newsquawk

Week Ahead 2-6th February 2026:

Highlights include policy announcements from the ECB, BoE, RBA, RBI, Banxico; US & Canada jobs data; EZ flash inflation; PMI data; OPEC meeting; ISM; Treasury QRA.

- **SUN:** OPEC+ to hold a ministerial meeting.
- **MON:** BoJ SOO (Jan); Final Manufacturing PMIs (Jan); German Retail Sales (Dec); US ISM Manufacturing PMI (Jan); Treasury Financing Estimates.
- **TUE:** RBA Announcement/SOMP; CBRT Inflation (Jan); French Prelim. CPI (Jan); US JOLTS (Dec)US JOLTS (Dec); RCM/TIPP (Feb); New Zealand Unemployment (Q4).
- **WED:** Riksbank Minutes (Jan); China PMIs (Jan); Final Composite/Services PMIs (Jan); EZ Flash HICP (Jan); US ADP (Jan); Treasury Quarterly Refunding Announcement; ISM Services (Jan); Factory Orders (Dec).
- **THU:** ECB Policy Announcement; BoE Policy Announcement & MPR; Banxico Announcement; German Factory Orders (Dec); EZ Retail Sales (Dec); US Challenger Job Cuts (Jan); Weekly Jobless/Continuing Claims.
- **FRI:** RBI Policy Announcement; Japanese Coincident/Leading Index (Dec); Swedish CPIF prelim. (Jan); Swiss Unemployment (Jan), US Jobs Report (Jan); Canada Jobs Report (Jan), US Uni. of Michigan sentiment (Feb, prelim).

OPEC MEETING (SUN): OPEC+ is widely expected to keep its pause on oil output increases in place for March when eight key members meet on Sunday, after a sharp rebound in prices this month. Delegates told Reuters there is little appetite to change policy after Brent prices climbed by around 8% in January to above USD 70/bbl, supported by supply disruptions rather than demand. Bloomberg also reports expectations are for policy to remain unchanged, with delegates saying there is no immediate need to respond to recent geopolitical developments in Venezuela or Iran. Analysts cite reduced output in Kazakhstan—where JPMorgan expects the Tengiz field to remain offline through January, pushing production well below normal levels—as a key near-term support for prices. While risks linked to Venezuela, Iran and broader geopolitical tensions remain in focus, sources say a meaningful supply shock would be needed for OPEC+ to revisit its current stance.

CHINA PMI (SAT-WED): China's January PMI release run starts with the official NBS Manufacturing and Non-Manufacturing surveys on Saturday (31st January), followed by Caixin Manufacturing on Monday (2nd February) and Caixin Services on Wednesday (4th February). Consensus points to a modest carry-over from late-2025 momentum, though analysts warn that Lunar New Year timing could add seasonal noise. The official manufacturing PMI is seen edging up to 50.2 from 50.1, keeping activity just in expansion, while non-manufacturing is expected to pick-up to 50.8 from 50.2. Markets are likely to focus on whether manufacturing stays above the 50 threshold, with any slip back into contraction raising doubts over December's recovery. Attention will also be on sub-indices, where "new quality productive forces"—notably high-tech manufacturing such as AI, EVs and semiconductors—are expected to remain the main support. Offsetting this, the property sector is still viewed as a material drag on the composite picture into Q1, pointing to uneven momentum despite pockets of resilience.

BOJ SOO (MON): The BoJ's Summary of Opinions follows the January policy meeting, at which the central bank kept its short-term policy rate unchanged at 0.75% in an 8-1 vote, with Hajime Takata dissenting in favour of a 25bps rate hike. The BoJ reiterated that it would continue to raise rates if its economic and price outlook is realised, while upgrading growth forecasts for FY25 and FY26 to 0.9% and 1.0%, respectively, reflecting the impact of government stimulus. Inflation projections were largely maintained, aside from a modest lift to the FY26 core CPI view. At his post-meeting press conference, Governor Ueda said financial conditions remain accommodative and that the effects of December's tightening will take time to filter through the economy. He flagged the weak JPY as a potential upside risk to prices via import costs, expressed some unease over the pace of rises in long-term yields, and reaffirmed the central bank's readiness to conduct nimble market operations to address any irregular moves. Ueda also highlighted April price developments as an important input for future policy decisions, underscoring that policymakers are placing greater weight on underlying inflation dynamics, which are moving closer to, but are not yet firmly anchored at, the 2% target. The SOO will be watched for any potential hawkish nuances, although focus may be tempered by recent FX intervention concerns and domestic political developments.

