tariff tensions. Talks will be led by US Treasury Secretary Bessent and USTR Greer, with China represented by Vice Premier He Lifeng, who analysts suggest is "firmer" and "less reform-minded" than his predecessor Liu He. Markets view the meeting as a potential turning point, although some caution that any outcome is likely to be limited to initial engagement, rather than any comprehensive agreement. US President Trump has stated that "China wants to make a deal" and has hinted that tariffs could fall from the current 145% peak – heading into the weekend, NY Post citing sources suggested that these could be reduced to between 50–54%, noting that discussions are underway to implement the cut during the negotiation window. Analysts say this would provide near-term relief for risk assets, but still falls short of resolving structural trade frictions. Importantly, analysts highlight that any tariff reduction would be tactical and conditional, rather than a broader reset of trade relations. In terms of China's stance, messaging has remained firm and consistent; Vice Foreign Minister Hua said the country is fully prepared for prolonged economic confrontation, if necessary. Overall, both sides remain far apart on key issues: Washington demands market access and IP protections, while Beijing pushes back against what it sees as US bullying, and unsustainable and unfair tariffs. Analysts at Eurasia have flagged that any breakthrough will ultimately require direct engagement between Presidents Trump and Xi, likely later in the year. Desks suggest the base case is for a modest de-escalation via partial tariff rollback, which may spur short-term rallies in trade-sensitive sectors (semis, autos, industrials), but broader uncertainty persists. Markets will closely watch for language on structural issues and follow-through on tariff commitments in the days and weeks ahead following the Geneva meeting.

CHINA CPI (SAT): China's inflation data will likely be overshadowed by the outcome of US-Sino trade talks in Switzerland over the weekend. Nonetheless, CPI is expected at -0.1% Y/Y (prev. -0.1%), with an unchanged monthly reading (prev. -0.4%), while PPI is seen at -2.8% Y/Y (prev. -2.5%). ING notes that April's data is likely to confirm persistent deflationary pressures, with consumer inflation expected to remain in negative territory for a third consecutive month. PPI is set to remain in deflation for a 31st straight month, highlighting continued industrial weakness. ING flags that recent US tariffs may exacerbate these pressures, forcing exporters to discount further in other markets. Meanwhile, commentary within the latest Caixin PMI reports suggested "average input costs increased after falling in the prior month. That said, charges declined for the fifth successive month, with reductions in selling prices recorded across both the manufacturing and service sector". The release added that "the ripple effects of the ongoing China-US tariff standoff will gradually be felt in the second and third quarters. As such, policymakers should prepare well and take action sooner rather than later."

BOJ SUMMARY OF OPINIONS (TUE): The BoJ will release the Summary of Opinions from its April 30th-May 1st meeting next week, where it unsurprisingly maintained its short-term interest rate at 0.50%. The decision was unanimous and the statement reiterated that it would continue to raise the policy rate if the economy and prices move in line with its forecast. Further, the central bank will conduct monetary policy appropriately from the perspective of sustainably and stably achieving its 2% inflation target. Despite the BoJ retaining its rate hike signal, the language was dovish-leaning, noting that Japan's economic growth is likely to moderate, and that underlying consumer inflation is likely to be at a level generally consistent with the 2% target in the second half of the projection period from fiscal 2025 through 2027 (effectively delaying the timing as the prior projection horizon was through 2026). It also acknowledged that uncertainty surrounding Japan's economy and prices remains high, with risks to the economic outlook and to inflation skewed to the downside. The BoJ also sees a prolonged period of high uncertainties regarding trade and other policies, which could lead firms to focus more on cost-cutting and, as a result, moves to reflect price rises in wages could also weaken. In terms of the Outlook Report, projections were lowered with the Real GDP median forecast cut to 0.5% from 1.1% for Fiscal 2025 and was cut to 0.7% from 1.0% for Fiscal 2026, while the Core CPI median forecast was cut to 2.2% from 2.4% for Fiscal 2025 and was cut to 1.7% from 2.0% for Fiscal 2026, despite the recent acceleration in prices as seen by the latest Tokyo inflation numbers. Additionally, BoJ Governor Ueda said during his press conference that uncertainty from trade policy has heightened sharply, and noted the timing to attain the underlying 2% inflation target will be delayed, adding that it is difficult to judge when they will likely hit the inflation goal, with policy to be flexible, and the outlook is not as certain as it once was.

