newsquawk

Week Ahead: 11-15th August 2025

Highlights include US CPI and Retail Sales, China Inflation and Activity Data, RBA, Aussie Jobs, UK Jobs & GDP, Potential Trump-Putin Meeting, US/China Truce Deadline

- **MON**: Norwegian CPI (Jul), Japanese Mountain Day Holiday
- **TUE**: US-China truce deadline (likely to be extended), RBA Announcement (Aug), UK Jobs Report (Jun), German ZEW Survey (Aug), US CPI (Jul), EIA STEO, OPEC MOMR
- **WED**: German Final CPI (Jul), Spanish Final CPI (Jul)
- **THU**: Norges Bank Announcement, Australian Jobs Report (Jul), UK GDP (Jun/Q2), Swedish CPIF (Jul), EZ Flash GDP (Q2) and Employment (Q2), US PPI (Jul)
- **FRI**: Japanese GDP (Q2), Chinese Activity Data (Jul), US Retail Sales (Jul), US University of Michigan Prelim (Aug)

POTENTIAL TRUMP-PUTIN SUMMIT (TBC): The Kremlin said a US–Russia summit will take place “in the coming days,” while the White House said it is working on the details and that President Trump is open to the meeting. Russia’s deputy UN ambassador, Polyanskiy, said Russian President Putin may meet President Trump next week, but was not aware of any planned meeting between Putin and Ukrainian President Zelensky. Putin suggested the UAE as a “suitable” venue following talks with UAE President Al Nahyan. Kremlin aide Ushakov said discussions will focus on a Ukraine ceasefire but dismissed Washington’s mention of a trilateral summit with Zelensky, with Putin reiterating conditions for such a meeting are “far from” being met. The summit comes amid Trump’s recently shortened deadline for Moscow to show progress or face new sanctions; some analysts suggest Putin may be using the talks to buy time and blunt US measures. Kyiv and European leaders remain cautious of any deal struck without Ukraine present, warning it could involve territorial concessions. Markets will likely focus on confirmation of timing, venue, and thereafter, whether the summit produces substance. On the flip side, a lack of progress could see additional Russian sanctions alongside secondary sanctions for countries doing business with Russia.

CHINESE INFLATION (SAT): July CPI Y/Y is expected at -0.1% (prev. -0.1%), with M/M seen at +0.3% (prev. -0.1%), while PPI Y/Y is forecast at -3.4% (prev. -3.6%). ING notes deflationary pressures persist as activity moderates, with anti-price-competition measures unlikely to deliver early relief. Meanwhile, SCMP highlights continued weakness in food prices (June -0.3% Y/Y, fifth monthly decline), driven by severe oversupply in pork (-8.5% Y/Y) and eggs (-7.7%), with farmers reporting widespread losses and weak end-market demand. Marginal improvements are expected in H2, but the scope for recovery remains limited, according to SCMP.

US-CHINA TRUCE DEADLINE (TUE): The US-China tariff truce, set to expire on August 12th, is likely to be extended by 90 days, according to US Commerce Secretary Lutnick on Thursday. Following the meeting in Sweden, Beijing has confirmed consensus on the extension, but the White House has yet to formally announce the move, with USTR Greer saying the two sides are “working towards” a deal. The current pause follows months of tariff escalation, with US duties on Chinese imports reaching up to 145% since April, met in turn by Chinese retaliatory tariffs of up to 125% and export controls on key raw materials. The decision comes as US President Trump’s new tariffs on imports from ~90 countries took effect on August 7th, whilst more notably for Beijing, the US imposed an extra 25% stacked penalty on India for the import of Russian oil, with China also likely in the firing line. Markets will focus on confirmation of the extension and extension period, alongside any threats of penalties, whilst there is a non-zero chance of no extension and a return to eye-watering tariffs.

