

Highlights include US NFP, ISM PMIs, EZ Flash CPI, UK Retail Sales, and Canada Jobs

- **MON:** US Labor Day, South Korean Trade Balance Prelim (Aug), Chinese Caixin Manufacturing PMI (Final), EZ, UK, US Manufacturing PMI (Final), New Zealand Terms of Trade (Q2)
- **TUE:** South Korean CPI (Aug), EZ Flash HICP (Aug), US ISM Manufacturing PMI (Aug)
- **WED:** NBP Announcement, Australia Real GDP (Q2), US ADP National Employment (Aug), Chinese Caixin Services PMI (Final), EZ, UK, US Services PMI (Final), US Durable Goods R (Jul)
- **THU:** Swedish CPIF (Aug), US ISM Services PMI (Aug)
- **FRI:** UK Retail Sales (Aug), EZ GDP R (Q2), US Jobs Report (Aug), Canadian Jobs Report (Aug)

EZ FLASH HICP (TUE): Expectations are for HICP Flash Y/Y to print at 2.0% (prev. 2.0%), with the "super-core" forecast at 2.2% (prev. 2.3%). As a reminder, the prior release showed headline Y/Y HICP held steady at 2%, super-core ticked lower to 2.3% from 2.4% and the services component nudged lower to 3.2% from 3.3%. Oxford Economics noted that energy prices remained in deflation, demand-driven inflationary pressures continued to decrease, and services inflation steadily disinflated. For the upcoming report, analysts at Investec note that despite a downtick in services inflation, the headline rate is likely to rise to 2.1% due to unhelpful energy base effects. Elsewhere, the desk expects to see a stabilisation in food price inflation following the increase seen in 2025. From a policy perspective, markets price a circa 34% chance of a 25bps rate cut by year-end, with the odds of further loosening having faded alongside the EU-US trade agreement and a more resilient-than-expected Eurozone economy. That being said, if the strengthening of the EUR is to pose the risk of an inflation undershoot in the region, some voices on the Governing Council may grow increasingly in favour of further easing. Note, Goldman Sachs sees headline inflation broadly below target throughout 2026.

US ISM MANUFACTURING PMI (TUE): As a basis of comparison, the flash S&P Global US manufacturing PMI rose to 53.3 in August from July's 49.8, marking a 39-month high and signalling a renewed improvement in factory conditions. Output climbed for a third consecutive month at the fastest pace since May 2022, supported by the largest inflow of new orders since February 2024. Manufacturing employment rebounded, recording the largest payroll increase since March 2022, while input inventories also rose sharply. Faster supplier deliveries provided a minor drag on the PMI, but less so than in July. S&P Global said that optimism in the sector was lifted by policy support, such as tariffs, and remained well above the post-pandemic average. However, firms' confidence stayed below January's recent peak due to concerns over higher costs and geopolitical uncertainties, particularly around international trade and supply chains. The report suggested continued expansion in manufacturing, underpinned by strong demand, though caution persists amid cost pressures and external risks.

AUSTRALIAN GDP (WED): Q2 GDP is expected to show another subdued print, following Q1 growth of 0.2% Q/Q and 1.3% Y/Y. Westpac forecasts a 0.4% Q/Q rise, leaving annual growth at just 1.3% in six-month annualised terms, well below the RBA's revised trend of 2.0%. Westpac highlights that the recovery has stalled over H1, with public demand proving weaker than anticipated—public construction fell 5.1% across the first two quarters and infrastructure spending dropped more than 7%. The desk adds that private capex has failed to offset the pullback, with non-residential building activity down 2.6% and machinery and equipment investment still below late-2024 levels. Consumer spending improved modestly on real income gains, but momentum has since softened. Commodity exports rebounded, led by iron ore, though higher imports left net trade flat. Overall, a weak Q2 print would reinforce the fragile growth backdrop and support market expectations of further RBA easing into year-end. Markets currently price some 20% chance of a 25bps cut at the 30th September meeting, with November's confab currently baking in 24.5bps worth of easing.

SWEDISH CPIF (THU): The August inflation report will be key in dictating the policy decision at the next Riksbank meeting on Sept 23. In terms of expectations via SEB, analysts see core CPIF to slow in August to 2.9% Y/Y (prev. 3.2% Y/Y), but still remain a touch above the Riksbank's own target. However, the bank sees headline Y/Y CPIF to rise a touch to 3.2% (prev. 3% Y/Y) on higher electricity prices. As a reminder, July's inflation data printed more or less in line with the consensus, and Core CPIF Y/Y for July was a touch below expectations, whilst M/M matched consensus. The elevated inflation metrics led the Riksbank to keep rates steady at its August meeting. Within that, the Bank kept the door open for "some probability" of another cut this year – and should inflation cool in August, SEB thinks the Bank will opt for a 25bps cut in September, with policymakers also wary of the slowing activity picture in the region. The Minutes of the most recent meeting showed that some members viewed the upturn in inflation as temporary, and should that prove to be the case in August, then it may raise the probability of a cut in September.

