

Highlights include CPI from the US, UK, Japan and Canada, Global Flash PMIs, Japanese PM Vote, and Chinese Activity Data

- **MON:** PBoC LPR, CCP 4th Plenum (20th-23rd), Chinese House Prices (Sep), Retail Sales (Sep) & Industrial Output (Sep), German Producer Prices (Sep), US Leading Index (Sep), New Zealand Trade (Sep)
- **TUE:** NBH Policy Announcement, CCP 4th Plenum (20th-23rd), UK PSNB (Sep), Canadian CPI (Sep)
- **WED:** CCP 4th Plenum (20th-23rd); UK CPI (Sep), Japanese Trade Balance (Sep)
- **THU:** CBRT, BOK Policy Announcement, CCP 4th Plenum (20th-23rd), European Council (23rd-24th); US Weekly Claims, Existing Home Sales (Sep), EZ Consumer Confidence Flash (Oct), Canadian Retail Sales (Aug), Australian Flash PMIs (Oct)
- **FRI:** CBR Policy Announcement, European Council (23rd-24th), Japanese CPI (Sep), UK Retail Sales (Sep), EZ, UK & US Flash PMIs (Oct), US New Home Sales (Sep)

PBOC LPR (MON): The PBoC is to announce China's benchmark Loan Prime Rates next week, which are likely to be maintained at their current levels, with the 1-year LPR at 3.00% which is the rate most new loans are based on and with the 5-year LPR at 3.50% which is the reference for mortgages. As a reminder, Chinese banks refrained from any adjustments to the LPRs for a fourth consecutive month in September, which was as expected, while PBoC Governor Pan commented shortly after the announcement that they will use various policy tools based on the economic situation and will be data-driven, and have "appropriately accommodative policy stance". Furthermore, the central bank had previously noted that it is to step up monetary policy adjustment and keep liquidity ample, as well as enhance interest rate guidance and will promote a decline in social financing cost. Despite the language from the central bank, an imminent reduction in the LPRs is unlikely, as the central bank has shown a clear preference for making adjustments through its main policy tool of open market operations to target liquidity. Furthermore, the recent data from China was mixed as trade figures showed faster-than-expected growth in Exports and Imports for the world's second-largest economy, which suggests a lack of urgency to immediately cut benchmark lending rates, although CPI data was softer-than-expected, and both consumer and factory gate prices remained in deflation.

CCP 4TH PLENUM (MON-THU): The Chinese Communist Party's Central Committee will hold its Fourth Plenum from October 20th to October 23rd, with the meeting expected to set the framework for the 15th Five-Year Plan (2026-2030). The session will offer the first indication of Beijing's medium-term policy priorities, but will be closed with only a brief communiqué released at the end. Detailed policy targets are unlikely before March, when the National People's Congress convene, although sources till then may offer hints. "Of particular interest are priorities for development, including how to expand consumption, foster innovation, and the strategic focuses going forward", says ING. The plenum also coincides with rising US-Sino trade tensions after China tightened rare earth export controls, and the US threatened new tariffs of 100%, although Trump and Xi are still set to meet in South Korea.

CHINESE ACTIVITY DATA (MON): China will release Q3 GDP alongside September's activity data. GDP Q/Q is forecast at 0.8% (prev. 1.1%), Y/Y 4.7% (prev. 5.2%). Retail Sales expected at 2.9% Y/Y (prev. 3.4%). Industrial Production 5.0% (prev. 5.2%). Fixed Asset Investments are expected at 0.2% Y/Y (prev. 0.5%). ING expects Q3 GDP to show a sharper slowdown to around 4.5% Y/Y, citing weaker consumption, sluggish investment, and ongoing property sector weakness, with September price data likely to confirm continued declines. The IMF this week maintained its 2025 China growth forecast at 4.8% (vs China's target of "around 5%"), noting that fiscal support and resilient exports have offset tariff headwinds but warning that the property sector remains fragile and credit demand subdued. The data also comes at a time where US-Sino trade tensions are heightened, following China's rare earths export controls and the subsequent threat of a 100% tariff from November 1st from the US.

JAPANESE PARLIAMENT VOTE FOR NEW PM (MON): Japan's LDP and CDP have agreed to hold a parliamentary vote on October 21st to select Japan's next PM following the collapse of the 26-year-old ruling LDP-Komeito coalition last week. LDP leader Takaichi remains the frontrunner, with Bloomberg reporting that talks between the LDP and the Japan Innovation Party (Ishin) have advanced toward a potential coalition that would give the LDP an additional 35 seats, still shy of an outright majority but sufficient to secure Takaichi's confirmation. Innovation Party co-leader Yoshimura said the chances of a deal were "50-50", although co-leader Fujita later announced "big progress" with the LDP following talks, and suggested they will enter the stage of finalising details, but final discussions are very delicate.