RBA ANNOUNCEMENT (TUE): The RBA is likely to cut rates at its meeting next week as a recent Reuters poll showed all 40 economists surveyed unanimously expect the RBA to cut the Cash Rate by 25bps to 3.60%, while money markets are pricing in a 98% likelihood of a 25bps cut and a 2% probability of a larger 50bps reduction. As a reminder, the RBA surprised markets at the last meeting by pausing on rates amid wide expectations for a 25bps cut, while its decision was made by a majority of 6-3 votes and stated that the Board will be attentive to the data and evolving assessment of risks to guide its decisions. RBA also noted that inflation has continued to moderate and the outlook remains uncertain, although the Board continues to judge that the risks to inflation have become more balanced and the labour market remains strong. Furthermore, the Board remained cautious about the outlook, particularly given the heightened level of uncertainty about both aggregate demand and supply, and it judged that it could wait for a little more information to confirm that inflation remains on track to reach 2.5% on a sustainable basis. RBA Governor Bullock noted during the post-meeting presser that there will be more data and news by the next meeting, and it was appropriate to have a cautious stance on easing, but noted she is confident they are on a path to ease further, although timing is the question and they can expect rates to decline if inflation slows as expected. Since then, the language from the central bank hasn’t provided much to shift the dial, although the data releases would support the case for a cut after disappointing jobs data which showed the Unemployment Rate unexpectedly rose in June to its highest in three and a half years of 4.3% (Prev. 4.1%), while inflation continued to soften in Q2 with headline Australian CPI YY slowing to 2.1% vs. Exp. 2.2% (Prev. 2.4%).

UK JOBS REPORT (TUE): Expectations are for the ILO unemployment rate in the 3-month period to June to hold steady at 4.7%, whilst average earnings (ex-bonus) 3M/YY are forecast to remain at 5.0%, according to Reuters. As a reminder, the prior release showed the ILO unemployment rate continued to tick higher, rising to 4.7% in the 3M period to May from 3.6%. However, the large contraction in the May HMRC payrolls change was revised materially higher and wage growth remained at an elevated rate. This time around, economists at Pantheon Macroeconomics expect the upcoming report to show "payroll job falls easing and earnings growth holding at a solid pace". More specifically, the consultancy is of the view that June's payroll drop will be revised to a smaller 8K month-to-month fall and July's print to come in at -7k. For the unemployment rate, PM expects another print of 4.7%, whilst vacancies appear to have stabilised and could even be rising again. On the wage front, Pantheon expects a slowdown in the 3M Y/Y ex-bonus metric to slow to 4.8% from 4.9%, which would be below the MPC's Q2 forecast of 5.2%. From a policy perspective, up until the August BoE policy announcement, it had appeared that the MPC was increasingly focused on the loosening in the labour market. However, absent a marked deterioration in the upcoming report, the latest vote split suggests that the stubbornness of inflation could limit the BoE's easing plans. As it stands, the next 25bps rate cut is not fully priced until February 2026.

US CPI (TUE): US July CPI is expected to rise by +0.2% M/M at the headline level (prev. +0.3%), with the annual rate seen rising to 2.8% Y/Y from 2.7%. The core rate of inflation is expected to rise by +0.3% M/M (prev. +0.2%), with the annual rate of core inflation expected to rise to 3.0% Y/Y from 2.9%. Wells Fargo says that the data will bring further signs of higher tariffs pushing up prices. "It is still early in the price adjustment process to see how higher import taxes will ultimately be distributed between the end-customer, domestic sellers and foreign exporters," the bank writes, "at the same time, growing consumer fatigue is making it more difficult to raise prices in general." Wells Fargo expects inflation to pick up, but not ratchet higher, in H2 of this year, and sees both the core CPI and core PCE deflator returning to around 3% in Q4. Some on the Fed are more concerned about the labour market (Waller and Bowman), but others still believe that inflation is further away from the Fed's goals. High inflation and fears of higher inflation ahead in response to tariffs is seeing the Fed hold a wait-and-see approach. However, with the recent July NFP report painting a softer picture of the labour market than initially thought (due to chunky downward revisions), markets are now looking for a rate cut in September. Fed's Daly has since spoken on the matter, noting the Fed cannot wait forever.

NORGES BANK ANNOUNCEMENT: Norges Bank is expected to keep rates steady at 4.25%, after the Bank unexpectedly cut rates by 25bps at the last meeting. Policymakers explained their decision by suggesting core inflation declined somewhat faster than expected, and as such, their inflation outlook is lower than previously expected. On future policy, the Bank said it "will be reduced further in the course of 2025", should the economy evolve as projected. Into this meeting, the Bank will have two inflation reports to digest; June's Core CPI-ATE printed a touch above the consensus (but in line with Norges Bank's own forecast). July's metrics are yet to come out, SEB predicts CPI-ATE (Y/Y) will print at 3.0% (vs. Norges Bank forecast of 3.1%). Given both SEB and Danske Bank call for a cut in September and December, a softer inflation outturn for July could have policy implications in the immediacy – particularly in the context of a gradually cooling labour market.