US ISM MANUFACTURING PMI (MON), ISM SERVICES PMI (WED): As a basis for comparison, S&P Global's flash US Manufacturing rose to a two-month high of 51.9 (prev. 51.8) in January. Manufacturing output growth accelerated to a five-month high and outpaced services, though new orders rose only slightly after December's decline, signalling still-soft underlying demand. Export orders fell at the fastest pace since last April, inventories of finished goods continued to build, and employment growth weakened. Input costs and factory gate prices rose sharply, largely attributed to tariffs and higher raw material costs. Meanwhile, for the services sector, S&P Global's flash US Services PMI business activity index was unchanged at 52.5 in January. Services activity saw a solid rise in January, but growth was unchanged from December's eight-month low, and it remained below average despite higher new business inflows. Export demand weakened sharply, with services exports falling at the fastest rate since November 2022. Employment growth was marginal, backlogs rose mainly in services, and input cost inflation cooled, allowing services price inflation to moderate amid intensifying competition. S&P said that "the survey is signalling annualised GDP growth of 1.5% for both December and January, and a worryingly subdued rate of new business growth across both manufacturing and services adds further to signs that first quarter growth could disappoint," adding that "increased costs, widely blamed on tariffs, are again cited as a key driver of higher prices for both goods and services in January, meaning inflation and affordability remains a widespread concern among businesses."

RBA POLICY ANNOUNCEMENT (TUE): The RBA will hold its first policy meeting of 2026, and is expected to raise rates for the first time in more than two years from the current 3.60%. A recent Reuters poll showed 24 of 31 economists surveyed expect a 25bps hike to 3.85%, while seven forecast no change. The RBA kept its cash rate unchanged in December for a third straight meeting, as expected, in a unanimous decision. The statement signalled that the central bank remains data-dependent, and contained no major surprises; however, a hawkish tone emerged in the post-meeting press conference. Governor Michele Bullock said it appeared further rate cuts were not needed, and that a cut was not considered at that meeting, while the board discussed circumstances under which tightening might be required, even though a hike was not explicitly debated at that meeting. She said persistent inflation would raise policy questions, without putting a timeline on any move, and reiterated a meeting-by-meeting approach. Bullock also said she did not see rate cuts in the foreseeable future, adding that the outlook was for an extended pause or hikes, and flagged inflation and jobs data as key inputs for the February meeting. Recent data supports the case for a hike, with all four major Australian banks now forecasting a February increase. Employment rebounded in December, rising by 65.2K versus expectations of 30K after a prior fall of 21.3K, while the unemployment rate unexpectedly fell to 4.1% from 4.3%, against forecasts of 4.4%. Monthly CPI for December came in firmer than expected at 3.8% versus forecasts of 3.6%, while headline fourth-quarter CPI matched estimates; but the RBA's preferred trimmed mean measure exceeded forecasts and remained above the 2-3% target range.

EUROZONE INFLATION (WED): For January, available Eurozone data showed a marked moderation in Spain's inflation rate to 2.4% Y/Y from 2.9%, while Germany's HICP edged up to 2.1% Y/Y from 2.0%, although it is worth noting that January's series incorporated several changes to Germany's HICP that may have influenced the outcome. Overall, the balance of risks points to the Eurozone HICP ticking up from December's 1.9% Y/Y reading, potentially back towards the 2.1% level seen in November. While this would remain within a familiar range, it would be above the ECB's 1.9% forecast for 2026 as a whole. This adds to the argument, alongside the recent strength of the Euro, that the ECB's assessment of being in a "good place" may not hold throughout 2026 as current market pricing implies, and that, contrary to pricing which suggests around 10bps of easing this year, upside inflation risks skew the eventual move towards a rate hike.

