

Highlights include US ISM Services PMI, BoE, BoJ SOO, Canada & NZ Jobs, China Trade and OPEC+

- **SUN:** OPEC+ meeting
- **MON:** US Employment Trends (Jun), US Durable Goods R (Jun)
- **TUE:** Chinese Final Caixin Services and Composite PMI (Jul), EZ/UK/US S&P Global Final Services and Composite PMIs (Jul), Canadian Trade Balance (Jun), US ISM Services PMI (Jul), New Zealand Jobs (Q2)
- **WED:** RBI Announcement, German Industrial Orders (Jun), EZ Construction PMIs (Jul), EZ Retail Sales (Jun)
- **THU:** BoE Announcement and MPR, CNB Announcement, Banxico Announcement, New Zealand Inflation Forecasts (Q3), German Trade Balance (Jun), Swedish CPIF (Jul), Chinese Trade Balance (Jul)
- **FRI:** Canadian Jobs Report (Jul), BoJ SOO

OPEC+ MEETING (SUN): The eight OPEC+ members participating in voluntary output increases will meet on August 3rd while crude markets are closed, with Reuters sources indicating a likely agreement for a further 548k BPD hike or lower in September, vs the 548k BPD hike for August. The group, having accelerated the unwinding of the prior 2.2m BPD cut since April, is on track to fully restore those barrels by September, with the UAE set to achieve its 300k BPD quota boost ahead of schedule, according to Reuters. The JMMC, which held its non-decision-making but market-analysing confab on July 28th, reiterated the need for full compliance and requested updated compensation plans from lagging producers by August 18th. The focus of this meeting will be on the size of any barrels returned to market alongside commentary on members' compliance.

ISM SERVICES PMI (TUE): In its flash PMI data for July, S&P Global reported US services PMI business activity rose to 55.2 in July (vs June's 52.9), a seven-month high, fuelled by rising domestic demand. S&P said July's expansion of the US economy was powered by services, where business activity rose at a rate not seen since last December. S&P raised some questions about whether this can continued; it wrote "whether this growth can be sustained is by no means assured," noting that it was "worryingly uneven" and "overly reliant" on the services economy as manufacturing business conditions deteriorated for the first time this year, amid the fading boost from tariff front-running. It also noted that the rate of inflation for prices charged for both goods and services was among the largest seen over the past three years; "the rise in selling prices for goods and services in July, which was one of the largest seen over the past three years, suggests that CPI will rise further above the Fed's 2% target in the coming months," it warned.

NEW ZEALAND JOBS (TUE): New Zealand Q2 Employment Change is expected at -0.2% Q/Q (prev. +0.1%), Unemployment Rate is expected at 5.3% (prev. 5.1%), Labour Cost Index is expected at 0.6% Q/Q (prev. 0.4%) and 2.2% Y/Y (prev. 2.5%). Participation rate is expected at 70.7% (prev. 70.8%). Analysts at Westpac expect continued job losses, concentrated among younger workers, though some labour force exits are set to temper the headline jobless rise. Westpac said the Labour Cost Index is expected to signal ongoing but moderating wage pressure. The desk also flags that its employment and wage growth outlooks remain softer than the RBNZ's May forecasts.