AUSTRALIAN JOBS REPORT (THU): There are currently no forecasts for the Australian jobs report, which in June metrics missed expectations, with employment rising just 2k (exp. +20k) and the jobless rate climbing to 4.3% (exp. 4.1%) – the highest since late 2021. The report comes after the RBA's August meeting, in which the central bank is likely to cut rates. A recent Reuters poll showed all 40 economists surveyed unanimously expect the RBA to cut the Cash Rate by 25bps to 3.60%, while money markets are pricing in a 98% likelihood of a 25bps cut and a 2% probability of a larger 50bps reduction. As a reminder, the RBA surprised markets at the last meeting by pausing on rates amid wide expectations for a 25bps cut, while its decision was made by a majority of 6-3 votes, and it stated that the Board will be attentive to the data and evolving assessment of risks to guide its decisions. Markets will focus on whether the July jobs data confirms a trend of soft hiring and rising unemployment.

UK GDP (THU): Expectations are for M/M GDP in June to pick up to 0.1% from -0.1% with the Q/Q growth rate expected to slow to 0.1% from 0.7%. As a reminder, the May release showed a second M/M monthly decline. Albeit it followed on from a strong Q1, which was artificially boosted by the front-loading of expected tariffs. This time around, analysts at Investec hold an above-consensus forecast of +0.3%, noting that "manufacturing activity, according to the PMI indices, looks less soft than before". Additionally, the desk looks for an expansion in the services sector and for construction to rebound from the 0.6% retracement seen in May. A 0.3% outturn would lead to a Q2 Q/Q rate of 0.2% and leave the economy in a position to grow by some 1.2%-1.3% over 2025 as a whole, a touch above the official Spring Statement forecast from the OBR of 1.0%. From a policy perspective, a soft outturn would further limit available headroom for UK Chancellor Reeves and likely see desks revise up their forecasts for the ongoing "black hole" in the UK's finances. The implications for monetary policy are likely less severe, with the MPC more biased to see how developments on the inflation front turn out.

JAPANESE GDP (FRI): Japanese GDP Y/Y for Q2 is expected to print at -0.7% (prev. +2.2% in Q1). Industrial production is expected at +1.7% for June (vs -0.1% in May). June Industrial Production is expected at +1.7% (prev. -0.1%). ING notes exports weakened sharply in Q2, with inventories also dragging, though services and private consumption have shown recovery. The BoJ's latest meeting kept rates at 0.50% unanimously, reiterating readiness to hike if the economy and prices track forecasts, but emphasising high trade-policy uncertainty. Governor Ueda, at the post-policy presser, said the Japan-US trade deal was "great progress", reducing downside risks but with tariff impacts yet to fully emerge; he expects some negative effect in H2, though a tariff-driven economic nose-dive now seems unlikely. Underlying inflation is seen stalling before gradually re-accelerating, with achieving 2% "closer than before," and wage growth expected to turn positive by year-end. There was also confusion regarding the US-Japan trade deal, in which "tariff stacking" saw miscommunication, although on Friday, Japan's trade negotiator Akazawa said that they have been able to confirm a non-stacking stance from the US, and there is no discrepancy between the US and Japan that there is no tariff stacking.

CHINESE ACTIVITY DATA (FRI): There are currently no central expectations for the Chinese activity data, although the trend is expected to show further moderation in economic activity. ING sees industrial production slowing to ~6.2% Y/Y (prev. 6.5%), retail sales easing to 4.6% Y/Y (as the boost from trade-in policies peaks), and fixed asset investment holding near 2.8% Y/Y YTD amid subdued private sector participation. The data, however, is lagging and could prove to be stale, contingent on the US-China tariff truce, which is set to expire on August 12th. The truce is likely to be extended by 90 days, according to US Commerce Secretary Lutnick on Thursday. That being said, participants should be cognizant that there is a non-zero chance of no extension and a return to eye-watering tariffs.

US RETAIL SALES (FRI): Headline retail sales are expected to rise by +0.5% M/M in July (prev. +0.6%), with the ex-autos measure seen cooling to +0.2% M/M (prev. +0.5%). Retail sales in June rose more than expected, partly due to a surprise jump in auto sales. However, Pantheon Macroeconomics noted that the data was flattered by this gain, despite falling unit sales and rising prices from tariffs. Pantheon expects real retail spending to stagnate ahead, with Q3 consumption likely to grow by less than 1%. Participants will be watching the Retail Sales data to see if there is a slowdown in consumer spending, given the recent jobs report showed a weaker labour market than initially thought due to the chunky, downward two-month net revisions.