CANADIAN CPI (TUE): This is the last inflation report before the October BoC meeting, where markets price in 16bps of easing, implying a 64% probability of a 25bps rate cut - 25bps is not fully priced until December. The data will help shape rate cut expectations, with rate cut bets paring after the recent strong labour market report. The recent inflation report saw a -0.1% decline with the Y/Y at 1.9%, up from the 1.7% in July. Meanwhile, the core metrics (excluding food and energy) declined 0.2% M/M, with Y/Y to 2.4% Y/Y. The M/M declines will be welcome with Y/Y inflation still within the BoC's target. The BoC preferred measures, average of the median, trim and common, remain towards the top-end of the BoC target at 2.86%. The BoC removed forward guidance when it cut rates by 25bps in September, but Governor Macklem said it will continue to assess the risks, look over a shorter horizon than usual, and be ready to respond to new information. The September rate cut was agreed due to the weaker economy, fewer upside risks to inflation, and a softening labour market. Recent growth data saw a 0.2% rise in July, while StatsCan signalled stagnation for August; OxEco suggested Canada may avoid another GDP contraction in Q3 after a 0.4% decline in Q2. Labour market data in September was strong, while the upcoming CPI data will give the BoC a fresh read on the inflation situation. Note, a recent speech from Governor Mendes said the bank is studying whether there are ways they could improve existing

measures of core inflation, noting the language around the BoC's preferred measures may have led markets to place more emphasis on these core measures than the BoC itself. It is asking whether they should revise the preferred measures so they all pre-exclude mortgage interest costs. He stressed the BoC does not want Canadians or financial markets to become overly focused on a single indicator.

UK PSNB (TUE): The August release came in markedly above expectations at GBP 17.96bln (exp. 12.75bln), and the prior being revised higher by c. GBP 1.7bln. Pertinently, the figure eclipsed the OBR's GBP 12.5bln forecast for August and took the fiscal YTD borrowing figure (i.e. April-August) to GBP 83.24bln vs GBP 72.4bln forecast by the OBR. Some of the upside in August was due to local borrowing, coming in GBP 4.7bln higher Y/Y, a component that is often subject to notable revision. Since the release, HMRC alerted the ONS to a VAT receipt error which overstated the fiscal YTD borrowing figure by some GBP 2bln; while this will be corrected in September's series, the cumulative borrowing figure remains just under GBP 10bln higher than the OBR's forecast. For September, public borrowing is expected to show another increase with elevated yields continuing to apply pressure to the fiscal situation. However, that narrative has improved from a Treasury perspective since October 10th, with the UK 10-year yield at its lowest since July. While this has occurred too late to impact the September series, it will be reflected in the data set just before Chancellor Reeves' Autumn Budget is published on November 26th.

UK CPI (WED): Expectations are for headline Y/Y CPI to advance to 4.0% from 3.8%, which would match the MPC forecast and signify its highest reading since January 2024. As a reminder, the prior release saw headline Y/Y CPI hold steady at 3.8%, core slip to 3.6% from 3.8% and services decline to 4.7% from 5.0% on account of volatile air price inflation. This time around, economists at Pantheon Macroeconomics (hold a consensus 4.0% view for headline Y/Y CPI) expect "motor fuel price and airfare base effects should add 12bp and 11bp, respectively, to CPI inflation in September compared to August", which would explain most of the rise in headline inflation. On services inflation, the consultancy expects a pick-up to 4.9% from 4.7%, which would underscore the bigger picture of sticky inflation in the UK. Looking beyond the upcoming report, Pantheon expects underlying inflation "will remain stuck around 4% well into next year". Accordingly, it expects "CPI inflation to slow only slightly, to 3.8%, by the end of 2025". From a policy perspective, the expected uptick in inflation to double that of the targeted level and the uncertainty posed by the November 26th budget means that a 25bps cut by the MPC is priced at just 14%. However, the ongoing softening in the labour market, which has been a key focus of policymakers in remarks this week, has seen odds of a December reduction move closer towards 50/50 vs. circa 25% at the start of the week.

