

Highlights include US PCE, PBoC MLF, Minutes from ECB & RBA, Australian CPI, Japan Tokyo CPI, and Canada GDP

- **MON:** PBoC MLF, UK Summer Bank Holiday, German Ifo (Aug), US National Activity (Jul)
- **TUE:** RBA Minutes, Riksbank Minutes, NBH Announcement, US CaseShiller (Jun)
- **WED:** Australian CPI (Jul), Swiss Investor Sentiment (Aug)
- **THU:** ECB Minutes, Swiss GDP (Q2), EZ Sentiment Survey (Aug), US GDP 2nd Estimate (Q2), US PCE (Q2)
- **FRI:** Japanese Tokyo CPI (Aug), Japanese Activity Data (Jul), German Retail Sales (Jul), French Prelim CPI (Aug), Spanish Flash CPI (Aug), German Unemployment (Aug), US PCE (Jul), Canadian GDP (Q2), University of Michigan Final (Aug)

PBOC MLF (MON): PBoC left the Loan Prime Rates unchanged for the third straight month—1-year at 3.00% and 5-year at 3.50%, matching full market consensus. Data continues to point to sluggish activity—factory output, retail sales, and new loan volumes remain weak. Policymakers are leaning on targeted structural tools, not broad-rate cuts, even as deflationary and credit-growth risks persist. Markets expect a hold on the MLF rate, in line with the unchanged LPR. It was also reported that the PBoC to inject CNY 600bln via one-year MLF loans on August 25th. ING notes, "The People's Bank of China hasn't made any adjustments to the 7-day reverse repo this month. Rather than direct rate cuts, policymakers recently moved to support credit activity in more targeted ways, with subsidies for consumer loans set to come into effect in September."

RBA MINUTES (TUE): RBA will release the Minutes from its August 11th-12th meeting, where it provided no surprises and delivered a unanimously expected 25bps rate cut to lower the Cash Rate to 3.60% with the central bank's decision unanimous. RBA reiterated its language that inflation has continued to moderate and the outlook remains uncertain, as well as noted that maintaining price stability and full employment is the priority. RBA stated that underlying inflation will continue to moderate to around the midpoint of the 2-3% range, with the cash rate assumed to follow a gradual easing path, and it noted that monetary policy is well placed to respond decisively to international developments if they have material implications for activity and inflation in Australia. Furthermore, it stated the cut was due to underlying inflation continuing to decline back towards the midpoint of the 2-3% range and labour market conditions easing slightly. The central bank also simultaneously released its Quarterly Statement on Monetary Policy which showed a downgrade to the estimate of Australia's long-run productivity growth to 0.7% from 1.0% and with trend GDP growth now seen around 2.0%, down from 2.25%, while its forecasts were based on a technical assumption of the cash rate at 3.4% by end-2025, 2.9% by end-2026, and 3.1% by end-2027. Furthermore, RBA Governor Bullock continued to signal future cuts during the post-meeting press conference, where she stated there were no discussions of a larger rate cut, but noted that forecasts imply the Cash Rate might need to be lower for price stability, while she added the Board will take things meeting by meeting and did not rule out back-to-back rate cuts.

RIKSBANK MINUTES (TUE): Riksbank maintained its rates at 2.00%, in line with expectations. In terms of future rate policy, the Bank highlighted that there is "still some probability of a further interest rate cut this year" – this verbal guidance is in line with the current rate path laid out in June. As for recent data developments, the Bank highlighted that inflation has deviated "somewhat" from the forecast in June – rising more than expected, though it suggested the upturn is due to temporary factors. It also remained cautious on economic activity, highlighting that growth remained low and the labour market is not yet "showing any clear sign of improving". In terms of analyst commentary, Danske Bank opines that should inflation develop in line with the Riksbank's forecast, it could "open the door" for a cut in September. Analysts at SEB also put added focus on inflation dynamics, in particular August's figure. Should that tick lower, SEB sees a cut in September, with another later in the year. Now we look ahead to the Riksbank Minutes next week, to see how "temporary" policymakers view inflation, and how they balance inflation/activity dynamics.