UK JOBS DATA (TUE): Expectations are for the ILO unemployment rate in the 3-month period to March rising to 4.5% from 4.4%,

whilst 3M/YY earnings (ex-bonus) for March is seen declining to 5.7% from 5.9%. The prior release saw the unemployment rate in the 3-month period to February hold steady at 4.4%, HMRC payrolls declined further in March and vacancies fell, however, headline wage growth held steady at the elevated rate of 5.6% 3M/YY. This time around, analysts at Investec continue to stress that data quality issues are plaguing the release, and do not accurately reflect the underlying trends within the labour market. Investec suggests that data from the ONS paints too resilient a picture, adding that "payrolled employee numbers derived from real-time PAYE data have been on a weakening trend, down by 0.1% in Q1 after stagnating in both Q3 and Q4 of last year". On the wages front, the Investec expects "that earnings growth dipped somewhat in the three months to March". However, it cautions that its forecasts are "still some way above where various surveys suggest wage growth is currently tracking". The bank's analysts conclude that the bigger focus for markets is the impact of National Insurance Contributions' rise on the labour market; clarity on this will likely not be gleaned for another few months. From a policy perspective, markets will be looking for any signs of a material weakening in the labour market to see if the MPC will accelerate its current cadence of rate cuts. However, such expectations will need to be formed in the context of an expected upcoming increase in inflation. As it stands, the next 25bps rate cut from the BoE is not fully priced until September with a total of 57bps of loosening seen by year-end.

US CPI (TUE): Analysts expect US headline CPI to rise +0.3% M/M in April (prev. +0.1%), and the core rate is also expected to rise +0.3% M/M (prev. +0.1%). "After an unexpected slide in March, the monthly change in the CPI in April is likely to rebound to its six-month trend," Wells Fargo says; the bank is slightly below consensus in expecting a +0.2% M/M headline print, which could see the annual rate fall to a four-year low of 2.3% Y/Y (prev. 2.4%). Meanwhile, Wells sees the core rate rising by 0.3% M/M (1dp), in line with the consensus, which would likely see the annual rate of core CPI unchanged at 2.8% Y/Y. Wells writes "pre-emptive inventory building and fears of consumer pushback should keep the anticipated acceleration in consumer prices at bay until at least May."

RIKSBANK MINUTES (WED): The Riksbank kept rates steady at 2.25%, as expected – but did seemingly open the door for a rate cut in the forecast horizon, in contrast with the March MPR. The accompanying statement noted that "it is somewhat more probable that inflation will be lower than that it will be higher than in the March forecast", adding that this "could suggest a slight easing of monetary policy going forward". To delve into the Bank's view on inflation, it once again reiterated its view it remains elevated but the latest information suggests it will be temporary. Nonetheless, the dovish-leaning statement was ultimately capped by very cautious commentary regarding the uncertainty of the economic outlook – the Bank said "it is wise to await further information to obtain a clearer picture of the outlook". In his post-policy announcement, Governor Theeden echoed the cautious aspects from the statement, saying, the "outlook for rates is deliberately vague as it does not have enough information". In reaction to the announcement, EUR/SEK saw some very modest upside given the slightly dovish aspects, but this ultimately reversed after Theeden's cautious comments. In terms of some bank views SEB sees a rate reduction in June (barring any surprise), whilst analysts at Oxford Economics prefer a 25bps cut either in August or September. The latter argues that the stronger SEK, loss of "economic momentum" and a weak labour market suggest a rate cut is likely this year. Next week we get the meeting's minutes; within that, we look for any insight into what specific inflation/trade development(s) would give them enough confidence to deliver a rate cut later in the year and if any members are eyeing a particular meeting for such a move.

BANXICO POLICY ANNOUNCEMENT (THU): The March meeting saw the Central Bank cut rates by 50bps as expected to 9.00% in a unanimous decision. It also maintained guidance that "The Board estimates that looking ahead it could continue calibrating the monetary policy stance and consider adjusting it in similar magnitudes". It also maintained that the Banxico anticipates that the inflationary environment will allow it to continue the rate cutting cycle, albeit maintaining a restrictive stance. With a lot of focus on the impact of US President Trump's trade policies on the Mexican economy, the minutes noted a scenario of high and permanent tariffs on all US imports from Mexico is unlikely to materialize. Looking ahead, the Banxico private sector analysts poll (released 1st April) sees the benchmark interest rate closing at 8.00% in 2025, and at 75% in 2026. Recent commentary saw Governor Rodriguez expect additional rate cuts if inflation stays stable, while Deputy Governor Heath said it is highly probable the central bank will continue to lower its key interest rates, but warned the inflation risk balance is still biased to the upside.