BOK POLICY ANNOUNCEMENT (THU): There are somewhat mixed views on whether the central bank will cut or maintain the Base Rate at the current level of 2.50%. As a reminder, the BoJ refrained from any adjustments to its 7-Day Repo Rate at the last meeting in August, which was as expected, although the decision was not unanimous as board member Shin Sung-hwan dissented and saw a need to cut rates to aid growth. The BoK said after the meeting that it will maintain a rate cut stance to mitigate downside risks to economic growth, and adjust the timing and pace of any further base rate cuts. BoK Governor Rhee also stated that a majority of the seven-member board assessed there was a need to work in tandem with government policies to stabilise local property prices, as well as noted that five board members said the door for an imminent rate cut should be open and one board member said the current policy rate should be maintained for the next three months. Furthermore, Rhee said the easing stance will stay through at least the first half of next year, and it is difficult to comment on the terminal policy rate, but added that faster policy rate easing risks overstimulating the local property market at this stage. Nonetheless, some are anticipating a cut at the approaching meeting after the Fed cut rates in September for the first time this year and with money market pricing pointing towards another reduction later this month, while the BoK had also acknowledged that South Korea's 2025 growth is lower than the potential rate due to previous political turmoil and tariff headwinds. Conversely, some suggested that the central bank could delay its policy easing amid the sustained increases in Seoul housing prices and household loans.

CBRT POLICY ANNOUNCEMENT (THU): There are currently no market forecasts for what the CBRT may opt to do on Thursday. Last month, the Bank cut the policy rate by 250bps to 40.5% (vs exp. 200bps), while it dropped reference to real TRY appreciation, and signalled that it would begin to moderate the pace of easing amid elevated inflation expectations and ongoing external risks. BBVA Research suggested that the CBRT's tone was "more balanced," noting its commitment to tighten policy if inflation deviates significantly from interim targets, though the definition of such a threshold remains unclear. The latest CBRT survey showed end-2025 CPI expectations rising to 31.77% (prev. 29.86%), with the policy rate seen at 28.26% in 12 months.

EUROPEAN COUNCIL MEETING (THU): EU leaders will convene in Brussels on October 23rd for a one-day European Council meeting chaired by President Costa, with the agenda dominated by Ukraine, defence, competitiveness, and the Middle East. According to the invitation published on the Council website, the Council will reaffirm long-term financial support for Ukraine and assess options to utilise Russia's immobilised assets, while also discussing further sanctions to increase pressure on Moscow. On defence, leaders will review the "Defence Readiness 2030" roadmap and seek to advance coordination on capability projects and hybrid threat responses. Economic discussions will focus on simplifying EU regulation, balancing climate goals with competitiveness, and enhancing digital sovereignty, with ECB President Lagarde and Eurogroup President Donohoe attending the Euro Summit segment. The meeting will also address discussions on supporting post-war reconstruction and a two-state solution in Gaza.

JAPANESE CPI (FRI): There are currently no expectations for the Japanese CPI metrics, which saw the prior Core Y/Y print at 2.7%, headline Y/Y at 2.7%, and M/M at 0.1%. The Tokyo CPI, seen as a precursor to the nationwide metric, eased to 2.5% from 2.6% Y/Y, whilst the Core Y/Y missed expectations and remained at 2.5% (exp 2.8%, prev. 2.5%). ING expects nationwide inflation to firm to around 2.9% Y/Y, with core prices likely holding above 3.0%, noting that the recent moderation in inflation has been largely driven by government subsidies for energy and social welfare programs. A sustained rise in core readings could tilt market pricing more towards a hike this year, with year-end pricing currently at a 44% chance of a 25bps BoJ hike by year-end, although pricing for such a move at the October meeting only sits at 21% at the time of writing.

UK RETAIL SALES (FRI): Expectations are for headline M/M retail sales to print flat vs. the 0.5% expansion seen in the prior month. In terms of recent retail indicators, BRC retail sales for September slowed to 2.0% Y/Y from 2.9%. The accompanying report noted, "with the Budget looming large, and households facing higher bills, retail spending rose more slowly than in recent months. Milder weather meant shoppers delayed refreshing Autumn and Winter wardrobes and growth in food sales was largely inflationary rather than volume growth". Elsewhere, the Barclaycard Consumer Spending showed that overall retail spending declined 0.1% Y/Y, adding that "spending dipped in September as consumers managed budgets more carefully. Nonetheless, categories such as health

& beauty, furniture, and clothing remained resilient, as consumers started festive shopping early to spread costs and make the most of seasonal deals”.

