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Week Ahead: 22nd-26th December 2025

Highlights include Christmas Day, PBoC LPR, BoC Minutes, RBA Minutes, and Tokyo CPI; FOMC Minutes (30th Dec)

- **MON**: PBoC LPR, UK GDP (Q3)
- **TUE**: BoC Minutes (Dec Meeting), RBA Minutes (Dec Meeting), US Richmond Fed (Dec)
- **WED**: Christmas Eve, ECB Wage Tracker, US Durable Goods (Oct)
- **THU**: Christmas Day, PBoC MLF, Japanese Tokyo CPI (Dec), Japanese Activity Data (Nov)
- **FRI**: Chinese Industrial Profits YTD (Nov)
- **30th Dec**: FOMC Minutes

PBOC LPR (MON): Expected to be a non-event, with the 1-year and 5-year Loan Prime Rates (LPRs) both expected to be maintained. In terms of the prior release, the PBoC unsurprisingly announced no changes to China's benchmark LPRs, which were maintained at their current levels for a 6th consecutive month, with the 1-year LPR kept at 3.00%, which is the rate most new loans are based on, and with the 5-year LPR kept at 3.50%, which is the reference for mortgages.

BOC MINUTES (TUE): The BoC held rates at 2.25% as expected in the December meeting, keeping rates at the low end of its neutral rate estimate. The central bank reiterated that the current rate is about the right level to keep inflation close to 2% as long as the economy and inflation evolve in line with projections. Despite three consecutive job report readings above forecasts, the BoC said job markets in trade-sensitive sectors remain weak and economy-wide hiring intentions continue to be subdued. The BoC gave a similar tone on the Q3 GDP growth beat, arguing the increase largely reflected volatility in trade. Ahead, the BoC expects final domestic demand to grow in Q4, but with an anticipated decline in net exports, GDP will likely be weak. Growth is forecast to pick up in 2026, although uncertainty remains high and large swings in trade may continue to cause quarterly volatility, the statement added. We've seen notable hawkish repricing of the expected BoC policy path in recent weeks following better-than-expected data, and as such, the BoC Minutes will be scrutinised for any requirements members need to entertain a discussion about shifting the neutral policy outlook.

RBA MINUTES (TUE): Traders will likely be eyeing the minutes for more meat on the bones surrounding talks at the prior meeting, alongside potential conditions needed for a rate hike. To recap, the RBA kept the Cash Rate at 3.60%, as expected, with the decision unanimous. The language from the RBA suggested the central bank remains data-dependent, while it didn't contain anything explicitly hawkish that would align with the market consensus for no more rate cuts by the RBA. However, the hawkish kicker came from the post-meeting press conference, where RBA Governor Bullock commented that it looks like more rate cuts are not needed and revealed they did not consider a rate cut and did not explicitly consider the case for a rate hike at this meeting, but discussed the circumstances in which tightening might be required. Bullock also said if inflation looks persistent, it will raise questions for policy, while she would not put timing on any future move and will proceed meeting by meeting. Furthermore, she doesn't see rate cuts in the foreseeable future and noted that the outlook is for an extended pause or hikes.

JAPANESE TOKYO CPI (THU): Reminder, the Tokyo CPI precedes the nationwide metrics. The release follows the latest BoJ rate decision, which saw a 25bps hike as widely expected. That being said, the press conference saw Governor Ueda hinting at a slight pause, suggesting that they will make a decision on the rate hike after checking the impact on the economy. Ueda also suggested consumer inflation is likely to fall below 2% towards the first half of the next fiscal year, then rise thereafter.

JAPANESE ACTIVITY DATA (THU): The prior report saw Industrial Production at 1.5% and Retail Sales at 1.7%. ING notes that industrial production is expected to decline, partially offsetting gains from the past two months, while retail sales should continue to rise on the back of robust wage growth. ING adds that November data are unlikely to yet show any meaningful negative impact from the recent decline in Chinese tourist numbers.

FOMC MINUTES (30th Dec): The Minutes will be released on Tuesday, 30th December at 19:00BST/14:00EDT. The December meeting saw the Fed cut by 25bps, in line with expectations, but the decision was not unanimous, with the FOMC facing a wide range of views. The vote split itself was 9-3, perhaps more dovish than expected, given commentary from officials like Collins and Musalem before the blackout period, which indicated they would be voting for a hold. Goolsbee and Schmid voted to keep rates on hold, but Miran opted for a 50bps rate cut once again. Although the vote itself only saw two choose to keep rates unchanged, the dot plot shows that there were four other non-voting members who would have wanted to keep rates where they were. The Minutes will likely echo the sentiment that there was a wide range of views, but Powell did note there was "fairly broad" support behind the policy decisions. Since the blackout period, Fed's Collins noted that the tweak to guidance was an important element in her decision to agree to cut rates, as it signals a slower easing path ahead. The guidance was adjusted from "in considering additional adjustments" to "in considering the extent and timing of additional adjustments" - it will be interesting to see if the Minutes suggest this guidance helped others in favour of a rate cut. Fed Chair Powell appeared more concerned about missing on the Fed's employment mandate than inflation, noting most expect inflation to be a one-time price increase, but there is a risk that it is not. He also noted that all agreed the labour market has softened and that there are further risks, but the difference in views is how participants weigh those risks. Powell warned it is difficult to estimate job growth in real time, warning of a monthly 60k overshoot in NFP numbers – the November jobs report saw 64k jobs added in November. One of the reasons Goolsbee voted to hold was because of a lack of clarity on the economy amid missing data, while Powell noted the Fed will be careful in assessing incoming data and will need to look at the data with a somewhat sceptical eye. The need for scepticism was proved with the November CPI report,

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which saw a notable drop to 2.6% from 3.0% in the core print, and to 2.7% from 3.0% for the headline, which was largely explained by sampling issues and the estimates the BLS used for the missing October data.

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