

### Highlights include US CPI, China inflation and trade data, UK jobs, GDP and spending review

- **MON:** Japanese GDP R (Q1), Chinese Inflation (May), Chinese Trade Balance (May), EZ Sentix Index (Jun), US Employment Trends (May)
- **TUE:** EIA STEO, UK Jobs Report (Apr), Swedish GDP (Apr), Norwegian CPI (May)
- **WED:** ECB Wage Tracker, US CPI (May), UK Spending Review
- **THU:** UK GDP (Apr), US PPI (May)
- **FRI:** French/Spanish Final CPI (May), EZ Trade Balance (Apr), University of Michigan Survey (Jun), Quad Witching

**CHINESE INFLATION (MON):** Expectations are for Y/Y CPI to slow further to -0.2% from -0.1% with the M/M rate seen at -0.1% vs. previous 0.1% and for Y/Y PPI to decline to -3.2% from -2.7%. In terms of the prior release, China's April CPI fell 0.1% Y/Y (prev. -0.1%), continuing the deflationary trend seen in Q1. The data has been highlighting persistent weakness in domestic demand amid elevated US tariffs, which are weighing on manufacturing margins and driving stockpiles higher. According to the National Bureau of Statistics, food prices fell 0.2%, services rose 0.3%, while broader goods and clothing prices gained 6.6% and 1.3%, respectively, pointing to narrow cost-push inflation pockets rather than a healthy consumption base, according to Chinese media. Desks are flagging the data as a fresh warning shot for policymakers, with the SCMP noting that "tariffs remain prohibitively high and continue to stifle bilateral trade," keeping pressure on Chinese producers. Analysts at ING say "Persistent deflationary pressures – driven by price competition and ongoing cost-cutting – have dragged the CPI inflation number lower in recent months, a trend expected to continue in May. We anticipate inflation to remain largely unchanged from April's -0.1% year-on-year reading."

**CHINESE TRADE BALANCE (MON):** Expectations are for May's trade surplus to expand to USD 101.3bln from 96.18bln; exports forecast at 5% vs. prev. 8.1%, imports -0.9% vs. prev. -0.2%. The prior release for April showed exports rising 8.1% Y/Y (prev. +12.4%) and imports contracting just 0.2% Y/Y (prev. -4.3%), both significantly beating expectations for a sharper slowdown. The export strength followed a front-loading rush ahead of the 145% US tariffs implemented on April 9th under President Trump, while the modest import decline hints at tentative stabilisation in domestic demand. Analysts at ING said "Markets are looking for export growth to moderate slightly to 6.3%, which would remain a respectable growth rate, broadly in line with the year-to-date growth. Imports are expected to remain in negative growth on the month. This slowdown of imports and resilience of exports has helped China's trade surplus expand further year to date."

**APPLE WWDC (MON):** The Apple (AAPL) WWDC starts at 13:00EDT/18:00BST on Monday, 9th June 2025, with pressure on the tech heavyweight to build on its prior promises. WSJ writes that Apple's growing list of problems clouds the AI reboot and that AI troubles, tariffs, Google payments and App Store fees, all have weighed on the stock ahead of WWDC, which is down ~20% YTD. WSJ adds the Apple Intelligence service introduced at last year's conference is still a work in progress, and the Siri digital assistant is still awaiting a promised AI makeover. However, that will not be coming next week, as the Journal bases it on a rare admission Apple made three months ago that its planned Siri upgrade was taking longer than expected. Continuing to highlight the downbeat tone from some desks, MoffettNathanson said, "Apple will be much more cautious about overpromising and will refrain from showing features that aren't yet ready for prime time", while Needham downgraded the stock on threats to near-term growth. Showing the additional concerns, WSJ quips that AI is only one of the significant problems Apple is facing now – tariffs threaten the profit margins AAPL's hardware business, while Trump is openly pressuring the Co. to effectively undo its two-decade-old business model of producing its devices overseas. In terms of new launches at WWDC, Apple is expected to unveil major updates across all its platforms, including iOS 26, macOS 26, iPadOS 26, watchOS 26, and more. 9to5Mac notes with AI reportedly playing a smaller role this year, the spotlight will likely fall on design refreshes, and long-time wish list picks like better window management support on the iPad. While much of the spotlight will likely shine on the visual overhaul, 9to5Mac has learned that Apple has also been quietly preparing a handful of enhancements to apps such as Messages, Music, Notes, and CarPlay, whereby some could be announced as early as next week. While there isn't likely to be anything to blow the socks off, 9to5Mac reports five previously unreported AirPods features that may also be announced as early as Monday: 1) New head gestures, 2) Sleep auto-pause, 3) Camera control, 4) Audio mix, 5) Wider classroom support.

