

Highlights include US CPI and Retail Sales, UK CPI and Jobs report, China trade and GDP, Aussie Jobs, and CPI from Canada and Japan.

- **MON:** EU 90-Day Retaliatory Pause Ends; Indian WPI (Jun), Chinese Trade Balance (Jun)
- **TUE:** OPEC MOMR; Chinese House Prices (Jun), Retail Sales (Jun), GDP (Q2), German WPI (Jun), EZ Industrial Production (May), German ZEW (Jun), US CPI (Jun), NY Fed Manufacturing (Jul), Canadian CPI (Jun)
- **WED:** UK CPI (Jun), EZ Trade (May), US PPI (Jun), Industrial Production (Jun)
- **THU:** Japanese Trade Balance (Jun), Australian Unemployment (Jun), UK Unemployment & Wages (May), EZ Final HICP (Jun), US Export/Import Prices (Jun), Weekly Claims, Philadelphia Fed (Jul), Retail Sales (Jun)
- **FRI:** Japanese CPI (Jun), German Producer Prices (Jun), US Building Permits/Housing Starts (Jun), Uni. of Michigan Prelim. (Jul)

CHINESE TRADE BALANCE (MON): There are currently no central expectations for the Chinese June Trade Balance, although the metrics do encapsulate the 90-day trade agreement between the US and China on May 12th. Using the most recent Caixin June PMIs as a proxy, the commentary suggested, "According to panellists, better trade conditions and promotional activities supported a fresh rise in new orders. The rate of new order growth was only marginal, however, as external demand remained muted. New export orders declined for the third month in a row in June, albeit at a noticeably weaker pace than in May. However, the commentary added, "supply chain conditions continued to deteriorate at the end of the second quarter, as Chinese manufacturers experienced delivery delays again in June." Analysts at ING expected a modest uptick in export and import growth, suggesting that "Early signs are that there isn't much trade frontloading activity during the tariff ceasefire period so far."

CHINESE GDP/RETAIL SALES/HOUSE PRICES (TUE): The focus will be on China's Q2 GDP, with the latest Reuters poll forecasting Q2 Y/Y growth at 5.1% (vs 5.4% in Q1) and Q/Q at 0.9% (vs 1.2% in Q1). The YTD Y/Y rate is seen at 5.6% (prev. 5.8%). The poll also forecast 2025 GDP growth at 4.6% vs China's target of "around 5%". Analysts note that while headline growth is likely to hit the 5% annual target, concerns persist around underlying domestic demand, employment, and deflationary pressures. ING highlights that recent hard data has been mixed, with retail sales surprising to the upside but industrial production and investment softening. On housing, two straight months of notable price declines have raised speculation about potential real estate stimulus, with markets watching the housing price release for further signs of a downturn. Note, on July 10th, the gauge of Chinese property shares posted the largest gain in nine months amid speculation that a high-level meeting will be held next week to help revive the property sector, according to Bloomberg. SCMP flags that rising external uncertainties—especially new US tariffs—could prompt calls for more proactive fiscal policy. Still, economists suggest that Beijing is unlikely to deploy major stimulus unless export growth slows more sharply, as policymakers appear focused on meeting but not exceeding the 5% target, according to the article. In terms of monetary policy forecasts, the aforementioned Reuters poll also suggested that the PBoC is expected to cut 1yr LPR by 10bps in Q4, and RRR is expected to be cut by 10bps in Q4.

CANADIAN CPI (TUE): With the BoC on pause and avoiding forward guidance, the central bank is taking it meeting-by-meeting due to economic uncertainty. The upcoming inflation report will help shape expectations for BoC easing. Money markets are only pricing in one further rate cut by the end of the year. The prior BoC statement in June highlighted how, excluding taxes, inflation was slightly stronger than the BoC expected, while the BoC's preferred measures moved up. It also highlighted that "recent surveys indicate that households continue to expect that tariffs will raise prices and many businesses say they intend to pass on the costs of higher tariffs". The next BoC meeting is on July 30th, and the guidance from the BoC noted they "will continue to assess the timing and strength of both the downward pressures on inflation from a weaker economy and the upward pressures on inflation from higher costs", adding it is proceeding carefully. Meanwhile, in a recent speech, Macklem warned that "underlying inflation could be firmer than we thought". However, if inflation pressures were contained, the BoC agreed there could be a need for a further cut in the policy rate. The problem the BoC faces is that there could be a slowdown in inflation due to the tariff impact on the labour market and economic growth, but at the same time, upward pressure could be seen due to the implementation of tariffs. The BoC will be monitoring upcoming inflation reports to gauge what way prices are being pushed before dictating monetary policy. "

US CPI (TUE): The consensus expects US CPI to rise by 0.3% M/M in June, picking up in pace vs the +0.1% in May; core CPI is also expected to rise by +0.3% M/M in June after the +0.1% in May. Wells Fargo says the data is likely to show inflation beginning to strengthen again, albeit not enough to alarm Fed officials at this stage. It said that "amid a softer labour market and services inflation dissipating a bit more, the pickup in core inflation stemming from tariffs is likely to look more like a bump than a spike." The data will be framed in the context of how US tariff policy is impacting prices, and the consequential knock-on onto Fed policy. Most Fed officials have taken a cautious approach on the outlook for rates, given expectations that consumer prices are expected to rise towards the end of the year due to tariff effects. However, some (Bowman and Waller) have suggested that the tariff-induced price rises might be a one-off and would therefore allow officials to look at rate cuts as soon as the July meeting if inflation pressures remain contained. Money markets, however, do not see this materialising, and are currently pricing a sub-5% probability that the Fed will reduce rates on July 30th; through the end of the year, markets are still fully pricing two 25bps reductions, in keeping with the Fed's own projections.

