Week Ahead: 15th-19th December 2025

Highlights include US NFP, CPI and Retail Sales, BoJ, BoE, ECB, UK Jobs, UK CPI, and Japan CPI

- **MON**: Chinese Activity Data (Nov), EZ Industrial Production (Oct), Canadian CPI (Nov)
- **TUE**: NBH Announcement, UK Jobs Report (Oct), EZ/UK/US Flash PMIs (Dec), German ZEW Survey (Dec), Japanese Trade Balance (Nov), US Jobs Report (Nov)
- **WED**: UK Inflation (Nov), EZ CPI Final (Nov), US Retail Sales (Oct)
- **THU**: ECB Announcement, BoE Announcement, Norges Bank Announcement, Riksbank Announcement, CNB Announcement, US CPI (Nov), Japanese CPI (Nov), US Real Earnings (Nov)
- **FRI**: BoJ Announcement, CBR Announcement, Quad Witching, UK PSNB (Nov), UK Retail Sales (Nov), Canadian Retail Sales (Oct), EZ Consumer Confidence (Dec)

CHINESE ACTIVITY DATA (MON): November Industrial Production is expected at 5.0% (prev. 4.9%) with Retail Sales seen maintained at 2.9% (prev. 2.9%). Fixed Asset Investments are forecast at -2.3% (prev. 1.7%). ING expects a modest uptick in activity, projecting Industrial Production at 5.1% Y/Y and Retail Sales unchanged at 2.9% Y/Y, pointing to a gradual and uneven recovery in manufacturing and consumption. However, ING sees Fixed Asset Investment extending its contraction to -2.8% YTD, reflecting persistent weakness in the property sector and subdued private investment appetite. In the absence of fresh stimulus, ING notes that 70-city property prices are likely to continue declining, with property investment decelerating further. That being said, the desk suggests "we could get more support measures announced in the coming months with 2026 seen as an important year — the start of the new Five-Year period."

CANADIAN CPI (MON): The BoC is currently at the lower end of its neutral rate range, but markets are pricing in rate hikes by the end of 2026 after a run of strong labour market reports, although the central bank has played down some of that strength. On inflation, the BoC said CPI inflation slowed to 2.2% in October, reflecting falling gasoline prices and slower food price increases. Headline inflation has been close to the 2% target for more than a year, while measures of core inflation remain in a 2.5% to 3% range. The bank assesses underlying inflation at around 2.5%. In the near term, the BoC notes CPI inflation is likely to be higher due to the impact of last year's GST/HST holiday on prices of some goods and services. Looking through this volatility, the BoC expects ongoing economic slack to broadly offset cost pressures linked to trade reconfiguration, keeping CPI inflation close to the 2% target. If inflation starts to creep up beyond its target, it would bolster the case for a return to rate hikes from the BoC, albeit likely not until H2 26.

UK JOBS REPORT (TUE): The October jobs data follows the September report showing the Employment Change at -22k, Unemployment Rate at 5.0%, and Average earnings Ex bonus at 4.6%. Goldman Sachs expects the three-month unemployment rate to rise further to 5.1% in October, reflecting continued weakness in survey indicators, including the KPMG/REC survey and GS's own employment growth tracker. The desk says payroll data for October are likely to be revised to a smaller contraction of around 10k, though GS anticipates a further 15k decline in the November flash estimate. On wages, GS expects private-sector regular pay growth to slow to 3.8% from 4.2%, consistent with easing labour market tightness.

UK FLASH PMIS (TUE): The November data saw Services at 51.3, Manufacturing at 50.2, and Composite at 51.2. Investec notes that some of the prior weakness in Flash metrics was attributed to pre-Budget nerves, which may have partially unwound now that the Budget has passed with few surprises, including the deferral of additional fiscal tightening. As such, Investec pencils in a modest uptick in December, forecasting Manufacturing at 50.5, Services at 52.0, and the Composite at 51.9, while cautioning that firms may still be holding back amid ongoing global uncertainty.