AUSTRALIAN CPI (WED): July Monthly CPI is expected to rise 0.5% M/M, lifting the annual rate to 2.3% Y/Y (prev. 1.9%), in line with market consensus (range 2.0-2.7%). June CPI printed at 0.2% M/M, 1.9% Y/Y, softer than both expectations and Westpac's forecast, with a surprise -0.4% fall in electricity prices as retailers in some capitals cut charges or boosted discounts, alongside a smaller-than-expected rebate unwind. Westpac highlights upside risks to the July print, pointing to higher Default Market Offer (DMO) power bills and the ongoing removal of rebates. The RBA's August SoMP projected headline inflation to climb above 3% in H2 before easing back, largely driven by electricity dynamics, with trimmed mean CPI at 2.7% Y/Y still at the top end of target. Markets will focus on whether July CPI confirms upside pressures or signals a contained rebound. A stronger-than-expected print could push back RBA easing expectations, with electricity costs remaining the key swing factor. ASX 30 Day Interbank Cash Rate Target currently sees a 36% chance of a 25bps cut at the 30th September meeting.

NVIDIA EARNINGS (WED): Nvidia reports quarterly earnings on Wednesday, 27th August, at 21:20BST/16:20EDT, and while close attention will be on the quarterly metrics, participants will be attentively focusing on any commentary surrounding the agreement struck with the US government that will see them take 15% of any China revenue. On this, KeyBanc expects Nvidia to post strong July-quarter results but may guide cautiously for October due to China-related risks. KeyBanc expects Nvidia to exclude China revenue from guidance amid pending license approvals, potential 15% AI export taxes, and pressure on Chinese firms to use local chips. Without China, guidance could miss consensus, though KeyBanc estimates China could add USD 2-3bln in sales. Despite this, the fundamentals for the tech behemoth remain strong, and as KeyBanc points out GPU supply rose 40% last quarter and should grow another 20% with Blackwell (B200) ramping, while the new Blackwell Ultra (B300) ships in October. Looking at the

expectations, Q2 EPS is expected at USD 0.99 with revenue printing at USD 45.50bln. Looking at the breakdown, Data Centre is seen at USD 40.25bln, Gaming 3.9bln, Automotive 595.40mln, Professional Visualization 522mln, and OEM and other 112mln. Regarding some other key metrics, the gross profit margin is expected at 72% and operating expense at 4bln. In terms of forward guidance, the next quarter's (Q3) revenue is seen at USD 52.59bln, with EPS of USD 1.19, with FY revenue seen at 201.39bln and EPS of 4.37.

ECB MINUTES (THU): As expected, the ECB stood pat on rates, keeping the deposit rate at 2%. The accompanying policy statement carried little of interest, noting that incoming information is broadly in line with the Governing Council's previous assessment of the inflation outlook. Additionally, the statement repeated the Bank's meeting-by-meeting and data-dependent approach. At the follow-up press conference, when questioned about the recent EUR appreciation and VP de Guindos' recent remark about the complications that EUR/USD breaching 1.20 would bring, President Lagarde stated that the ECB does not target FX levels but is monitoring the situation. Thereafter, Bunds were sent lower after Lagarde stated that the ECB's baseline scenario from June still holds despite US President Trump threatening the EU with a 30% tariff rate. This statement, allied with Lagarde reiterating that policy remains in a good place, is suggestive that policymakers are not in a rush to adjust policy. This point was also underscored by the President emphasising that the ECB will not be swayed by a temporary undershoot in inflation (current 2026 forecast sees inflation at 1.6%), adding that inflation is still expected to stabilise at target over the medium term. Note, the decision was unanimous. Overall, given the lack of fireworks at the meeting and the data-watching approach of the ECB, the account of the meeting will likely pass with little in the way of fanfare.