AUSTRALIA JOBS DATA (THU): The Australian economy is expected to have added +25k jobs in April (prev. +32.2k), while the Unemployment Rate and Participation Rate are both forecast to hold steady at 4.1% and 66.8%, respectively. Westpac forecasts a slightly softer print of +20k jobs, noting that while the headline gain in March appeared solid, it followed a sharp -57k fall in February, leaving employment broadly flat over Q1. Its analysts suggest that the recent moderation is due in part to slowing population growth, which has weighed on both headline jobs and participation. Westpac highlights that despite monthly volatility, the employment-to-population ratio has remained relatively stable. On unemployment, it says the recent pullback in participation – from a peak of 67.2% in January to around 66.8% – may signal the early stages of a cyclical downtrend as cost-of-living pressures ease and inflation moderates.

UK GDP (THU): Expectations are for monthly GDP growth in March to cool to 0.1% M/M from 0.5% in February, leaving the 3M/3M rate at 0.7% (prev. 0.6%). The prior release saw February's monthly GDP rise to 0.5% M/M (exp. 0.1%) from a prior rate of -0.1%, with industrial production driving the upside. This time around, Pantheon Macroeconomics looks for a flat reading, which it says would imply "GDP growth of 0.6% Q/Q in Q1, well above the MPC's projection of 0.3%, and showing the economy growing strongly as it headed into the trade war". Pantheon attributes the potential slowdown in growth during March to a decline in industrial production and a slowdown in service activity. The consultancy adds that "a downward revision to February GDP by the statisticians is a possibility, which would take some shine off Q/Q growth". Looking ahead though, Pantheon notes that the trade war will hamper activity, and has cut its projection of GDP growth in 2025 and 2026, to 0.9% and 1.0%, from 1.1% and 1.5%, respectively. From a policy perspective, the release will likely have limited impact on BoE pricing given that it preceded Liberation Day and the UK-US have since struck a trade agreement.

US RETAIL SALES (THU): US retail sales are expected to rise +0.1% M/M in April (prev. +1.5%), and the ex-autos measure is seen rising +0.3% M/M (prev. +0.6%). According to the CNBC/NRF Retail Monitor, retail sales are likely to have seen growth in April as many consumers moved up buying to avoid higher prices expected to come with tariffs. Its data showed total retail sales (ex-autos, gasoline) +0.7% M/M seasonally adjusted (it's March data showed an increase of +0.6% M/M vs the +0.9% M/M that was officially reported). "Spending rose again in April, driven largely by consumers continuing to pull purchases forward to stay ahead of tariffs that will inevitably lead to higher prices," the NRF said. "Despite declines in confidence caused by the economic uncertainty that has come with tariffs, consumer fundamentals remain intact, supported by low unemployment, slower-but-steady income growth and solid household finances." The NRF also notes that consumers maintain their ability to spend, and "have strong reasons to spend now before tariffs can drive up prices or cause shortages on store shelves."

JAPAN GDP (FRI): Japan's Q1 GDP is seen declining by a rate of -0.1% Q/Q, with the annualised figure expected at -0.2% Y/Y (prev. 2.2%). ING notes that Japan's economy likely slipped into a mild contraction at the start of the year, weighed on by weak external demand. Meanwhile, private consumption is expected to post a modest gain, supported by resilient household spending and a continued boost from inbound tourism. ING suggests that Japan saw limited front-loading activity ahead of recent global tariff changes, in contrast to peers, while a rebound in imports further eroded the net trade contribution. Overall, the desk suggests a soft print reinforces the view that the BoJ is in no rush to tighten further.

NZ INFLATION FORECASTS (FRI): A market consensus for the data is yet to be published; Westpac highlights that in the prior survey, 2-year ahead inflation expectations held steady at 2.06%, remaining well anchored near the RBNZ's target of keeping inflation between 1-3% over the medium term, with a focus on keeping future inflation near the 2% midpoint. Since then, headline inflation has ticked up slightly from 2.2% Y/Y to 2.5%, and the upcoming survey will be the first since the US Liberation Day announcements, which could introduce mild upside risks to short-term expectations. That said, Westpac says that the RBNZ's primary concern will be "whether longer term expectations have been impacted," particularly against the backdrop of recent tariff developments. The bank anticipates that longer-term expectations will continue to hover near 2%, in turn backing the view that inflation risks remain well-contained despite recent headline moves.

Copyright © 2025 Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 3582 2778 · info@newsquawk.com