EZ FLASH PMIS (TUE): There are currently no market forecasts for the December Flash PMI data, whilst November saw Manufacturing at 49.6, Services at 53.6, and Composite at 52.8. Investec expects the Eurozone Composite PMI to edge higher to 53.0 in December from 52.8, following a stronger-than-initially-estimated November outturn that marked a 30-month high in activity growth. The desk highlights that the November expansion continued to be driven by services, with the Services PMI at 53.6, while manufacturing remained in contraction at 49.6 amid weak demand. The drag from manufacturing was concentrated in Germany and France, where PMIs fell notably, contrasting with improvements elsewhere in the bloc. Investec expects a modest rebound in these two economies, citing reduced political uncertainty in France and greater fiscal clarity in Germany following progress on the 2026 budget, supporting a small uptick in the headline Composite reading.

US NOV JOBS REPORT (TUE): The November NFP is expected to show 35k jobs added, while the unemployment rate is seen at 4.4%. November's delayed employment report will incorporate October payrolls, though October's unemployment rate will be absent after the shutdown halted household survey collection. The last official rate, for September, was a four-year high of 4.4%, while the Chicago Fed's real-time estimate rose to 4.44% in November, pointing to a gradual softening in labour conditions ahead of the release. High-frequency indicators are mixed. For the traditional October survey window covering the week of the 12th of the month, initial jobless claims averaged 227,750, an improvement from 240,250 ahead of September's report. Claims eased further to 224,750 during the November survey window, suggesting a modest reduction in layoff activity. However, ADP's report — despite its widely noted limitations as a predictor of official BLS data — showed private employers shedding 32,000 jobs in November and characterised hiring as broadly flat through H2 2025. Weakness was concentrated in manufacturing, professional and business services, information and construction, while ADP flagged a continued slowdown in pay growth. The December FOMC meeting this week reinforced expectations of softer labour momentum. Chair Powell struck a notably dovish tone, stressing labour-market downside risks over inflation concerns. He warned of a persistent 60k monthly overcount in nonfarm payrolls that policymakers believe has yet to be corrected, and said that while layoffs and hiring remain historically low, labour demand has clearly softened. With labour supply having fallen sharply, Powell underscored the need to avoid policy settings that could push job creation into negative territory. AI-related labour effects were described as early and not yet visible in layoffs. Markets are pricing a little over two 25bps rate cuts in 2026, compared with the Fed's projection of one.

UK INFLATION (WED): The data is set to be released a day before the BoE announcement, whereby a 25bps cut is 90% priced in, whilst the latest UK GDP metrics also disappointed amid a contract M/M. Headline CPI eased to 3.6% Y/Y in October, in line with BoE expectations, while underlying inflation trends were more benign, with core inflation having fallen for three consecutive months. For November, Investec expects further progress toward the target, forecasting headline CPI at 3.4% Y/Y and core CPI at 3.3% Y/Y. The easing is partly attributed to Black Friday discounting, with the BRC reporting sharper declines in non-food inflation and some moderation in food price pressures. Investec also expects rental inflation to soften further, reflecting fewer landlords facing sharp refinancing cost increases, although this could be partly offset by firmer air fares as shoulder-season travel becomes more popular. Overall, Investec notes that an outcome in line with these forecasts would be consistent with the Bank of England's latest baseline and is unlikely to materially alter the MPC's near-term policy trajectory.

US RETAIL SALES (WED): US retail sales are expected to rise 0.2% M/M (prev. 0.2%), with the core rate seen up 0.3% M/M (prev. 0.3%), while the control group is forecast to increase 0.3% M/M (prev. -0.1%). Bank of America's data showed household card spending rose 1.3% Y/Y in November (prev. 2.4% in October), with seasonally adjusted spending flat M/M. Holiday-related spending was strong through October and November but softened around Black Friday and Cyber Monday, pointing to earlier deal-seeking, the bank said. Consumer finances appear healthy, with limited reliance on credit cards or buy-now-pay-later, though BNPL's share of retail spending is gradually increasing, it added.