**UK JOBS REPORT (TUE):** Expectations are for the ILO unemployment rate in the 3-month period to April to rise to 4.6% from 4.5%, whilst headline wage growth on a 3M/YY basis is set to hold steady at 5.5%. As a reminder, the prior release saw the unemployment rate nudge higher to 4.5% from 4.4%, employment growth slow to 112k from 206k and wage growth cool, marginally. This time around, Pantheon Macro expects the upcoming release to "show the labour market passing the worst of the shake-out induced by April payroll-tax hikes", adding that "granted, payrolls will likely fall again in May, but the month-to-month drop should be smaller than in April". As a reminder, it is worth noting that the report remains plagued by data-collection issues. On the wage front, the consultancy noted that an expected decline in pay growth will keep "regular private-sector AWE on track to come in slightly below the MPC's latest Q2 forecast, 5.2%". That being said, PM acknowledges that "recent stronger than previously assumed public-sector pay deals should boost pay growth more than the MPC expected". From a policy perspective, given the solid start to the year for growth and some reprieve from the post-Liberation Day gloom, a 25bps cut from the BoE is not fully priced until November with a total of 40bps of cuts seen by year-end.

**NORWEGIAN CPI (TUE):** SEB expects Norway's headline inflation to edge lower in May with the headline M/M figure dipping from 0.7% in April to 0.4%; analysts see M/M CPI-ATE dipping to 0.3% (prev. 0.5%) and Y/Y cooling by 0.1% to 2.9% – a figure which

would be a little below Norges Bank's forecast of 3.1%. As a reminder, the previous inflation report saw core metrics cool more than expected, which SEB attributed to lower food prices. Given the Bank's wait-and-see approach at the last meeting, this will be a key report in determining when the Bank next opts for a 25bps cut – but may not have too much skew in the immediacy, because the current MPR points towards two cuts this year (though heavily skewed to one). Using the MPR, SEB extrapolates a cut in both the September and December gatherings, whilst markets don't fully price in such a move until November and don't quite imply another one occurring in December.

**UK SPENDING REVIEW (WED):** Chancellor Reeves will announce her spending review into individual government departments and outline what their budgets will be for the next three years. The main focus point of this has been and is expected to be a drive by the Labour government to focus on infrastructure investment over the remainder of the term. Given this, we have seen numerous infrastructure-related announcements reported and/or announced, primarily focused on transport. One point that will get headline attention, though is not particularly market relevant, is the change to the Green Book; this dictates the way the fiscal formula is applied to regions across the UK. In terms of the sticking points for Reeves, reports in the FT on June 2nd outlined that the outstanding departmental budget decisions included housing, energy, education and crime. The review is also a precursor to the Autumn Budget, ahead of which Reeves has once again ruled out a major tax increase for "working people", and more generally that she has "no intention of raising taxes again on the scale of the 2024 budget". However, Deutsche Bank believes the Chancellor's fiscal room will once again have been eroded by the time of the Autumn Budget, and as such Reeves will need to raise taxes by at least GBP 10bln. As a reminder, the 2024 Autumn Budget saw Reeves increase taxes by around GBP 40bln.

**US CPI (WED):** Analysts expect headline CPI will rise +0.2% M/M in May (vs +0.2% in April), with the core rate expected to pick up to +0.3% M/M (vs +0.2% prior). The May CPI report will be closely watched to assess if the tariffs imposed in April are affecting consumer prices. Fed's Goolsbee has warned April's inflation data might be the "last vestige" of lower inflation before tariff impacts emerge. The latest Fed Beige Book, based on data up to May 23rd, showed moderate price increases, with all districts reporting that higher tariffs are pushing costs and prices up. Contacts expecting to pass on tariff-related costs anticipated doing so within three months, suggesting the tariff effect could appear in upcoming reports. May's ISM PMI surveys showed price components remain elevated: manufacturing prices paid eased slightly to 69.4 from 69.8, while services rose to 68.7 from 65.1. With tariffs raising business costs, many firms are likely to pass these on to consumers, which the Fed will consider in its policy deliberations. Governor Waller sees tariffs causing a one-time price rise and believes the Fed should look through it, but this view is not widely shared on the Committee. Goolsbee is cautious about calling tariff effects transitory, while Kugler expects some permanency. Kashkari said he recognises the debate, but personally finds arguments against ignoring tariff-induced inflation more convincing.

**UK GDP (THU):** Expectations are for M/M GDP in April to contract by 0.1% following the 0.2% expansion seen in the prior month. As a reminder, the previous release saw the rate of GDP growth slow to 0.2% in March vs. the 0.5% outturn in February, which was supported by a front-running of potential incoming tariffs. Overall, this saw the Q1 Q/Q rate jump to 0.7% from Q4's meagre 0.1%, exceeding expectations at the BoE. Albeit, as highlighted by Investec, the MPC downplayed the upside and attributed it to "erratic factors", concluding that underlying growth was near zero. This time around, Investec notes that the data will encapsulate the period surrounding Liberation Day, which saw larger-than-expected reciprocal tariffs announced. The subsequent declines in stock and bond markets made financing for firms more costly. As such, Investec suspects that "some production in the goods sector was therefore put on hold, including in the UK, as firms waited for some more clarity". Investec is of the view that this should outweigh any positivity seen in the services sector on account of favourable weather conditions that boosted retail spending. From a policy perspective, the focus of the MPC is primarily on wage growth and inflation. Given that the M/M GDP series can be quite volatile, and distortions often explained away, any shifts in market pricing will likely be minor and not sustained.

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