UK CPI (WED): Expectations are for headline Y/Y CPI to rise to 3.5% from 3.4% with the core Y/Y rate seen holding steady at 3.5%. As a reminder, the May report saw headline Y/Y CPI slip to 3.4% (matching the MPC forecast) from 3.5%, core decline to 3.5% from 3.8% and services fall to 4.7% from 5.4% as the Easter-driven boost seen in the April data unwound. This time around, analysts at Oxford Economics, who hold a below-consensus view of 3.4% for headline Y/Y CPI, expect a series of offsetting forces. Specifically, they anticipate that "modest upward pressure from a smaller drag from the petrol category and base effects in the core goods category will likely be counterbalanced by softer services inflation". From a policy perspective, the release will likely underscore the tough balancing act put before the MPC, whereby growth appears to be slowing, the labour market is loosening, but inflation is stubborn and is set to remain the case. As it stands, an August cut is priced at 78% for the August meeting, with a total of 52bps of loosening seen by year-end.

AUSTRALIAN JOBS REPORT (THU): The Australian labour force data for June comes after May's surprise 2.5k drop in employment, which followed a sharp April gain (+87.6k). Westpac expects a +30k rise in June employment (vs market forecast of +20k), with underlying three-month average jobs growth holding steady at 2.3% Y/Y—matching late 2024 levels and signalling ongoing labour market resilience. The participation rate dipped to 67.0% in May but is forecast to edge back to 67.1% in June, supporting the view that the unemployment rate will hold at 4.1% for a fifth straight month, according to the desk. Overall, Westpac notes that job growth remains robust beneath monthly volatility, with labour market conditions still steady despite recent swings.

UK JOBS (THU): Expectations are for the ILO unemployment rate in the 3-month period to May to hold steady at 4.6% with headline earnings (ex-bonus) 3M/YY set to pull back to 5.0% from 5.2%. As a reminder, the prior report showed a large contraction in HMRC payrolls change (-109k vs. prev. -55k) for May, the unemployment rate in the 3M period to April rose to 4.6% from 4.5% and headline earnings 3M/YY slipped to 5.3% from 5.6%. This time around, analysts at Investec continue to flag the data quality concerns that have been plaguing the labour market report; however, they expect employment growth to slow on account of their estimates "that vacancies and more timely PAYE employment figures have recently softened, and at an increasing pace". Note, markets will also be keeping an eye on any upward revision to last month's HMRC payrolls print. On the pay front, the desk also notes signs of recent weakness and expects further softness in the upcoming report, adding that "there are helpful base effects from now lower wage settlements coming through compared with higher pay deals a year ago". From a policy perspective, the likes of Bailey and Ramsden have noted the softening in the labour market. However, there hasn't been much in the way of comms from the MPC to brace markets for an increase in the pace of rate cuts from its current cadence of every other meeting. Note, the impact of the release will need to be taken in the context of the inflation data due out the day before.

US RETAIL SALES (THU): Analysts expect US retail sales to be unchanged in June, with the consensus predicting +0.0% M/M from a prior -0.9%; the ex-autos measure is seen rising +0.3% M/M vs a prior -0.3%. Bank of America's monthly consumer checkpoint data suggests that there was an overall rise of +0.7% M/M in June, though services spending is seen slipping for a third straight month. Its aggregated credit card data showed that credit and debit card spending per household was up +0.2% Y/Y in June (vs +0.8% Y/Y in May), and seasonally adjusted, spending per household rose +0.3% M/M, only partially unwinding the monthly declines of 0.2% and 0.7% in April and May. BofA said, "it appears consumers are pulling back on some areas of discretionary services spending, though this cooling does not currently appear broad-based." BofA did note, however, that lower-income households' spending growth is particularly soft, with total card spending growth negative on an annualised basis in the three months to June; "these households also have the weakest after-tax wage growth in Bank of America deposit data," but the spending and wage growth of higher-income households appears to have risen.

JAPANESE CPI (FRI): There are currently no median market expectations for the June CPI, but the data follows May's 3.7% Y/Y rise in the core index—a more than two-year high and well above the BoJ's 2% target. ING expects the release to show a slight easing of inflation pressures, driven by government caps on energy and food prices, though the headline is still seen staying above 3%. Last month's report noted that persistent food inflation and firms passing on higher labour costs kept price growth elevated, while service-sector inflation continued to accelerate. BoJ policymakers remain divided on the outlook, balancing upside inflation risks against external headwinds from US tariffs.

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