US TREASURY QUARTERLY REFUNDING ANNOUNCEMENT (WED): Barclays expects the Treasury to reaffirm guidance to keep nominal coupon and FRN auction sizes unchanged for several quarters, implying no coupon increases in 2026. This would create a roughly USD 700bln funding gap, which would largely be met via T-bill issuance, with the Fed absorbing about USD 500bln, leaving manageable private issuance in 2026 but rising pressures in 2027, the bank writes. The Treasury is exploring SOFR-indexed FRNs, having sought dealer feedback and previously consulted on the idea. Barclays says that demand appears strong, given growth in agency SOFR FRNs and money fund holdings. Barclays believes the market could absorb at least USD 200bln in first-year issuance, making a 2027 launch plausible to help address future funding needs. Elsewhere, traders will be watching the 7yr sector; in the Treasury's Primary Dealer Meeting Agenda for Q1, it said that it was considering shifting the 7yr note to a quarterly new-issue cycle with two reopenings, similar to the 10yr; this would reduce the number of 7yr CUSIPs over time, resulting in fewer but larger individual issues. The Treasury asked dealers what effects could such a change have on firms' ability to make markets and provide liquidity in the Treasury market. NOTE: ahead of the Wednesday refunding announcement, the Treasury on Monday will provide its financing estimates, giving us a glimpse on what to expect from the QRA.

BOE POLICY ANNOUNCEMENT (THU): The Bank of England is expected to keep its Bank Rate unchanged at 3.75% at its February meeting, with a near-unanimous consensus in the latest Reuters poll pointing to a hold. Focus will be on the vote split and guidance after the MPC was sharply divided in December, voting 5-4 to lower rates, and amid signs of firmer activity, including the strongest private-sector business growth since April 2024 and resilient retail sales. Reuters polling shows only a slim majority of economists now expect a 25bps cut in March, with confidence in near-term easing having ebbed as inflation remains the highest among G7 peers, and wage growth remains elevated. Pantheon Macroeconomics expects a 6-3 vote to hold policy, with Alan Taylor, Dave Ramsden and Swati Dhingra seen favouring a 25bps reduction, arguing the decision itself is a foregone conclusion, and that guidance is likely to continue signalling a "gradual downward path" for rates, albeit with longer gaps between cuts than seen in 2025. Pantheon also expects updated forecasts to look relatively hawkish, with inflation projected to remain above target at the two- and three-year horizons, even as the November Budget measures lower near-term inflation. "All told, we think the market is right to fully price only one more rate cut this year, with a chance of hikes starting early in 2027," Pantheon said.

ECB POLICY ANNOUNCEMENT (THU): The ECB is expected to maintain policy settings, keeping its deposit rate at 2.00%. December's meeting reaffirmed a meeting-by-meeting, data-dependent approach, with its statement and the post-meeting press conference with President Christine Lagarde saying that policy was in a "good place". Shortly after the meeting, sourced reports echoed that view, while stressing that a rate cut remained an option if needed. Since then, officials have largely stuck to the "good place" message, with Chief Economist Philip Lane saying there is "no near-term interest rate debate," while its markets chief Isabel Schnabel clarified that there would be no change in the "foreseeable future," after earlier comments on tightening sparked a hawkish reaction in Euro assets. The main exception was Lithuania's Gediminas Simkus, who said policy fits the moment and rates are on hold for now, but beyond February, the path is less clear. Beyond rates, the Euro's strength since mid-January has been a key talking point, and is likely to feature in the press conference. Traders will look to Lagarde's post-meeting presser for clues on the timing and direction of the next move, though she is unlikely to be forthcoming.

