

## Week Ahead 23-27th June 2025 - Highlights include: Global PMIs; inflation data from the US, Canada, Australia; BoJ Summary of Opinions

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- **MON:** EZ/UK/US Flash PMIs (Jun).
  - **TUE:** NBH Announcement, German Ifo (Jun), Canadian CPI (May), US Richmond Fed (Jun).
  - **WED:** BoJ Summary of Opinions, CNB Announcement, PBoC MLF, Australian CPI (May).
  - **THU:** Banxico Announcement, German GfK Consumer Sentiment (Jul), US Durable Goods (May), US GDP Final (Q1), US PCE Final (Q1).
  - **FRI:** Japanese Tokyo CPI (Jun), UK GDP (Q1), French/Spanish Prelim CPI (Jun), EZ Sentiment Survey (Jun), US PCE (May).
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**EZ PMIs (MON):** Expectations are for a modest uptick across the board, taking Manufacturing to 49.7 (prev. 49.4), Services to the 50 neutral mark (prev. 49.7) and Composite further into expansionary territory at 50.5 (prev. 50.2). As a reminder, the prior release saw an improvement in the manufacturing sector and a deterioration in services with both metrics still in contractionary territory. The accompanying release noted "the eurozone economy just cannot seem to find its footing". Recent indicators have seen an improvement in the EZ-wide ZEW survey for June, rising from 11.6 to 35.3, with the German economic sentiment metric exceeding expectations, increasing from 25.2 to 47.5. Accompanying commentary from ZEW noted "recent growth in investment and consumer demand have been contributing factors. This development also seems to strengthen the assessment that the fiscal policy measures announced by the new German government can provide a boost to the economy". Elsewhere, the EZ Sentix index saw an improvement in June, rising to 0.2 from -8.1; its first positive reading since June 2024. On the data, UBS writes that the series is expected to support the EUR. From a policy perspective, given the cautious stance at the June meeting over potential further easing, markets assign just a 10% chance of a rate cut next month. As such, the release is unlikely to have any material impact on the near-term rate path. Of greater importance will be the outcome of US and EU trade talks with the 90-day tariff pause due to expire on July 8th.

**UK PMIs (MON):** Newswire consensus not available at the time of publication. As a reminder, the prior release saw the May services metric rise to 50.9 from 49.0, manufacturing tick higher to 46.4 from 45.4, leaving the composite at 50.3 (prev. 48.5). The accompanying release noted "despite weaker order books and cutbacks to staff hiring, latest data indicated a rebound in business optimism to its highest for six months". From a policy perspective, there is still a raft of data between now and the August meeting, which is currently priced at around 60% for a rate cut. However, a soft print (which would follow recent weak GDP and labour market metrics), could cement calls for a reduction in August and see pricing by year-end move in a more dovish direction.

**CANADA CPI (TUE):** The inflation data will be framed in the context of future BoC easing expectations. The central bank's recent meeting minutes noted that persistent underlying inflationary pressures from global trade realignment and potential pass-through of input costs, via direct tariff impacts, were unclear. They observed rising short-term inflation expectations and agreed to monitor CPI components closely, and said that further rate cuts may be warranted if tariff-related uncertainty spreads but inflationary cost pressures remain contained. That sentiment was echoed by Governor Macklem; speaking ahead of the CPI release, Macklem said that cutting interest rates would be more difficult if underlying inflation persists. He stated that until a trade deal has been reached, inflation in Canada would be impacted by both tariffs from the US, as well as Canada's counter-tariffs, adding that a rate reduction could be required if the effects of tariffs continued to spread through the economy, and cost pressures on inflation were contained.

**BOJ SUMMARY OF OPINIONS (WED):** The BoJ will release the Summary of Opinions from its June meeting next week, where it unsurprisingly maintained its short-term interest rate at 0.50% but announced it will slow the pace of tapering its JGB purchases. The decision on the taper plan was made by an 8-1 vote, with board member Tamura dissenting. Tamura argued that the BoJ should stick to the faster pace of tapering (JPY 400bln reductions per quarter through to March 2027), saying the bank should allow long-term interest rates to be determined more by market forces. At the post-meeting presser, BoJ Governor Ueda noted that while it is desirable to allow yields to move more freely, cutting purchases too quickly "could have an unexpected impact on market stability".

**AUSTRALIAN CPI (WED):** There are currently no expectations for the Australian Monthly CPI for May. In terms of the prior month's metric, headline CPI held steady at 2.4% Y/Y in April, marking the third consecutive month at this level and remaining within the RBA's 2-3% target range. The largest contributors to annual inflation were food (+3.1%), housing (+2.2%), and recreation/culture (+3.6%). The ABS highlighted that egg prices surged 18.6% Y/Y due to supply disruptions from bird flu, while housing costs were driven by higher rents (+5%) and offset by a 6.5% drop in electricity prices amid government rebates. Transport costs eased (-3.2%), reflecting a 12% fall in automotive fuel prices.

**TOKYO CPI (FRI):** There is currently no consensus for the upcoming Tokyo CPI release, which is typically seen as a leading indicator for the National CPI due later. As such, the data will be closely watched as a key signal for national price trends and potential implications for BoJ policy. At the BoJ's June meeting, the central bank noted that CPI (ex-fresh food) has been running at around 3.5% Y/Y, supported by the pass-through of wage hikes, past import price rises, and higher food prices such as rice. However, the BoJ expects these upward pressures to fade over time. It flagged that underlying inflation is likely to be sluggish in the near term as

economic growth slows, though underlying CPI is projected to gradually rise later, supported by a tighter labour market and firmer medium- to long-term inflation expectations. The BoJ also reiterated that various risks remain, particularly linked to the uncertain evolution of global trade and policy developments, which could affect both activity and prices.

**US PCE (FRI):** Both the May CPI and PPI reports came in beneath market expectations; headline CPI rose by 0.1% M/M (0.081% unrounded) against expectations of +0.2%, while core CPI rose by 0.1% M/M (0.13% unrounded) vs an expectation of 0.3%. PPI rose by 0.1% M/M in May (unrounded 0.127%) against an expected +0.2%, while the core rate of PPI rose at 0.1% M/M against an expected 0.3%. Following the CPI and PPI reports, the WSJ Fedwatcher Nick Timiroas said that economists who use the CPI and PPI data to model what the PCE data will look like expect a third consecutive cool monthly core inflation reading in May, forecasting core PCE growth of +0.13% M/M in May, while the headline reading is expected to rise +0.10% (prev. 0.1%); he added that since the May 2024 figure was lower than that, it would lift annual core CPI to 2.6% Y/Y (from 2.5% in April), and the annual headline rate would rise to 2.3% Y/Y from 2.1%.

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