RBI ANNOUNCEMENT (WED): RBI is expected to maintain rates when it concludes its 3-day policy meeting next week, as a recent Reuters poll showed 44 of 57 economists surveyed forecast the RBI to keep the Repurchase Rate at 5.50% and the remaining 13 anticipate a 25bps cut. As a reminder, the RBI opted for an oversized cut to lower the Repo Rate by 50bps to 5.50% (exp. 25bps cut) at the last meeting in June, which was the third consecutive rate cut this year, but changed its stance to neutral from accommodative. It also cut the Standing Deposit Facility Rate and Marginal Standing Facility Rate by 50bps each to 5.25% and 5.75%, respectively. RBI Governor Malhotra said during the policy address that growth remains lower than aspirations, and it is important to stimulate growth, as well as noted that front-loading rate cuts to support growth were felt necessary. Malhotra also stated that inflation has softened significantly over the last six months and inflation is likely to undershoot the full-year target at the margin, while he noted that monetary policy has limited space left to support growth, and they retained the FY26 Real GDP growth forecast at 6.5%. Furthermore, the RBI Governor announced that the Bank is to lower the Cash Reserve Ratio by 100bps in four equal tranches, which will release INR 2.5tn, as well as noted that they will continue to monitor and take measures as necessary and that the CRR cut is to reduce the cost of funding of banks and help accelerate policy transmission. The shift to a neutral stance at the last meeting would suggest a likely pause by the central and the recent rhetoric from the RBI doesn't suggest much urgency to continue cutting rates with RBI Governor Malhotra noting that they don't let their eyes off inflation and the primary objective is to maintain price stability, while he added they have won the battle against inflation and that the war continues but noted momentum and price of inflation need to be looked at. In addition, the central bank has recently been seen to be likely intervening in the FX market to limit the rupee's depreciation, which is another factor that could potentially influence it to avoid another immediate rate cut. However, sources cited by Indian press NDTV Profit noted the RBI is likely to announce a revised liquidity management framework which aims to anchor short-term liquidity more effectively and provide banks greater predictability on overnight rates, as well as utilise the 7-day variable rate repo as the main liquidity tool and establish a Secured Overnight Reference Rate, following recent discussion with market participants and banks.

BOE ANNOUNCEMENT AND MPR (THU): Analysts are virtually unanimous in expecting the BoE to lower the Base Rate by 25bps to 4.0% with markets assigning an 83% probability of such an outcome. The move would follow the MPC's preference for cutting at a

quarterly pace and alongside MPR meetings. As a reminder, the prior meeting saw policymakers stand pat on rates with dovish dissent from Dhingra, Taylor and Ramsden, who backed a 25bps reduction. At the time of writing, there is no published consensus for the vote split; however, Morgan Stanley touts the possibility of a 1:7:1 vote with Mann to vote for a hold and Dhingra to back a 50bps reduction. MS sees three camps on the MPC with "gradual and careful" cutters, who see two-sided risks to inflation (Bailey, Lombardelli, Breedon); "cautious" cutters who might warn that further convincing evidence of labour market slack translating to price disinflation is needed before removing restrictiveness further (Pill and, on balance, Greene), and Taylor and Ramsden who will describe inflation risks as skewed to the downside. Data since the prior meeting has underscored the stubborn nature of inflation in the UK, with Y/Y CPI in June advancing to 3.6% from 3.4%, and services holding steady at 4.7%. However, the MPC also needs to balance this against the slowdown in growth and perceived loosening in the labour market. For now, the softening in the UK economy is not enough to see policymakers accelerate their current pace of loosening and as such, the statement is expected to retain guidance that rate cuts will be "gradual and careful". Looking beyond the upcoming meeting, markets see 46bps of loosening by year-end. For the accompanying MPR, MS expects "the peak in near-term inflation to be shifted up to just under 4%, largely on food prices" and for medium-term inflation and growth forecasts to be subject to little change. Note, the MPC may also opt to provide some guidance on what to expect for the September vote on the pace of Gilt sales. Oxford Economics ultimately expects the 2026 remit to be lowered to GBP 75-80bn from the current pace of GBP 100bn per annum.

BANXICO ANNOUNCEMENT (THU): Following four straight 50bps rate cuts, analysts think that Mexico's central bank will ease the cadence of its rate cuts, reverting to 25bps moves. The latest Reuters poll saw 27/28 analysts expect a 25bps rate cut, with just one expecting rates to be left on hold. Data showed the mid-month CPI rose +0.2% unadjusted in H1 of July (vs H2 of June), in line with the consensus; CPI fell to 3.6% Y/Y in July (vs 4.1% Y/Y in June), also in line with expectations. Pantheon Macroeconomics said the data supports a 25bps rate cut at Banxico's August 7th meeting, taking its rate to 7.75%. "The core component will prevent bolder action, for now," Pantheon writes, and in addition, "ongoing trade tensions could weigh on the MXN again if left unresolved."

NEW ZEALAND INFLATION FORECASTS (THU): The RBNZ's Q3 Survey of Expectations is expected to show two-year inflation forecasts edging higher from 2.29%, extending the recent upward drift across all time horizons. Westpac notes inflation expectations are a key focus for the RBNZ ahead of its August policy meeting; while the central bank retains an easing bias, the recent Y/Y inflation uptick (albeit under market expectations) complicates the outlook for rate cuts, according to the bank. Analysts at Westpac highlight that inflation expectations have been pushing higher in recent months across all horizons, and "expect that trend will continue in the September quarter survey. Even so, longer-term expectations are likely to remain close to 2%." Furthermore, New Zealand was also slapped with a 15% US tariff, up from the 10% announced on April 2nd.