ECB ANNOUNCEMENT (THU): The ECB is widely expected to keep policy settings unchanged, with the Main Refi rate at 2.15%, the Deposit Facility at 2.00% and the Marginal Lending Facility at 2.40%, a view echoed by numerous Governing Council members. Goldman Sachs notes that euro area data have come in firmer than assumed in the September staff projections, with stronger real GDP growth, resilient labour market conditions and wage growth running above expectations, alongside slightly firmer inflation driven by sticky services prices. As a result, GS expects the December staff projections to show an upgrade to the growth outlook for 2025–26, while inflation forecasts see only limited changes, remaining broadly consistent with the target over the medium term. Against this backdrop, the desk argues the hurdle for further rate cuts has risen materially, reinforcing expectations that the Governing Council will remain on hold and maintain its data-dependent, meeting-by-meeting guidance. President Lagarde is likely to reiterate that policy is in a "good place" and stress flexibility, neither pre-committing to cuts nor ruling out hikes. GS assigns a 70% probability to unchanged rates (vs prev. 60%); "We see a 20% chance that a deterioration of the economic outlook catalyses two rate cuts in 2026 and introduces a new scenario with two rate hikes (with a 10% chance) starting in late 2026, the desk said. Market pricing sees unchanged rates throughout 2026.

BOE ANNOUNCEMENT (THU): The BoE is expected to cut rates by 25bps to 3.75%, according to all 64 economists surveyed by Reuters. Money markets currently price a 90% chance of a 25bps cut. Meanwhile, looking ahead, analysts expect rates to fall to 3.5% by the end of March, according to two-thirds of those surveyed. On the vote split, BofA projects a 5-4 majority for a cut, with Bailey joining the dovish camp, while UBS expects both Bailey and Lombardelli to back a reduction. At the last meeting, Bailey was the deciding vote that kept the BoE's rate at 4.0% as expected, and December's decision may again hinge on him. He brought to focus inflation developments, noting that the Sept. report was welcomed, but stressed it was only one series. Looking at economic data since the last meeting, the October inflation report was broadly in line with expectations and appeared to confirm the BoE's view that inflation peaked at 3.8%. September's labour-market report was weak, with employment contracting and the jobless rate rising more than forecast. GDP for September fell 0.10% against expectations of flat growth, and the Q3 reading also undershot, bolstering the MPC's doves; the October report was also poor, with the economy unexpectedly shrinking 0.1%. November PMI readings and retail sales also continue to signal a weak growth outlook. MS analysts said they "don't model a near-term improvement in the labour market" and described growth as "lacklustre", supporting their call for cuts in December and again in February. UBS also says the economic backdrop favours easing. Do note that policymakers will have fresh UK jobs data, flash PMIs, retail sales and, notably, inflation figures in the days leading up to the meeting. Danske Bank opines that there would need to be a "significantly hawkish" surprise to put a cut in jeopardy. Finally, Recent BoE commentary has offered little sign of members shifting their views. At the TSC hearing, Taylor and Dhingra reiterated their dovish stances, while Lombardelli and Mann maintained hawkish positions. On the recent Autumn Budget, growth downgrades and tax increases argue for a cut, though Dhingra said the overall impact is "not large".

NORGES ANNOUNCEMENT (THU): Analysts at SEB believe the Bank will keep rates steady at 4.00%, with markets assigning a 93% probability to such an outcome. On the data front, CPI-ATE came in slightly below expectations and 0.10% under Norges Bank's own forecast, following a hotter-than-expected October report. The latest figures should give policymakers confidence that the disinflation process is back underway. The activity backdrop is weaker, with mainland GDP growth in the third quarter cooling from the previous reading and undershooting expectations. The latest Regional Network report also paints a bleak picture, showing broad-based weakness in employment growth and capacity utilisation. Overall, SEB expects Norges Bank to hold rates steady in December but sees scope for a lower rate path ahead. The current monetary policy report does not signal a cut until Q2 2026, when the policy rate is seen at 3.92%, with the first full rate cut indicated in Q4 2026 at 3.74%. Do note that this meeting is an MPR meeting.