US ISM SERVICES PMI (THU): As a point of comparison, the flash S&P Global US services PMI fell slightly to 55.4 in August from July's 55.7, marking a two-month low, but signalled continued robust expansion in the sector. Services sales rose at the fastest pace since December, supported by stronger exports and improved customer confidence. Average prices charged climbed at the sharpest rate since August 2022, reflecting sustained cost pass-through, while goods price inflation eased slightly but remained elevated. Backlogs in services held at the joint-steepest rate since May 2022. S&P Global noted that business activity growth eased from July's year-to-date high, though firms remained buoyed by new product offerings and strong demand. Its report suggested a continued expansionary trajectory for services, supported by resilient domestic demand and a modest return to export growth, even

as inflationary pressures remain elevated.

UK RETAIL SALES (FRI): Expectations are for the delayed July retail sales report to show Y/Y at 1.3% (prev. 1.7%) and M/M 0.2% (prev. 0.9%). Core Y/Y is expected at 1.1% (prev. 1.8%) and core M/M at 0.4% (prev. 0.6%). In terms of recent retail indicators, BRC retail sales for July rose 1.8% Y/Y (prev. 2.7%) with the accompanying report noting "with sales growth at these levels, it is barely touching the sides of covering the GBP 7bln new costs imposed on retailers at the last Budget. If the upcoming Autumn Budget sees more taxes levied on retailers' shoulders, many will be forced to make difficult choices about the future of shops and jobs, and ongoing pressure would push prices higher." Elsewhere, the Barclaycard Spending report noted that growth "was predominantly driven by clothing retailers, who had their strongest month of growth since September 2024, as July's changeable weather led consumers to double up on purchases for both rainy and sunny weather." For the upcoming ONS report, Oxford Economics pencils in a 0.2% M/M decline in July due to "the level of sales in the non-food and non-store categories in June being much higher than in previous months," so it thinks that there's scope for some payback in the July report.

US JOBS REPORT (FRI): The consensus expects 75k nonfarm payrolls to be added to the US economy in August (prev. 73k), with the unemployment rate seen rising to 4.3% (from 4.2%; vs Fed end-2025 projection of 4.5%). Average earnings are seen rising +0.3% M/M, matching the July figure, and average workweek hours are expected to be unchanged at 34.3hrs. Analysts at Barclays are in line with the consensus, expecting +75k nonfarm payrolls. The bank notes that their monthly models, which use weekly initial and continuing unemployment claims and other employment indicators, project a stronger payroll gain than their main forecast, although it cautions that these inputs swing substantially month-to-month due to distortions in seasonal adjustment from the pandemic, so they place more weight on the median model forecasts. On revisions, Barclays says that while late-arriving responses caused downward revisions in July, there is little evidence for meaningful serial correlation in revisions across months, so they do not expect substantial changes to June or July estimates. However, they acknowledge that tariff-related disruptions could affect non-responding establishments, which could influence hiring. In terms of the implications for Fed policy, many brokerages now expect a 25bps Fed rate cut in September following Chair Powell's warning at Jackson Hole on rising labour market risks. Powell highlighted downside employment risks, including potential layoffs and higher unemployment, signalling an easing bias. Barclays brought forward its previously expected September 2026 cut to 2025, while others like BNP Paribas and Deutsche Bank also revised forecasts for cuts in September and December. Goldman Sachs and JPMorgan reaffirmed expectations of a September cut, aligning with market sentiment; BofA and Morgan Stanley remain cautious, citing ongoing inflation pressures and economic rebound, but note that further labour market softening could prompt easing. At the time of writing, money markets are pricing an 85% probability of a 25bps cut on September 17th (vs around 75% before Powell's Jackson Hole speech), and through to the end of the year, are now fully discounting two rate reductions.

CANADIAN JOBS REPORT (FRI): The BoC will use the upcoming labour market data to help guide its future rate path, though it is only one factor, as the Bank remains on hold to assess the impact of US trade policies. In July, rates were left at 2.75% in a unanimous decision, with some members noting sufficient support for the economy while others saw a potential need for more. This 2.75% level is the centre of the BoC's neutral estimate, suggesting limited room for cuts, depending on tariff effects. The latest BoC minutes showed that the labour market remained soft. Job losses were concentrated in sectors that are reliant on trade. Employment had continued to grow in the rest of the economy. While job growth had picked up in June, the unemployment rate was 6.9%, with some categories, such as youth unemployment, markedly higher since the beginning of the year. Some members expressed concern about the risks of further increases in the unemployment rate and the implications for households if the trade conflict were to escalate or the effects were to spread through the economy more broadly.

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