BANXICO POLICY ANNOUNCEMENT (THU): Banxico is expected to adopt a cautious stance at its February policy meeting. Minutes from its December confab point to support for a pause, with policymakers flagging trade uncertainty, new import tariffs and higher special taxes as near-term inflation risks, despite viewing their impact as largely temporary. Core inflation remains above target, while headline inflation has eased. Although December's 25bps cut to 7.00% was justified by inflation progress, weak growth and a strong MXN, several argued for a wait-and-see approach. Analysts increasingly see a hold as the slightly more likely outcome, as the bank assesses whether these tax, tariff and wage shocks generate second-round effects, before resuming easing.

RBI POLICY ANNOUNCEMENT (FRI): The RBI is expected to leave rates unchanged. A recent Reuters poll showed 59 of 70 economists expect the monetary policy committee to keep the repurchase rate at 5.25%. The RBI cut the rate by 25bps to 5.25% at its December meeting, as expected, in a unanimous decision, while retaining a neutral stance despite dovish dissent from MPC member Ram Singh, who argued for a shift to an accommodative stance. Governor Sanjay Malhotra said the economy had seen rapid disinflation and described conditions as a rare "Goldilocks" period, while noting that geopolitical and trade uncertainties were weighing on the outlook. He said growth was expected to soften somewhat, policy space existed to support momentum, and headline inflation had eased significantly, with the decline becoming more broad-based, although some leading indicators showed signs of weakness. The language suggested further policy action could not be ruled out, even after cumulative cuts of 125bps last year. Consumer inflation remained subdued in December, with CPI at 1.33% versus expectations of 1.5%, up from 0.71% previously. While inflation has rebounded from the record low of 0.25% in October, it remains below the RBI's 2-6% tolerance band.

US JOBS REPORT (FRI): Recent jobs market data has shown stability in the face of other policy challenges. In the week that corresponds with the BLS survey window for collecting the jobs data, weekly initial jobless claims remained low at 210k after revisions; that compares to 224k heading into the December data. Meanwhile, continuing claims eased to 1.827mln in the survey week vs 1.914mln into the December data. "There is no evidence that layoffs are picking up. There are firms that are trying to reduce their headcount, but this is being done almost exclusively through attrition rather than outright job cuts," Santander said, "layoffs on an underlying basis are roughly steady." Wells Fargo expects the January jobs report to leave the labour market picture broadly unchanged, with payroll growth of around 80k and unemployment steady at 4.4%. It says that hiring may be temporarily boosted by fewer seasonal layoffs. Risks to unemployment are seen to the upside, however, while benchmark revisions are likely to show last year's job growth was weaker, reinforcing a gradual cooling in labour market support for incomes and consumption. At this week's confab, the Fed tweaked its risk characterisation on the labour market, replacing "job gains have slowed this year, and the unemployment rate has edged up through September," to "Job gains have remained low, and the unemployment rate has shown some signs of stabilisation," which analysts said was a positive upgrade to the language. Still, Chair Powell said that risks to employment on both the upside and downside have diminished but not disappeared, making it hard to judge whether mandate risks are fully balanced. Traders will also be watching if there is any impact of extreme weather conditions on the data. Oxford Economics said "We've previously shown storms that occur during the payroll reference period have historically had a greater negative effect on the net change in nonfarm employment and hours worked as poor weather prevents people from reaching work," noting that construction payrolls are particularly sensitive," but OxEco adds that "this storm is occurring outside this period, which should mute the potential downside impacts to the January employment report."

CANADIAN JOBS REPORT (FRI): At its policy meeting this week, the Bank of Canada softened its language around the labour market; in December, it said that the labour market was "showing some signs of improvement," noting that "solid gains" have been seen in employment over the past three months, and the unemployment rate declined to 6.5%, adding that weakness was confined mainly to trade-sensitive sectors, with subdued hiring intentions. In its January statement, however, it said that employment has "risen in recent months" (removing reference to "solid"), and it now describes the unemployment rate now as "elevated at 6.8%," adding that fewer businesses plan to hire more workers. Ultimately, the BoC held rates for a second consecutive meeting at 2.25%, stating that firms need time to adjust to US tariffs while hiring remains weak, and heightened uncertainty makes the timing and direction of the next policy move hard to predict.