EZ FLASH PMI (FRI) : The October series is expected to print in relative proximity to the priors with manufacturing ticking higher to 49.9 (prev. 49.8), services to 51.1 (prev. 51.3) and the composite to 51.0 (prev. 51.2). Following an uptick in the European ZEW figure, while the accompanying German metrics were more mixed, the Sentix print lifted by more than expected but remained in negative territory. As a reminder, and points to look out for this time, in the September series, HCOB highlighted that while new orders were currently insufficient to increase backlogs, service providers were nonetheless taking a more positive view. Furthermore, the nowcast pointed to a quarterly growth rate of 0.4%. However, the EZ's largest economy remains in focus and a potential headwind as the most recent Bundesbank update pointed to barely any growth in Q3, following on from a particularly dire set of German industrial data for August. Nonetheless, Bundesbank's Nagel said that “maybe” they will see growth by the end of 2025 as the domestic situation is improving. France will, of course, be in focus given the recent political turmoil, though the slight stabilisation seen in recent sessions may not be entirely accounted for in the data set. For the ECB, the series is unlikely to have much impact on the near-term policy trajectory, with markets implying just 4bps of further easing by end-2025.

UK FLASH PMI (FRI) : Expectations are for flash services PMI to hold steady at 50.8 (manufacturing and composite PMI expectations are not available at the time of writing). As a reminder, the prior release saw the services component decline to 50.8 from 54.2, manufacturing slip to 46.2 from 47.0, with the composite at 50.1 vs. prev. 53.5. The accompanying report noted “many survey respondents suggested that corporate clients had deferred spending decisions until after the Autumn Budget, while households were also hesitant about major purchases”. This time around, analysts at Investec expect October's 'flash manufacturing numbers' to “post a recovery” due to low inventory levels in the prior month, which will require an increase in production to meet demand. For services, the desk expects budget uncertainty to cap any potential upside and looks for a subdued 50.8 print, leaving the composite just above the expansionary threshold at 50.4. From a policy perspective, most of the headlines next week in the UK will be generated by the inflation data on Wednesday. However, a soft outturn with suggestions that the employment sector could be under pressure could add to the narrative that the labour market is becoming an increased source of focus for the MPC.

US CPI (FRI) : The BLS has recalled staff to finalise the September Consumer Price Index report, essential for calculating next year's Social Security payments. The White House Office of Management and Budget directed the move, aiming for publication on October 24th (vs the originally scheduled date of October 15th), meaning that Fed officials will see the report ahead of its October 29th meeting. The consensus looks for headline CPI to rise +0.3% M/M (prev. 0.4%), while the core rate is expected to rise by +0.3% M/M (prev. 0.3%). Citigroup is in line with the consensus and sees US core CPI rising 0.28% M/M in September (vs 0.35% M/M in August), as softer housing inflation offsets tariff-driven price pressures; the bank said weaker labour and housing markets are seen as reducing inflation risks, supporting expectations of further Fed easing. The recent FOMC meeting minutes revealed that officials are split over monetary policy due to differing views on inflation and the labour market; most see employment weakening, justifying further rate cuts, but some have noted inflation risks. Still, officials generally see the inflation impact diminishing and expect a return to the 2% target. Analysts have said that the split reflects contrasting assessments on whether current policy is already accommodative or whether additional easing is needed to support jobs. External factors, such as tariffs and the government shutdown limiting economic data, add uncertainty, contributing to a cautious but generally easing stance. Money markets are currently pricing 54bps of easing by the end of this year, signalling two fully discounted 25bps reductions.

US FLASH MANUFACTURING PMI (FRI) : The PMI data will help shape expectations for the next ISM manufacturing report (due on November 3rd), and will additionally offer insight into how the US economy is performing amid the government shutdown and associated suspended data releases. As a comparison, regional Fed manufacturing indices have so far been mixed in October. The NY Fed gauge showed state factory activity rising to 10.7 from -8.7, marking the third expansion in four months, rebounding from a decline in September as new orders (3.7 from 19.6) and shipments increased; prices paid also ticked up to 52.4 from 46.1; employment rose to 6.2 from -1.2. Meanwhile, the Philly Fed manufacturing release disappointed expectations, with the headline falling from 23.2 to -12.8; new orders increased, however, to 18.2 from 12.4, and while still under 50, prices picked up to 49.2 from 46.8; the employment sub-index fell to 4.6 from 5.6. Writing after the NY Fed release, Pantheon Macroeconomics said the data is signalling that the recent rise in US manufacturing output is likely to continue into Q4; however, subdued employment and capex intentions, weaker regional surveys, and policy uncertainty suggest manufacturers remain cautious about sustaining long-term expansion, adding that price pressures are rising, largely due to tariffs, but broader inflation should be limited by slowing wage growth.

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