RIKSBANK ANNOUNCEMENT (THU): Goldman Sachs expects the Bank to keep rates steady at 1.75% in December. On the data front, the latest inflation report came in slightly below expectations at 2.30%, versus a forecast of 2.50%, while core CPIF M/M was also marginally below the Riksbank's own forecast. Activity data have been firmer, with third-quarter GDP stronger than expected, a view also shared by Governor Theeden. Elsewhere, the labour market remains weak, with the unemployment rate still above 8% in November, although it improved from the prior reading. Looking further ahead, SEB expects the Bank to keep rates unchanged through 2026 but sees scope for one additional cut should inflation fall more than expected and the jobs market weaken further. The December meeting includes the publication of a monetary policy report.

US NOV CPI (THU): The upcoming US CPI release follows the BLS cancellation of October's report due to the shutdown, with October figures to be incorporated into November's data, where possible, in Thursday's release. Recent Fed commentary signals limited concern over inflation, with Chair Powell this week pointing to easing price pressures, continued services disinflation and largely tariff-driven goods inflation, expected to peak in early 2026 before easing in H2 2026. He reiterated that long-term inflation expectations remain anchored and that tariff effects are largely one-off. JPMorgan said Powell's relaxed tone suggests the Fed is comfortable holding rates as policy is seen close to neutral, adding that his remarks imply policymakers believe they have done enough for now and are well positioned to decide next steps once tariff impacts fade. Against this backdrop, others have said the Fed is likely to prioritise labour market weakness over inflation risks in its policy calculus.

JAPANESE CPI (THU): The November CPI is due to be released just before the BoJ policy Announcement, although markets are largely already expecting a 25bps hike by the Central Bank. Back to the data, October saw headline CPI Y/Y at 3.0% and core CPI Y/Y also at 3.0%, underscoring persistent inflationary pressures. ING expects inflation to remain around 3% in November, supported by firm services prices, reinforcing the BoJ's confidence that price pressures are becoming more entrenched. Alongside this, ING notes that easing tariff uncertainty should support a clearer recovery in manufacturing, likely reflected in upcoming Tankan and PMI data.

BOJ ANNOUNCEMENT (FRI): The BoJ will hold a two-day policy meeting next week, where it is widely expected to raise its short-term policy rate by 25 basis points to 0.75% from 0.50%. A recent Reuters poll showed 90% of economists forecast such a move, while money markets are pricing a 76% probability of a 25bps hike and a 24% chance rates are left unchanged. The BoJ has kept policy steady for most of the year after its last hike in January, but expectations for tightening have risen sharply following a series of hawkish source reports, beginning late last month, suggesting the bank was preparing markets for a possible rate increase as early as December, alongside a shift in communication. These signals were reinforced less than a week later by Governor Ueda, who said the BoJ would examine and discuss domestic and overseas economic activity, prices and market developments at the December meeting and consider the pros and cons of raising rates, adding that policy accommodation must be adjusted appropriately, without being too late or too early, to achieve the price stability target. Ueda also said that raising rates under accommodative financial conditions amounts to easing off the accelerator rather than applying the brakes to economic activity, and that he wants to make a decision in December after reviewing wage data and other indicators, warning that delaying a hike too long could fuel sharp inflation and force abrupt policy adjustments. His comments prompted a shift in money market pricing in favour of a December hike, followed by further hawkish source reports saying the BoJ is likely to raise rates this month, a move the government would tolerate, with key members of PM Takaichi's government unlikely to oppose it. Another report said the BoJ is expected to hike this month and keep the door open to further increases, while assessing data and market moves up to the final decision. Beyond the rate decision, investors will scrutinise the policy statement for guidance on the pace of future normalisation, after a recent poll showed 69% of economists expect rates to be lifted further to at least 1.00% by September next year.

UK RETAIL SALES (FRI): Retail Sales M/M in October printed at 0.2% and Y/Y printed at -1.1%, with Core M/M previously at -1.0% and Core Y/Y previously at 1.2%. According to Investec, retail sales volumes fell 1.1% in October after four months of gains, likely reflecting stalling activity ahead of the 26 November Budget. For November, Investec expects another weak outturn, forecasting a -1.5% M/M decline (-1.6% ex-fuel), noting that although Black Friday fell within November's ONS collection period this year, seasonally adjusted data are likely to look softer still. Investec adds that any post-Budget rebound would more likely show up in December data.