TOKYO CPI (FRI): Tokyo CPI for August is expected to slow to 2.6% Y/Y (prev. 2.9%), driven by softer energy prices, though fresh food remains firm. "Super-core" inflation (ex. fresh food and energy) is projected to stay above 3%, keeping underlying pressures elevated and reinforcing the BoJ's case that prices are on a sustained path toward 2%. Markets will watch for stickiness in services inflation, with upside surprises feeding into expectations for a gradual policy shift. Markets currently price in no 25bps rate hikes for this year, with ~19bps baked in.

JAPANESE ACTIVITY DATA (FRI): July Industrial Production is seen at -1.2% M/M (prev. +2.1%), as tariff-related front-loading unwinds, although retail sales are expected to improve on the back of wage growth. Labour market conditions remain tight, with the unemployment rate steady at 2.5%. ING notes that resilient consumption and wage dynamics offset weakness in exports and production, painting a mixed picture for Q3 momentum.

US PCE (FRI): While CPI rose in line with expectations in July (headline +0.2% M/M, core +0.3% M/M), PPI surged (headline and core were +0.9% M/M, above the expected +0.3%). Analysts noted that the PPI jump was driven by portfolio management prices, which came as a result of stock prices surging in the month, though air travel prices fell, while other components in the data that feed into core PCE (healthcare, insurance) saw only moderate increases. Pantheon Macroeconomics said that the rise in PPI has only limited implications for the July core PCE reading, but does suggest that the US tariffs are continuing to generate cost pressures in the supply chain, which consumers will shoulder soon. With the CPI and PPI readings in hand, Pantheon estimates that the core PCE deflator will rise by +0.26% M/M in July (vs 0.3% M/M in June), and this should lift the annual rate to 2.9% Y/Y from 2.8%. The FOMC's July meeting minutes, released this week (where almost all participants viewed it as appropriate to maintain rates between 4.25-4.5%), noted that participants think that higher tariffs were contributing to rising inflation, with goods price inflation increasing while services price inflation slowed. Many expected companies to pass tariff costs to customers, though current demand limited full pass-through. Some saw tariffs causing only a one-time price level rise, while others warned of persistently elevated inflation, difficult to separate from underlying trends. At the time of writing (before Powell's speech at Jackson Hole), money markets are pricing around a 70% chance the Fed will cut rates by 25bps on September 17th, though, through to the end of the year, are more or less discounting two full 25bps reductions. The Fed's June projections see core PCE rising to 3.1% Y/Y in 2025, cooling to 2.4% in 2026, and then to 2.1% in 2027.

CANADIAN Q2 GDP (FRI): May's growth data showed GDP falling by 0.1% in the month, though StatsCan said it is projected to rebound +0.1% M/M in June, which should mean annualised growth in Q2 was likely at around 0.1%, just avoiding a contraction. The BoC is currently on hold, and the latest minutes revealed that some members felt they had already provided enough support for the economy, but others felt more support would likely be needed. Since then, the latest inflation report was slightly softer than expected, and participants started to slightly boost BoC rate cut bets with 24bps of easing priced by year-end, implying a 96% probability of a rate cut by year-end. The minutes noted that the economy appeared to have contracted in Q2 after robust Q1 growth. Much of the front-running activities unwound in Q2, resulting in a sharp drop in exports. The minutes also noted that overall consumption and government spending appear to have increased, while business and residential investment appear to have declined. Looking ahead, the BoC estimates that in the current tariff scenario, economic growth resumes in Q3 and inflation remains around 2%, while a de-escalation scenario would see growth rebound in Q3 with inflation below 2%. However, if tariffs were to escalate, the economy would fall into recession, and inflation would rise to 2.5%. Under all these forecasts, inflation is within the BoC's 1-3% target range; therefore, a drastic slowdown would likely embolden the case for further rate cuts from the BoC, with the board seemingly not too concerned about inflation, particularly with recent data coming in on the softer side.

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