SWEDISH CPIF (THU): There is currently no consensus for the Swedish inflation metrics for July, though SEB has provided their own expectations. The bank sees Y/Y core inflation unchanged from the prior at 3.3%, and predicts headline CPIF will rise to 3.2% (prev. 2.8% Y/Y). Analysts pin the uptick in the headline figure on higher electricity prices. By way of comparison, the Riksbank forecasts CPIF Y/Y cooling to 2.5% and Core CPIF moderating to 2.8% Y/Y. As a reminder, the last inflation report saw both headline and core figures come in below consensus and, more pertinently, the Y/Y core figure (2.5%) printed below the Bank's forecast (2.7%). This gave policymakers enough room to deliver a 25bps rate cut, and guide to another cut later in the year – though, Governor Thedeen said it is not a promise of further cuts but rather a "best estimate". Looking ahead to the next meeting on 20th August, money markets price in a 13% chance of a 25bps cut; SEB looks for a move in September.

CHINESE TRADE BALANCE (THU): There are currently no expectations for the Chinese trade balance. Analysts at ING expect export growth to moderate to +4.6% Y/Y (prev. +8.3%), with imports seen slipping -1.9% Y/Y (prev. +2.3%). ING notes momentum is set to soften after resilient H1 trade, with weaker global demand and persistent price pressures weighing on exports, while import contraction highlights subdued domestic activity. The data also comes amid the US-China trade truce, which is set to expire on August 12th, whilst at the time of writing, there has been no news of an extension being green-lighted by US President Trump. Furthermore, traders are also on the lookout for the US penalty on countries importing Russian crude.

CANADIAN JOBS REPORT (FRI): With the BoC on hold, the central bank is waiting to see if an economic slowdown materialises enough for the bank to resume rate cuts. In the latest MPR, the BoC characterises the labour market as soft, highlighting the 6.9% unemployment rate seen in June. It noted that the weakness in industries that are sensitive to trade is the main reason for the softening in the labour market; however, employment continued to grow in industries that are less sensitive to trade. The Bank's Surveys indicate that hiring intentions remain subdued. Macklem did keep the door open to rate cuts in his statement, "If a weakening economy puts further downward pressure on inflation and the upward price pressures from the trade disruptions are contained, there may be a need for a reduction in the policy interest rate." The MPR also highlighted that with unemployment already elevated, with householders uncertain about their economic future, spending on housing and other major purchases could be meaningfully softer. It added that this could be amplified by recent weakness in some regional housing markets, and greater excess supply in the Canadian economy would create more downward pressure on inflation. A continued increase in the unemployment rate would be noteworthy and likely add to the downbeat outlook, and could build rate cut expectations ahead. Money markets only price in 15 bps of easing by year-end, but analyst ING expects the BoC to cut at least once this year, potentially twice.

BOJ SOO (FRI): BoJ provided no surprises as it kept its short-term rate unchanged at 0.50%, as expected, with the decision made unanimously, while it reiterated it will conduct monetary policy as appropriate from the perspective of sustainably and stably achieving the 2% inflation target and will continue to raise the policy rate if the economy and prices move in line with the forecast, in accordance with improvements in the economy and prices. BoJ stated that underlying inflation is likely to stall due to slowing growth but gradually accelerate thereafter, and 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. Furthermore, the central bank acknowledged that real interest rates are at extremely low levels and that there is high uncertainty surrounding trade policy developments and their impact on the economy, as well as stated that a prolonged period of high uncertainties regarding trade policies 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 latest Outlook Report, board members' median forecasts for Core CPI were raised through to 2027, while the median forecast for Real GDP was upgraded for FY25 but maintained for the following two years. The initial decision lacked any major fireworks, although the Japanese currency was eventually pressured in the aftermath of the press conference where BoJ Governor Ueda continued to signal a lack of urgency to hike rates as he noted there was no large change to the central outlook that the growth pace will slow down and underlying inflation stalls, while participants will get to scrutinise further commentary from the meeting with the Summary

of Opinions due out next Friday.

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